

KCG CORPORATION

THAILAND / FOOD & BEVERAGE

KCG TB

BUY

UNCHANGED

4Q23 results at first glance

กำไร 2023 ทำ Record High และใกล้เคียงคาด

Highlights

- กำไรสุทธิ 4Q23 อยู่ที่ 141 ล้านบาท +155% q-q และ +24% y-y จากรายได้ที่เพิ่มขึ้นตาม Festive season ของทุกปี รวมถึงขยายกำลังผลิต IWS (ซีสแผ่น) ที่เริ่มผลิตตั้งแต่วันที่ 1 ต.ค. 2023 ช่วยหนุนให้ยอดขายเติบโตอย่างแข็งแกร่ง โดยมีรายได้รวมเพิ่มขึ้น 31% q-q, 14% y-y ซึ่งเป็นการเติบโตของยอดขายจากทุกประเภทผลิตภัณฑ์และทุกช่องทางการจำหน่าย จากความต้องการของผู้บริโภคที่เพิ่มขึ้นมาก โดยเฉพาะผลิตภัณฑ์ที่ออกใหม่ได้รับการตอบรับดีมาก
- อัตรากำไรขั้นต้นปรับเพิ่มขึ้น 2.8% q-q และ 3.4% y-y มาอยู่ที่ 32.7% ใน 4Q23 จากราคาวัตถุดิบที่ปรับลงและอัตราการใช้กำลังผลิตที่เพิ่มขึ้น รวมถึงยอดขายที่เพิ่มขึ้นส่วนค่าใช้จ่ายในการขายและบริการเพิ่มขึ้นตามทิศทางยอดขายที่เพิ่มขึ้น
- จบปี 2023 มีกำไรสุทธิ 306 ล้านบาท ทำสถิติสูงสุดเป็นประวัติการณ์ เติบโต 27% y-y ส่วนใหญ่มาจากรายได้รวมที่เพิ่มขึ้น 15.6% y-y โดยทุกประเภทผลิตภัณฑ์และทุกช่องทางการจัดจำหน่าย โดยได้แรงหนุนจากความต้องการของผู้บริโภคที่เพิ่มมากขึ้น การออกผลิตภัณฑ์ใหม่ได้รับการตอบรับอย่างดี รวมถึงการเข้าซื้อกิจการ IDG ที่เป็นผู้นำเข้าและจัดจำหน่ายเนื้อสัตว์ อีกทั้งอัตรากำไรขั้นต้นปรับเพิ่มขึ้น 1.3% y-y มาอยู่ที่ 30% จากทั้งการใช้กำลังผลิตที่สูงขึ้นและต้นทุนวัตถุดิบที่ปรับลง นอกจากนี้ภาวะดอกเบี้ยจ่ายได้ปรับลดลงหลังนำเงิน IPO บางส่วนไปชำระหนี้

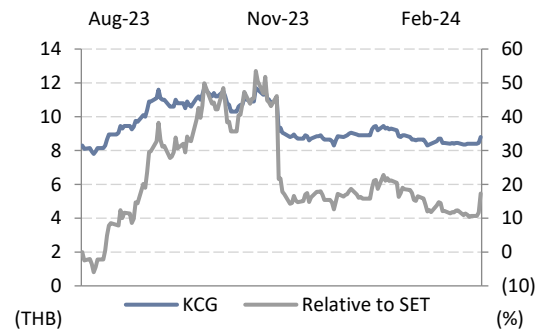
Outlook

- เรายังคงคาดการณ์กำไรสุทธิปี 2024-25 เติบโตเฉลี่ยปีละ 16% y-y จากความต้องการเนยและซีสที่เพิ่มขึ้นต่อเนื่องทุกปี การออกสินค้าใหม่ที่มี Margin สูง รวมถึงการขยายกำลังการผลิตสายการผลิต IWS และเนย อีกหนึ่งเท่าตัว ระยะสั้นยังมี Catalyst จากแนวโน้มราคาวัตถุดิบที่ปรับลงและดอกเบี้ยจ่ายที่ลดลงหลังจากคืนหนี้ส่วนใหญ่ไปแล้วเมื่อปีที่ผ่านมา
- ราคาหุ้นปัจจุบันน่าลงทุนมาก โดยปัจจุบันเทรดกันที่ระดับ P/E ปี 2024 เพียง 14.50 เท่า ต่ำกว่าค่าเฉลี่ยกลุ่มอาหารและเครื่องดื่มที่ 18-20 เท่า และมี upside gain สูงถึง 36.4% Dividend Yield 3-4% ต่อปี ดังนั้นจึงยังแนะนำ “ซื้อ”

| | |
|-----------------|-----------|
| TARGET PRICE | THB12.00 |
| CLOSE | THB8.80 |
| UP/DOWNSIDE | +36.4% |
| PRIOR TP | THB12.00 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +2.6% |

