2 APRIL 2024

EQUITY RESEARCH - COMPANY REPORT

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

NSL FOODS NSL TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

TARGET PRICE	THB30.00
CLOSE	THB22.60
UP/DOWNSIDE	+32.7%
PRIOR TP	THB26.00
CHANGE IN TP	+15.4%
TP vs CONSENSUS	+7.8%

แนวโน้มกำไรน่าตื่นเต้น

- เรารู้สึกตื่นเต้นกับแนวโน้มกำไรใน 1Q24 โดยคาดว่ากำไรสุทธิจะทำสถิติสูงสุดใหม่ที่ 104 ลบ. (+2.5% q-q, +38.4% y-y)
- ปรับเพิ่มประมาณการกำไรปี 2024-25 ขึ้น 7-9% จากสมมติฐานการเติบโตของรายได้ที่สูงขึ้นและผลขาดทุนจากบริษัทในเครือที่ลดลง
- คงคำแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 30 บาท

มุมมองเชิงบวกจากงานประชุมของ Finansia เมื่อวานนี้

เราจัดงาน Finansia's Food Day กับผู้บริหารของบริษัทฯ เมื่อวานนี้และมีมุมมองที่เป็นบวกมากขึ้น ผู้บริหารตั้งเป้าการเติบโตของรายได้ปี 2024 ไว้ที่ 19% y-y และยังตั้งเป้าให้บริษัทร่วม Pen 1 ฟื้นตัวและให้บริษัทย่อย BAW มีกำไรในปี 2024 ในขณะที่ NSL Intertrade ตั้งเป้าให้ BEV ในปีนี้ โดย NSL วางแผนเพิ่มสัดส่วนรายได้ Non 7-Eleven ผ่านแบรนด์ NSL และการขยายช่องทางการขายไปใน Modern trade รายอื่นๆ เช่น Central Group ซึ่งปัจจุบันมีความสัมพันธ์ทางธุรกิจ เป็นคู่ค้ากันอยู่แล้ว ดังนั้นแผนการขยายสาขาของ Tops Daily จึงไม่น่ากังวลแต่อย่างใด

คาดกำไร 1Q24 จะทำสถิติสูงสุดใหม่

เราตื่นเต้นกับแนวโน้มกำไรใน 1Q24 โดยคาดว่ารายได้รวมจะโตอย่างมีนัยสำคัญถึง 21.9% y-y (ดีกว่าที่เคยคาดไว้) มาจากผลประกอบการที่ดีของผลิตภัณฑ์ในปัจจุบันและความสำเร็จอย่างต่อเนื่องของผลิตภัณฑ์ใหม่ที่เปิดตัวใน 4Q23 นอกจากนี้ต้นทุนวัตถุดิบยังค่อนข้างทรงตัวซึ่งทำให้เราคาดว่าอัตรากำไรขั้นต้นจะทรงตัวในระดับสูงที่ประมาณ 19% เราคาดว่าส่วนแบ่งผลขาดทุนจากบริษัทร่วมอย่าง Pen 1 จะลดลง q-q และลุ้นBAW อาจพลิกมีกำไรเล็กน้อยใน 1Q24 จากการปรับโครงสร้างแล้วเสร็จและมีต้นทุนที่ลดลง ด้วยเหตุดังกล่าวเราคาดว่ากำไรสุทธิ 1Q24 จะทำสถิติสูงสุดใหม่ที่ 104 ลบ. (+2.5% q-q, +38.4% y-y)