KEY STOCK DATA

| YE Dec (THB m) | 2023 | 2024E | 2025E | 2026E |
|----------------------|-------|-------|-------|--------|
| Revenue | 7,157 | 8,143 | 9,364 | 10,768 |
| Net profit | 306 | 349 | 403 | 464 |
| EPS (THB) | 0.56 | 0.64 | 0.74 | 0.85 |
| vs Consensus (%) | - | 68.4 | 14.7 | 226.9 |
| EBITDA | 418 | 448 | 515 | 592 |
| Recurring net profit | 293 | 330 | 384 | 445 |
| Core EPS (THB) | 0.54 | 0.61 | 0.70 | 0.82 |
| Chg. In EPS est. (%) | nm | (1.2) | (1.1) | nm |
| EPS growth (%) | 5.3 | 12.8 | 16.2 | 15.8 |
| Core P/E (x) | 16.4 | 14.5 | 12.5 | 10.8 |
| Dividend yield (%) | 2.6 | 2.9 | 3.4 | 3.9 |
| EV/EBITDA (x) | 15.3 | 14.7 | 12.8 | 11.2 |
| Price/book (x) | 1.8 | 1.7 | 1.5 | 1.4 |
| Net debt/Equity (%) | 59.8 | 61.1 | 58.0 | 53.8 |
| ROE (%) | 15.1 | 11.8 | 12.8 | 13.7 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|--------------------------|---------|----------|
| Absolute (%) | 1.7 | (1.1) | n/a |
| Relative to country (%) | 0.7 | 0.3 | n/a |
| Mkt cap (USD m) | 133 | | |
| 3m avg. daily turnover (USD m) | 0.6 | | |
| Free float (%) | 27 | | |
| Major shareholder | Family of founders (72%) | | |
| 12m high/low (THB) | 12.30/7.65 | | |
| Issued shares (m) | 545.00 | | |

Sources: Bloomberg consensus; FSSIA estimates



Songklod Wongchai

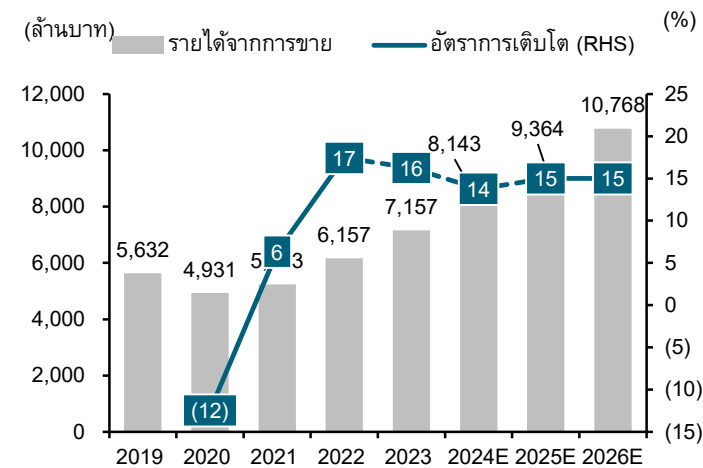
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Exhibit 1: 4Q23 results summary