ปรับเพิ่มประมาณการกำไรสุทธิปี 2024-25

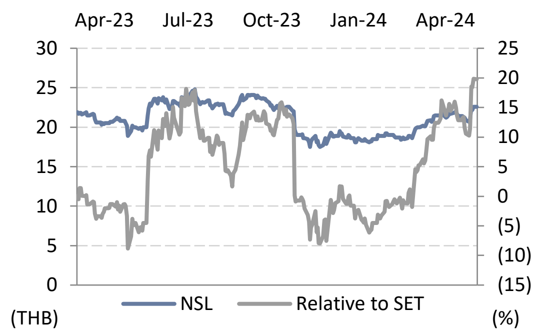
เราปรับเพิ่มประมาณการกำไรสุทธิปี 2024-25 ขึ้น 7-9% เป็น 410 ลบ. (+23% y-y) และ 470 ลบ. (+14.5% y-y) ตามลำดับ จากสมมติฐานการเติบโตของรายได้ที่สูงขึ้นและแนวโน้มผลขาดทุนที่ลดลงจากบริษัทร่วม ในขณะเดียวกันบริษัทฯ ได้ขยาย MOU กับ 7-Eleven ออกไปอีก 5 ปี จากเดิมที่จะสิ้นสุดในปี 2026 เป็นปี 2031 โดยบริษัทฯ วางแผนเพิ่มกำลังการผลิตในปี 2025-26 ส่วนหนึ่งเพื่อให้สอดคล้องกับแผนการขยายธุรกิจของ 7-Eleven และเพื่อรองรับการเติบโตของแบรนด์ NSL และ BAW บริษัทฯ จะสร้างโรงงานใหม่บนที่ดินปัจจุบันซึ่งคาดว่าจะทำให้กำลังการผลิตเพิ่มเป็นสองเท่า

คงคำแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 30 บาท

เราปรับเพิ่มราคาเป้าหมายเป็น 30 จาก 26 บาท เนื่องจากบริษัทฯ ได้แสดงถึงการเติบโตที่ดีกว่าคาดและผลการดำเนินงานในด้านการเงินที่อยู่ในเกณฑ์ดี โดยเราปรับเพิ่มค่า Target P/E multiple จาก 20x เป็น 22x (+1.0 SD) เพื่อสะท้อนแนวโน้มที่เป็นบวกดังกล่าว NSL วางแผนจ่ายคืนเงินกู้จากธนาคารทั้งจำนวนรวม 84 ลบ. จะชำระแล้วเสร็จในเดือน ส.ค. 2024 หลังจากนั้นบริษัทฯ จะมีสถานะเงินสดสุทธิเป็นบวกซึ่งหมายถึงสถานะทางการเงินที่ดี

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	4,793	5,579	6,308	7,075
Net profit	333	410	470	534
EPS (THB)	1.11	1.37	1.57	1.78
vs Consensus (%)	-	3.6	5.0	3.9
EBITDA	557	648	750	858
Recurring net profit	333	410	470	534
Core EPS (THB)	1.11	1.37	1.57	1.78
Chg. In EPS est. (%)	-	7.1	9.8	8.5
EPS growth (%)	12.1	23.1	14.5	13.6
Core P/E (x)	20.3	16.5	14.4	12.7
Dividend yield (%)	2.9	3.5	4.1	4.6
EV/EBITDA (x)	12.2	10.1	8.7	7.5
Price/book (x)	4.3	3.9	3.5	3.2
Net debt/Equity (%)	1.4	(15.8)	(13.8)	(15.8)
ROE (%)	22.5	25.0	25.7	26.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.6	22.2	2.7
Relative to country (%)	3.7	25.4	19.8

Mkt cap (USD m)	186
3m avg. daily turnover (USD m)	0.3
Free float (%)	0
Major shareholder	Mr. Somchai Asavapiyanon (72%)
12m high/low (THB)	25.25/17.30
Issued shares (m)	300.00

Sources: Bloomberg consensus; FSSIA estimates

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

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 2 เมษายน 2024

Investment thesis

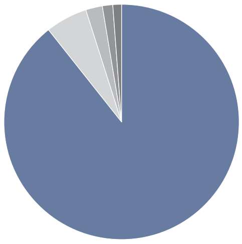
Besides growth in tandem with 7-Eleven, NSL continues to launch new bakery products to create a good impression and cope with rapidly changing consumer needs. It also plans to raise non-7-Eleven revenue to diversify dependency risks by introducing branded snacks and entering the food services business. In its latest move, NSL has invested in two subsidiaries, one with Bake A Wish and one with NSL Intertrade, to further its future growth.