| Profit & Loss Statement | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | ----- Change ----- | |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------------|--------------|
| Year to Dec 31 | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) |
| Revenue | 1,297 | 1,356 | 1,573 | 1,931 | 1,708 | 1,561 | 1,681 | 2,207 | 31 | 14 |
| Gross profit | 398 | 381 | 421 | 566 | 461 | 463 | 502 | 721 | 44 | 27 |
| Operating costs | 367 | 335 | 374 | 398 | 379 | 383 | 424 | 543 | 28 | 36 |
| Operating profit | 31 | 46 | 47 | 168 | 82 | 80 | 78 | 178 | 128 | 6 |
| Other income | 23 | 23 | 32 | (2) | 15 | 10 | 13 | 31 | 147 | nm |
| Interest expense | 11 | 12 | 13 | 18 | 23 | 23 | 18 | 16 | (14) | (11) |
| Profit before tax | 43 | 57 | 66 | 149 | 74 | 67 | 73 | 160 | 120 | 8 |
| Tax | 11 | 12 | 16 | 35 | 16 | 16 | 17 | 31 | 81 | (10) |
| Reported net profit | 32 | 45 | 50 | 114 | 58 | 51 | 55 | 141 | 155 | 24 |
| Key Ratios (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) |
| Gross margin | 30.7 | 28.1 | 26.7 | 29.3 | 27.0 | 29.6 | 29.9 | 32.7 | 2.8 | 3.3 |
| Recurring net margin | 4.1 | 5.1 | 5.2 | 9.5 | 5.3 | 5.3 | 5.3 | 8.7 | 3.3 | (0.8) |
| SG&A / Sales | 28.3 | 24.7 | 23.8 | 20.6 | 22.2 | 24.5 | 25.2 | 24.6 | (0.6) | 4.0 |
| Effective tax rate | 24.7 | 21.6 | 24.2 | 23.4 | 21.2 | 23.8 | 23.8 | 19.6 | (4.2) | (3.7) |