Company profile

NSL is a manufacturer and distributor of bakery products, appetizers (under CPALL brands, such as EZY Taste, EZY Sweet, and 7 Fresh), and snacks (under NSL brands). It is also in the food services business covering seafood, fish, meats, and frozen vegetables. NSL earns its revenue mainly from domestic sales, with CPALL as its key account. Moreover, it sells food services products to the HoReCa market and other modern trade distributors. It currently has four factories in Chonburi and Nontaburi.

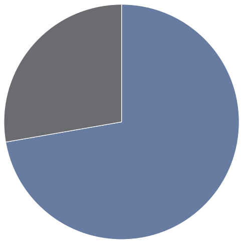
www.nslfoods.com

Principal activities (revenue, 2023)



Source: NSL Foods

Major shareholders



Source: NSL Foods

Catalysts

Potential catalysts for NSL's earnings growth in 2024 are 1) revenue growth driven by new product launches and a tourism recovery; 2) new 7-Eleven branch expansions; and 3) a decline in raw material costs that should offset higher utility costs.

Risks to our call

Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

Event calendar

Date	Event
May 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Total revenue (THB m)	5,579	6,308	7,075
Revenue growth (%)	16.4	13.1	12.2
Gross margin (%)	18.5	18.6	18.7
SG&A to sales (%)	9.6	9.6	9.6

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 5.2%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 5%, and vice versa, all else being equal.

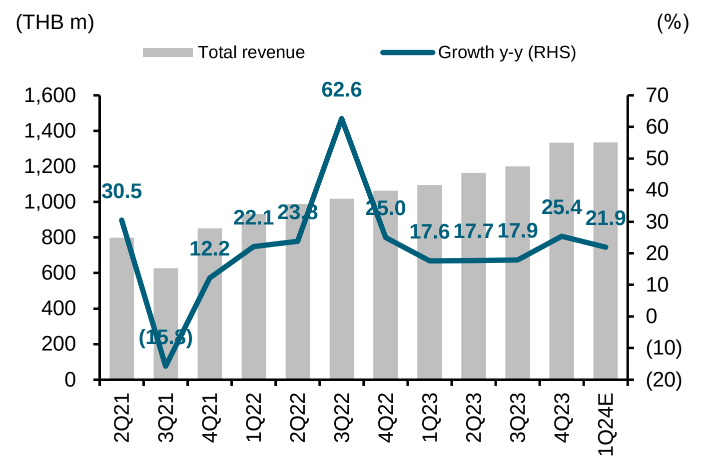
Source: FSSIA estimates

Exhibit 1: NSL - 1Q24 earnings preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	------- *Change* ------		2024E	*Change*	*% 1Q24E*
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	*(q-q%)*	*(y-y%)*	(THB m)	*(y-y%)*	*to 2024E*
Sales	1,095	1,163	1,201	1,333	1,335	*0.1*	*21.9*	5,579	*16.4*	*23.9*
Cost of sales	892	949	988	1,081	1,081	*0.1*	*21.3*	4,547	*16.3*	*23.8*
Gross profit	204	214	212	253	254	*0.4*	*24.6*	1,032	*16.9*	*24.6*
SG&A	107	109	117	129	127	*(1.7)*	*18.2*	536	*15.9*	*23.7*
Operating profit	98	108	98	132	133	*0.4*	*35.0*	508	*16.1*	*26.2*
Interest expense	3	3	2	3	3	*6.7*	*(6.3)*	6	*(46.0)*	*48.7*
Profit (loss) sharing	(1)	(2)	(4)	(3)	(2)	*nm*	*nm*	(3)	*nm*	*53.8*
Tax expense	19	21	19	27	26	*(3.0)*	*33.1*	90	*5.8*	*28.5*
Reported net profit	75	83	73	102	104	*2.5*	*38.4*	410	*23.1*	*25.4*
Core profit	78	83	73	102	104	*2.5*	*33.1*	410	*23.1*	*25.4*
Key ratios (%)						***(ppt)***	***(ppt)***			
Gross margin	18.6	18.4	17.7	19.0	19.0	*0.0*	*0.4*	18.5	*0.0*	
SG&A / Sales	9.8	9.4	9.7	9.7	9.5	*(0.2)*	*(0.3)*	9.6	*0.0*	
Operating margin	9.0	9.3	8.2	9.9	9.9	*0.0*	*1.0*	9.1	*0.0*	
Net margin	6.9	7.1	6.1	7.6	7.8	*0.2*	*0.9*	7.4	*0.4*	
Core margin	7.2	7.1	6.1	7.6	7.8	*0.2*	*0.7*	7.4	*0.4*	
Operating statistics (THB m)										
Bakery sales	1,004	1,066	1,060	1,152	1,191	*3.4*	*18.7*	4,988	*16.5*	*23.9*
Food service sales	68	69	64	75	75	*0.0*	*10.3*	303	*10.0*	*24.7*
Snack sales (NSL brands)	10	10	45	45	48	*6.4*	*384.8*	127	*15.0*	*37.9*
OEM sales (incl. BAW and NSLI)	14	19	19	17	18	*6.5*	*29.5*	149	*22.9*	*12.1*
Franchise sales	0	0	1	3	3	*0.0*	*nm*	12	*172.7*	*25.0*