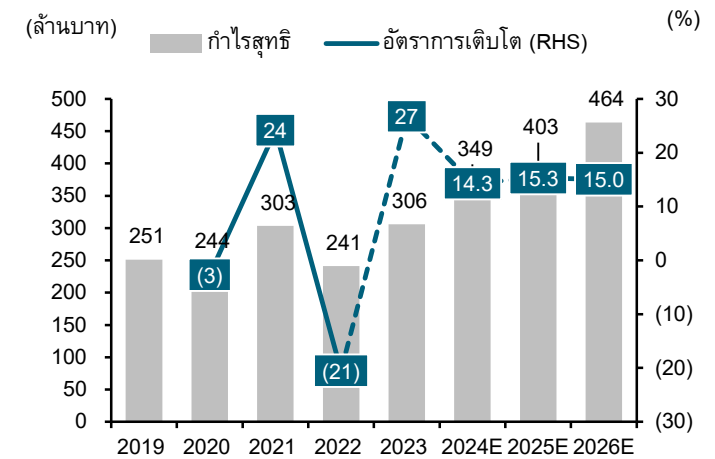
Sources: KCG; FSSIA estimates

Exhibit 2: รายได้และอัตรากำไรเติบโต



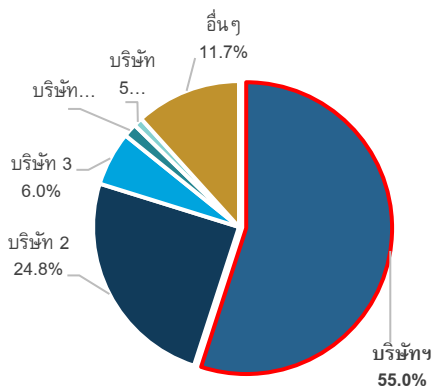
Sources: KCG; FSSIA estimates

Exhibit 3: กำไรสุทธิและอัตรากำไรเติบโต



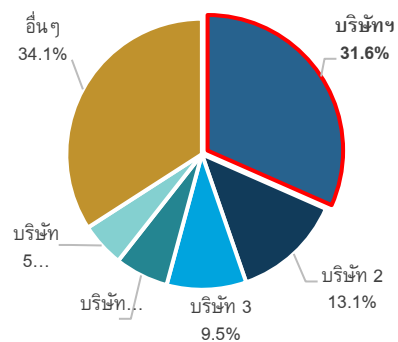
Sources: KCG; FSSIA estimates

Exhibit 4: ส่วนแบ่งทางการตลาดของผลิตภัณฑ์เนยในไทยปี 2024



Source: KCG

Exhibit 5: ส่วนแบ่งทางการตลาดของผลิตภัณฑ์ชีสในไทยปี 2024



Source: KCG

Financial Statements

KCG Corporation

| Profit and Loss (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue | 6,157 | 7,157 | 8,143 | 9,364 | 10,768 |
| Cost of goods sold | (4,391) | (5,010) | (5,700) | (6,555) | (7,538) |
| Gross profit | 1,766 | 2,146 | 2,443 | 2,809 | 3,231 |
| Other operating income | 0 | 0 | 0 | 0 | 0 |
| Operating costs | (1,475) | (1,728) | (1,995) | (2,294) | (2,638) |
| Operating EBITDA | 476 | 418 | 448 | 515 | 592 |
| Depreciation | (185) | 0 | 0 | 0 | 0 |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 291 | 418 | 448 | 515 | 592 |
| Net financing costs | (53) | (80) | (80) | (80) | (80) |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Recurring non-operating income | 34 | 35 | 53 | 54 | 54 |
| Non-recurring items | 42 | 13 | 19 | 19 | 19 |
| Profit before tax | 315 | 386 | 440 | 508 | 585 |
| Tax | (74) | (80) | (91) | (105) | (122) |
| Profit after tax | 241 | 306 | 349 | 403 | 464 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 241 | 306 | 349 | 403 | 464 |
| Non-recurring items & goodwill (net) | (42) | (13) | (19) | (19) | (19) |
| Recurring net profit | 199 | 293 | 330 | 384 | 445 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.51 | 0.54 | 0.61 | 0.70 | 0.82 |
| Reported EPS | 0.62 | 0.56 | 0.64 | 0.74 | 0.85 |
| DPS | 1.35 | 0.23 | 0.26 | 0.30 | 0.34 |
| Diluted shares (used to calculate per share data) | 390 | 545 | 545 | 545 | 545 |
| Growth | | | | | |
| Revenue (%) | 17.4 | 16.2 | 13.8 | 15.0 | 15.0 |
| Operating EBITDA (%) | (19.5) | (12.2) | 7.1 | 15.0 | 15.0 |
| Operating EBIT (%) | (29.9) | 43.5 | 7.1 | 15.0 | 15.0 |
| Recurring EPS (%) | (34.2) | 5.3 | 12.8 | 16.2 | 15.8 |
| Reported EPS (%) | (20.5) | (9.3) | 14.3 | 15.3 | 15.0 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 28.7 | 30.0 | 30.0 | 30.0 | 30.0 |
| Gross margin exc. depreciation (%) | 31.7 | 30.0 | 30.0 | 30.0 | 30.0 |
| Operating EBITDA margin (%) | 7.7 | 5.8 | 5.5 | 5.5 | 5.5 |
| Operating EBIT margin (%) | 4.7 | 5.8 | 5.5 | 5.5 | 5.5 |
| Net margin (%) | 3.2 | 4.1 | 4.1 | 4.1 | 4.1 |
| Effective tax rate (%) | 27.0 | 21.5 | 21.5 | 21.5 | 21.5 |
| Dividend payout on recurring profit (%) | 263.5 | 42.3 | 42.3 | 42.0 | 41.7 |
| Interest cover (X) | 6.2 | 5.7 | 6.3 | 7.1 | 8.1 |
| Inventory days | 108.7 | 102.7 | 82.5 | 71.7 | 62.4 |
| Debtor days | 72.5 | 74.6 | 77.8 | 77.4 | 77.4 |
| Creditor days | 97.7 | 77.0 | 66.8 | 66.5 | 66.5 |
| Operating ROIC (%) | 6.6 | 8.3 | 7.9 | 8.5 | 9.2 |
| ROIC (%) | 6.8 | 8.4 | 8.4 | 8.9 | 9.5 |
| ROE (%) | 14.9 | 15.1 | 11.8 | 12.8 | 13.7 |
| ROA (%) | 4.7 | 6.2 | 6.5 | 6.9 | 7.3 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Daily products | 3,598 | 4,087 | 4,886 | 5,618 | 6,461 |
| Food and bakery ingredients | 1,734 | 2,061 | 2,280 | 2,622 | 3,015 |
| Biscuits | 825 | 1,009 | 977 | 1,124 | 1,292 |