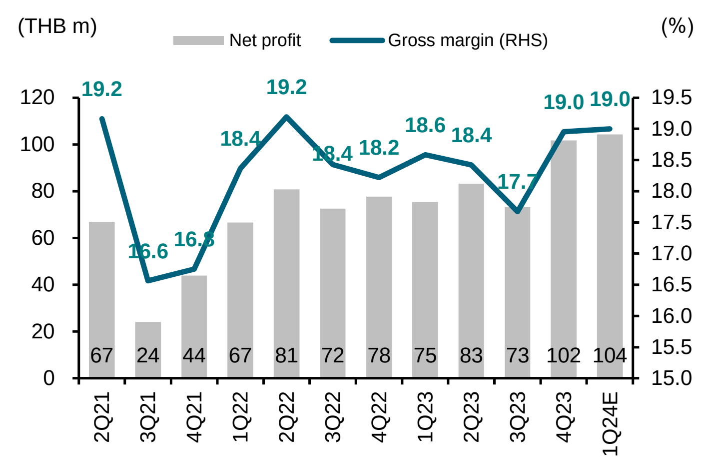
Sources: NSL; FSSIA estimates

Exhibit 2: Quarterly total revenue and growth



Sources: NSL, FSSIA estimates

Exhibit 3: Quarterly net profit and gross margin



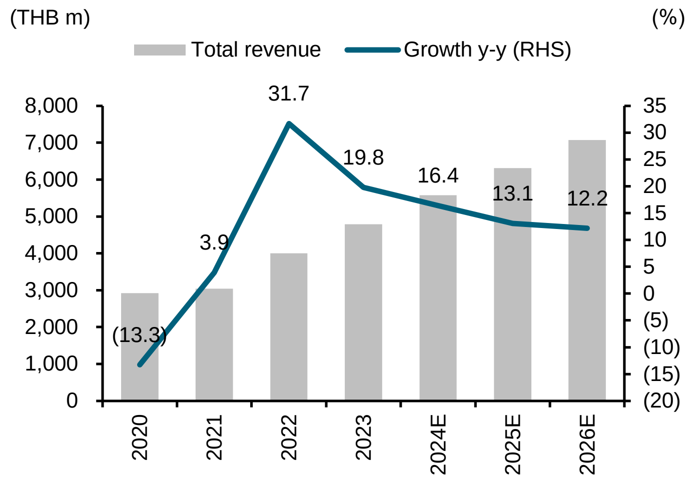
Sources: NSL, FSSIA estimates

Exhibit 4: Changes in key assumptions for NSL

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	*2024E (%)*	*2025E (%)*	*2026E (%)*
Total revenue	5,579	6,308	7,075	5,449	6,009	6,390	*2.4*	*5.0*	*10.7*
Costs	4,547	5,135	5,752	4,451	4,903	5,208	*2.1*	*4.7*	*10.4*
Gross profit	1,032	1,173	1,323	997	1,106	1,182	*3.5*	*6.1*	*11.9*
SG&A expenses	536	606	679	523	577	575	*2.4*	*5.0*	*18.1*
Profit sharing	(3)	2	3	(5)	0	0	*nm*	*nm*	*nm*
Reported net profit	410	470	534	383	428	492	*7.1*	*9.8*	*8.5*
Core profit	410	470	534	383	428	492	*7.1*	*9.8*	*8.5*
Key ratios (%)									
Total revenue growth	16.4	13.1	12.2	13.7	10.3	6.3	*2.7*	*2.8*	*5.8*
Net profit growth	23.1	14.5	13.6	14.9	11.7	14.9	*8.2*	*2.8*	*(1.3)*
Core profit growth	23.1	14.5	13.6	14.9	11.7	14.9	*8.2*	*2.8*	*(1.3)*
Gross margin	18.5	18.6	18.7	18.3	18.4	18.5	*0.2*	*0.2*	*0.2*
SG&A to sales	9.6	9.6	9.6	9.6	9.6	9.0	*0.0*	*0.0*	*0.6*
Net margin	7.4	7.4	7.5	7.0	7.1	7.7	*0.3*	*0.3*	*(0.2)*
Core margin	7.4	7.4	7.5	7.0	7.1	7.7	*0.3*	*0.3*	*(0.2)*
Operating statistics (THB m)									
Bakery sales	4,988	5,656	6,369	4,890	5,387	5,708	*2.0*	*5.0*	*11.6*
Food service sales	303	328	354	295	330	363	*2.8*	*(0.9)*	*(2.7)*
Snack sales	127	139	150	121	131	140	*4.5*	*6.5*	*7.5*
OEM sales	89	107	120	79	90	104	*13.0*	*18.0*	*14.9*

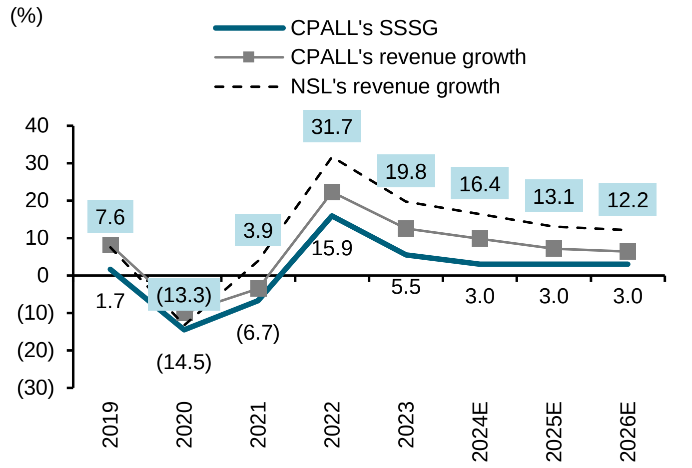
Source: FSSIA estimates

Exhibit 5: Yearly total revenue and growth



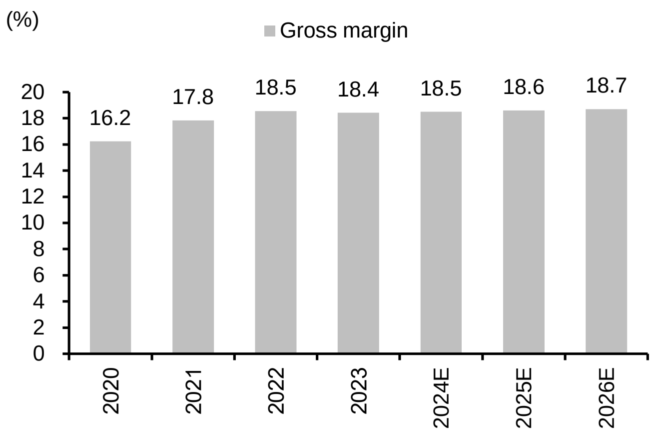
Sources: FSSIA estimates

Exhibit 6: NSL's revenue growth vs CPALL's SSSG



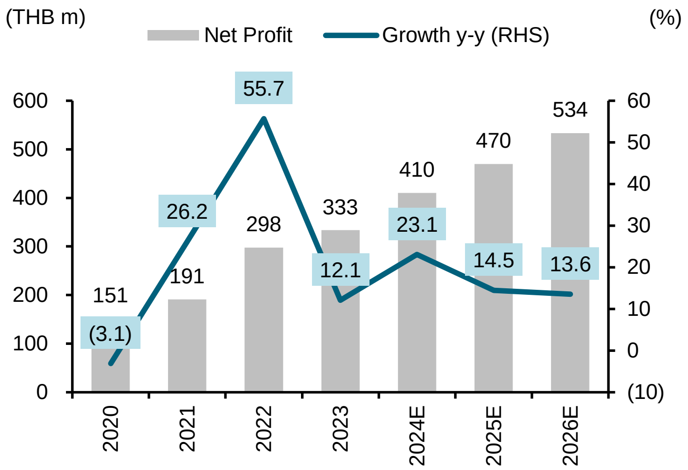
Sources: NSL, CPALL, FSSIA's compilation

Exhibit 7: Yearly gross margin



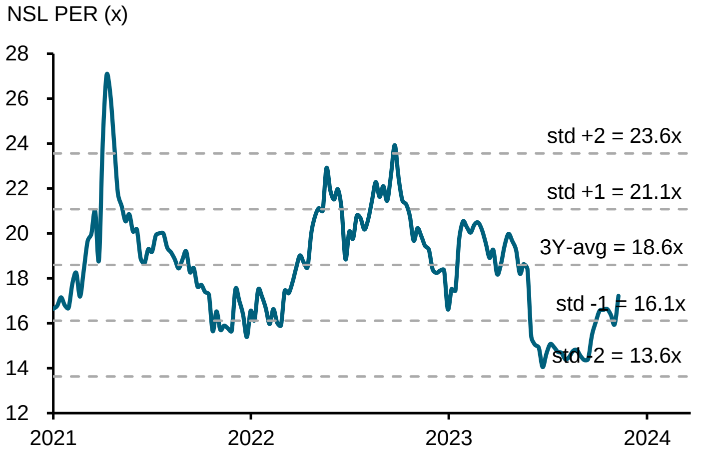
Source: FSSIA estimates

Exhibit 8: Yearly net profit and growth



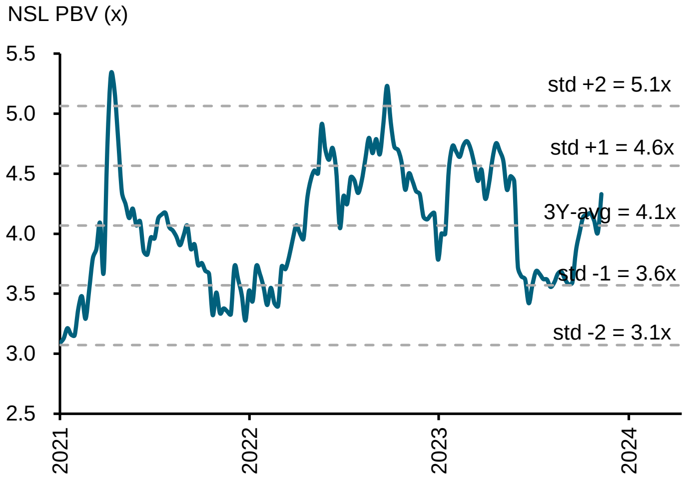
Sources: FSSIA estimates

Exhibit 9: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 10: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