Sources: KCG Corporation; FSSIA estimates

Financial Statements

KCG Corporation

| Cash Flow (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Recurring net profit | 199 | 293 | 330 | 384 | 445 |
| Depreciation | 185 | 0 | 0 | 0 | 0 |
| Associates & minorities | 0 | 0 | 0 | 0 | 0 |
| Other non-cash items | 0 | 0 | 0 | 0 | 0 |
| Change in working capital | (216) | (433) | (72) | (116) | (119) |
| Cash flow from operations | 168 | (140) | 259 | 268 | 326 |
| Capex - maintenance | (200) | (472) | (275) | (150) | (150) |
| Capex - new investment | 0 | 0 | 0 | 0 | 0 |
| Net acquisitions & disposals | (666) | 379 | (3) | (4) | (4) |
| Other investments (net) | 0 | 0 | 0 | 0 | 0 |
| Cash flow from investing | (867) | (94) | (278) | (154) | (154) |
| Dividends paid | (525) | (124) | (140) | (161) | (185) |
| Equity finance | (24) | 1,328 | (15) | (15) | (15) |
| Debt finance | 1,227 | (1,023) | (8) | (3) | (3) |
| Other financing cash flows | 0 | 0 | 0 | 0 | 1 |
| Cash flow from financing | 679 | 181 | (162) | (179) | (202) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 42 | 13 | 19 | 19 | 18 |
| Net other adjustments | 42 | 13 | 19 | 19 | 18 |
| Movement in cash | 21 | (40) | (162) | (46) | (12) |
| Free cash flow to firm (FCFF) | (646.65) | (153.89) | 60.35 | 193.60 | 251.17 |
| Free cash flow to equity (FCFE) | 569.66 | (1,244.50) | (8.05) | 129.40 | 187.52 |

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|--------|------|------|
| FCFF per share | (1.19) | (0.28) | 0.11 | 0.36 | 0.46 |
| FCFE per share | 1.05 | (2.28) | (0.01) | 0.24 | 0.34 |
| Recurring cash flow per share | 0.98 | 0.54 | 0.61 | 0.70 | 0.82 |

| Balance Sheet (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|--------------|--------------|--------------|--------------|--------------|
| Tangible fixed assets (gross) | 3,525 | 4,055 | 4,330 | 4,480 | 4,630 |
| Less: Accumulated depreciation | (1,643) | (1,701) | (1,701) | (1,701) | (1,701) |
| Tangible fixed assets (net) | 1,881 | 2,354 | 2,629 | 2,779 | 2,929 |
| Intangible fixed assets (net) | 0 | 0 | 0 | 0 | 0 |
| Long-term financial assets | 0 | 0 | 0 | 0 | 0 |
| Invest. in associates & subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 375 | 334 | 172 | 126 | 114 |
| A/C receivable | 1,302 | 1,623 | 1,846 | 2,123 | 2,442 |
| Inventories | 1,531 | 1,288 | 1,288 | 1,288 | 1,288 |
| Other current assets | 125 | 61 | 70 | 80 | 92 |
| Current assets | 3,332 | 3,307 | 3,377 | 3,618 | 3,937 |
| Other assets | 326 | 210 | 239 | 275 | 316 |
| Total assets | 5,540 | 5,871 | 6,245 | 6,672 | 7,182 |
| Common equity | 1,184 | 2,695 | 2,890 | 3,117 | 3,380 |
| Minorities etc. | 0 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 1,184 | 2,695 | 2,890 | 3,117 | 3,380 |
| Long term debt | 283 | 65 | 58 | 54 | 51 |
| Other long-term liabilities | 168 | 188 | 214 | 246 | 283 |
| Long-term liabilities | 450 | 253 | 271 | 300 | 334 |
| A/C payable | 1,137 | 977 | 1,111 | 1,278 | 1,469 |
| Short term debt | 2,686 | 1,881 | 1,881 | 1,881 | 1,881 |
| Other current liabilities | 83 | 67 | 93 | 97 | 117 |
| Current liabilities | 3,906 | 2,924 | 3,084 | 3,256 | 3,467 |
| Total liabilities and shareholders' equity | 5,540 | 5,872 | 6,245 | 6,672 | 7,182 |
| Net working capital | 1,738 | 1,929 | 2,001 | 2,117 | 2,236 |
| Invested capital | 3,946 | 4,493 | 4,869 | 5,171 | 5,481 |