NSL Foods

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	4,001	4,793	5,579	6,308	7,075
Cost of goods sold	(3,259)	(3,910)	(4,547)	(5,135)	(5,752)
Gross profit	**742**	**883**	**1,032**	**1,173**	**1,323**
Other operating income	8	17	11	13	14
Operating costs	(369)	(462)	(536)	(606)	(679)
Operating EBITDA	**484**	**557**	**648**	**750**	**858**
Depreciation	(102)	(120)	(140)	(170)	(200)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**382**	**437**	**508**	**580**	**658**
Net financing costs	(10)	(11)	(6)	(5)	(5)
Associates	-	-	-	-	-
Recurring non-operating income	0	(9)	(3)	2	3
Non-recurring items	0	0	0	0	0
Profit before tax	**372**	**418**	**499**	**578**	**656**
Tax	(74)	(85)	(90)	(110)	(125)
Profit after tax	**298**	**332**	**409**	**468**	**531**
Minority interests	0	1	2	2	2
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**298**	**333**	**410**	**470**	**534**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**298**	**333**	**410**	**470**	**534**
Per share (THB)					
Recurring EPS *	0.99	1.11	1.37	1.57	1.78
Reported EPS	0.99	1.11	1.37	1.57	1.78
DPS	0.55	0.65	0.80	0.92	1.04
Diluted shares (used to calculate per share data)	300	300	300	300	300
Growth					
Revenue (%)	31.7	19.8	16.4	13.1	12.2
Operating EBITDA (%)	40.0	15.1	16.3	15.9	14.3
Operating EBIT (%)	53.3	14.5	16.1	14.3	13.4
Recurring EPS (%)	41.5	12.1	23.1	14.5	13.6
Reported EPS (%)	41.5	12.1	23.1	14.5	13.6
Operating performance					
Gross margin inc. depreciation (%)	18.5	18.4	18.5	18.6	18.7
Gross margin exc. depreciation (%)	21.1	20.9	21.0	21.3	21.5
Operating EBITDA margin (%)	12.1	11.6	11.6	11.9	12.1
Operating EBIT margin (%)	9.5	9.1	9.1	9.2	9.3
Net margin (%)	7.4	7.0	7.4	7.4	7.5
Effective tax rate (%)	19.9	20.4	18.1	19.0	19.0
Dividend payout on recurring profit (%)	55.4	58.5	58.5	58.5	58.5
Interest cover (X)	37.1	40.2	87.8	129.4	139.1
Inventory days	26.4	26.1	26.8	29.2	29.4
Debtor days	49.8	50.5	48.9	47.1	47.3
Creditor days	58.5	58.2	57.9	58.5	58.8
Operating ROIC (%)	25.9	27.2	29.1	30.2	31.0
ROIC (%)	22.3	21.3	25.2	28.3	29.1
ROE (%)	22.4	22.5	25.0	25.7	26.2
ROA (%)	13.9	14.2	15.8	16.4	16.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Bakery and appetizers	3,643	4,282	4,988	5,656	6,369
Food Services	288	276	303	328	354
NSL snack	35	110	127	139	150
OEM & bread wastes	35	68	89	107	120

Sources: NSL Foods; FSSIA estimates

Financial Statements

NSL Foods

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	298	333	410	470	534
Depreciation	102	120	140	170	200
Associates & minorities	-	-	-	-	-
Other non-cash items	0	26	4	(1)	(2)
Change in working capital	(54)	(36)	(42)	(45)	(47)
Cash flow from operations	**346**	**443**	**512**	**594**	**684**
Capex - maintenance	(146)	(200)	(200)	(300)	(300)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(301)	28	191	(5)	(5)
Cash flow from investing	**(448)**	**(172)**	**(9)**	**(305)**	**(305)**
Dividends paid	(144)	(180)	(240)	(275)	(312)
Equity finance	0	0	0	0	0
Debt finance	(100)	(93)	(35)	(25)	5
Other financing cash flows	1	20	29	(21)	8
Cash flow from financing	**(243)**	**(252)**	**(247)**	**(320)**	**(299)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(344)**	**19**	**257**	**(32)**	**80**
Free cash flow to firm (FCFF)	(91.06)	281.68	508.82	292.79	383.84
Free cash flow to equity (FCFE)	(200.65)	198.69	496.63	242.69	**391.76**

Per share (THB)					
FCFF per share	(0.30)	0.94	1.70	0.98	1.28
FCFE per share	(0.67)	0.66	1.66	0.81	1.31
Recurring cash flow per share	1.33	1.60	1.85	2.13	2.44

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,738	1,896	2,024	2,227	2,406
Less: Accumulated depreciation	(768)	(846)	(914)	(987)	(1,066)
Tangible fixed assets (net)	**970**	**1,050**	**1,110**	**1,240**	**1,340**
Intangible fixed assets (net)	**6**	**47**	**47**	**47**	**47**
Long-term financial assets	301	214	0	0	0
Invest. in associates & subsidiaries	0	6	6	6	6
Cash & equivalents	115	134	390	358	438
A/C receivable	595	732	764	864	969
Inventories	267	274	374	422	473
Other current assets	3	7	3	3	4
Current assets	**980**	**1,147**	**1,531**	**1,648**	**1,883**
Other assets	32	36	56	63	71
Total assets	**2,290**	**2,500**	**2,750**	**3,003**	**3,347**
Common equity	1,406	1,560	1,730	1,925	2,146
Minorities etc.	0	17	18	18	19
Total shareholders' equity	**1,406**	**1,576**	**1,748**	**1,943**	**2,165**
Long term debt	80	14	0	35	40
Other long-term liabilities	30	49	84	63	71
Long-term liabilities	**110**	**64**	**84**	**98**	**111**
A/C payable	559	650	747	844	946
Short term debt	167	141	115	55	55
Other current liabilities	47	68	56	63	71
Current liabilities	**774**	**859**	**918**	**962**	**1,071**
Total liabilities and shareholders' equity	**2,290**	**2,500**	**2,750**	**3,003**	**3,347**
Net working capital	259	295	338	382	429
Invested capital	1,568	1,648	1,556	1,738	1,893

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

Per share (THB)					
Book value per share	4.69	5.20	5.77	6.42	7.15
Tangible book value per share	4.67	5.04	5.61	6.26	7.00
Financial strength					
Net debt/equity (%)	9.4	1.4	(15.8)	(13.8)	(15.8)
Net debt/total assets (%)	5.8	0.9	(10.0)	(8.9)	(10.2)
Current ratio (x)	1.3	1.3	1.7	1.7	1.8
CF interest cover (x)	(18.5)	19.7	87.4	54.9	83.5

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**22.8**	**20.3**	**16.5**	**14.4**	**12.7**
Recurring P/E @ target price (x) *	**30.2**	**27.0**	**21.9**	**19.2**	**16.9**
Reported P/E (x)	22.8	20.3	16.5	14.4	12.7
Dividend yield (%)	2.4	2.9	3.5	4.1	4.6
Price/book (x)	4.8	4.3	3.9	3.5	3.2
Price/tangible book (x)	4.8	4.5	4.0	3.6	3.2
EV/EBITDA (x) **	14.3	12.2	10.1	8.7	7.5
EV/EBITDA @ target price (x) **	18.9	16.2	13.5	11.7	10.1
EV/invested capital (x)	4.4	4.1	4.2	3.8	3.4

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

Sources: NSL Foods; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*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.*)	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. *(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.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL: 0-10; Low: 10-20; Medium: 20-30; High: 30-40; Severe: 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.	

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

MSCI:

Rating	Score	Category	Description
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	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
BBB	4.286-5.713		
BB	2.857-4.285		
B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions.

 Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

NSL Foods (NSL TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	26.00	18-Oct-2023	BUY	24.00	05-Feb-2024	BUY	26.00

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
NSL Foods	NSL TB	THB 22.60	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 01-Apr-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.