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

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| Book value per share | 3.03 | 4.94 | 5.30 | 5.72 | 6.20 |
| Tangible book value per share | 3.03 | 4.94 | 5.30 | 5.72 | 6.20 |

Financial strength

| | | | | | |
|---------------------------|-------|--------|------|------|------|
| Net debt/equity (%) | 219.2 | 59.8 | 61.1 | 58.0 | 53.8 |
| Net debt/total assets (%) | 46.8 | 27.4 | 28.3 | 27.1 | 25.3 |
| Current ratio (x) | 0.9 | 1.1 | 1.1 | 1.1 | 1.1 |
| CF interest cover (x) | 11.8 | (14.6) | 0.9 | 2.6 | 3.3 |

| Valuation | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|-------------|-------------|-------------|-------------|-------------|
| Recurring P/E (x) * | 17.2 | 16.4 | 14.5 | 12.5 | 10.8 |
| Recurring P/E @ target price (x) * | 23.5 | 22.3 | 19.8 | 17.0 | 14.7 |
| Reported P/E (x) | 14.2 | 15.7 | 13.7 | 11.9 | 10.3 |
| Dividend yield (%) | 15.3 | 2.6 | 2.9 | 3.4 | 3.9 |
| Price/book (x) | 2.9 | 1.8 | 1.7 | 1.5 | 1.4 |
| Price/tangible book (x) | 2.9 | 1.8 | 1.7 | 1.5 | 1.4 |
| EV/EBITDA (x) ** | 12.7 | 15.3 | 14.7 | 12.8 | 11.2 |
| EV/EBITDA @ target price (x) ** | 15.3 | 19.5 | 18.5 | 16.2 | 14.1 |
| EV/invested capital (x) | 1.5 | 1.4 | 1.3 | 1.3 | 1.2 |

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

Sources: KCG 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 (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%). | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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+ | | | | | | | | | | | | | | | | | |
| NEGL | Low | Medium | High | Severe | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 10px;">AAA</td> <td>8.571-10.000</td> <td style="padding-right: 10px;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</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>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></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 |
| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| CCC | 0.000-1.428 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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

Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

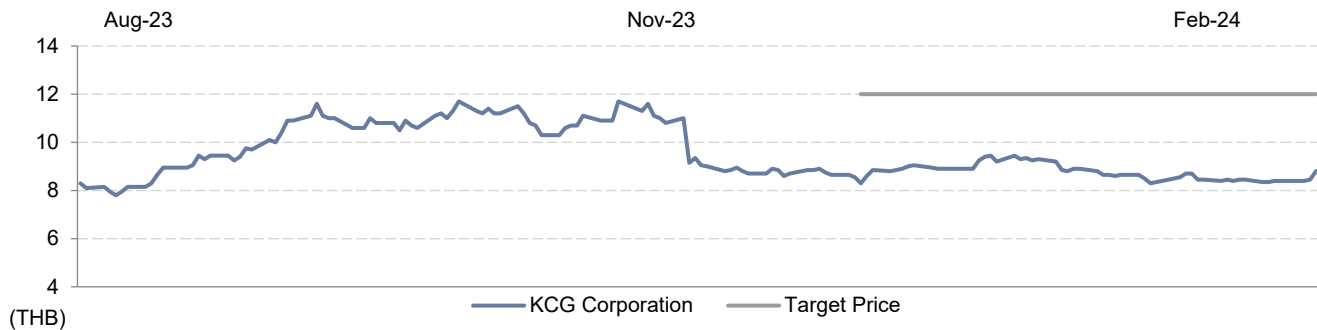
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History of change in investment rating and/or target price

KCG Corporation (KCG TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|------|--------|--------------|------|--------|--------------|
| 12-Dec-2023 | BUY | 12.00 | - | - | - | - | - | - |

Songklod Wongchai started covering this stock from 12-Dec-2023

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|-----------------|--------|----------|--------|---|
| KCG Corporation | KCG TB | THB 8.80 | BUY | 1) ราคาวัตถุดิบปรับขึ้นมากกว่าคาด 2) ค่าเงินบาทอ่อนค่าจะกระทบต่อต้นทุนนำเข้าสินค้าและวัตถุดิบที่สูงขึ้น 3) แผนการขยายกำลังผลิตไม่เป็นไปตามแผน |

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 $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.