

# SRINANAPORN MARKETING

THAILAND / FOOD &amp; BEVERAGE

# SNNP TB

## BUY

UNCHANGED

TARGET PRICE	THB22.00
CLOSE	THB17.70
UP/DOWNSIDE	+24.3%
PRIOR TP	THB22.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.1%

## Good start in 1Q24

- SNNP targets 2024 revenue growth of 15-18% y-y, driven by both domestic (+10-15% y-y) and international growth (+20-25% y-y).
- We expect 1Q24 net profit to be the lowest point of the year, and anticipate continued profit growth throughout 2Q-4Q24.
- Reiterate BUY call with TP of THB22.

### Positive view to SNNP's 2024 growth target

SNNP targets 2024 revenue growth of 15-18% y-y, driven by both domestic (+10-15% y-y) and international growth (+20-25% y-y). Particularly in Vietnam, SNNP aims for 20-25% y-y growth. The company has completed all three production lines of its new factory, which is currently operating at a 30-40% utilization rate. SNNP plans to increase its capacity utilization rate to 65-70% by the end of the year. The company also expects accelerated growth in other countries, including the Philippines, South Korea, and China. It aims to increase its gross profit margin to 30-31% in 2024, up from 28.6% in 2023. This increase would be driven by a higher gross margin in Vietnam and the introduction of new, higher-margin products.

### Expect slight y-y growth in 1Q24 profit

We expect a 1Q24 net profit of THB160m (-3% q-q, +3.9% y-y). The decrease q-q is mainly from the low season of the business, while the y-y growth is driven by 1) an estimated 6% increase in total revenue, with strong performance in the modern trade and Vietnam markets; and 2) its gross margin should increase to 28.5%, up from 28.2% in 1Q23. In addition, management mentioned that the success of its new supplementary product line, Jele Fitt, has been well-received and has a higher gross margin than existing products. Looking ahead, SNNP plans to continue launching new products in 2Q-3Q24.

### Anticipate continued profit growth throughout 2Q-4Q24

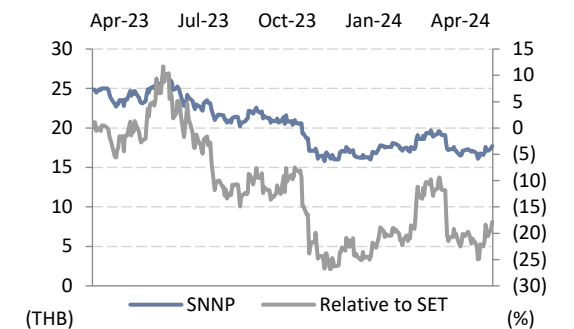
Assuming in-line 1Q24 results, it would account for 20% of our full-year earnings estimate. We think the 1Q24 profit will be the lowest point of the year, with profits gradually increasing in 2Q-3Q24 and peaking in 4Q24. This growth can be attributed to seasonal factors, increased revenue from new products, and a recovery in consumer purchasing power in Vietnam. We expect to see its Vietnam revenue hit a record high in 4Q24. SNNP targets long-term revenue growth at a 15% CAGR to THB12b in 2028. The current production capacity is adequate to support this organic growth.

### Reiterate BUY recommendation with TP of THB22

We maintain our 2024E net profit of THB785m (+23.4% y-y) and TP at THB22, based on 27x 2024E P/E. We have a positive outlook on SNNP's growth potential for the remainder of the year, driven by opportunities in export market expansion. Our TP suggests an upside of 24%.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	6,016	6,832	7,554	8,201
Net profit	636	785	885	982
EPS (THB)	0.66	0.82	0.92	1.02
vs Consensus (%)	-	(0.4)	(0.4)	3.3
EBITDA	1,002	1,200	1,341	1,484
Recurring net profit	636	785	885	982
Core EPS (THB)	0.66	0.82	0.92	1.02
Chg. In EPS est. (%)	nm	0.0	0.1	nm
EPS growth (%)	23.3	23.4	12.8	10.9
Core P/E (x)	26.7	21.7	19.2	17.3
Dividend yield (%)	2.7	3.2	3.6	4.0
EV/EBITDA (x)	17.6	14.6	13.0	11.6
Price/book (x)	5.3	5.0	4.8	4.4
Net debt/Equity (%)	12.3	7.0	2.1	(1.6)
ROE (%)	20.3	23.8	25.5	26.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.7	(2.2)	(27.8)
Relative to country (%)	3.8	1.6	(15.7)
Mkt cap (USD m)	464		
3m avg. daily turnover (USD m)	1.7		
Free float (%)	34		
Major shareholder	Concord I. Capital Limited (8%)		
12m high/low (THB)	27.25/15.70		
Issued shares (m)	960.00		

Sources: Bloomberg consensus; FSSIA estimates


**Sureeporn Teewasuwet**

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

## Investment thesis

SNNP is a leader in the snacks and jelly market in Thailand. It has three famous brands, including Bento, Jele, and Lotus. SNNP sells in both Thailand and abroad. Its crucial export market is CLMV. At the end of 2023, domestic sales made the highest contribution at c73% of total revenue, followed by CLMV (20%) and others (7%).

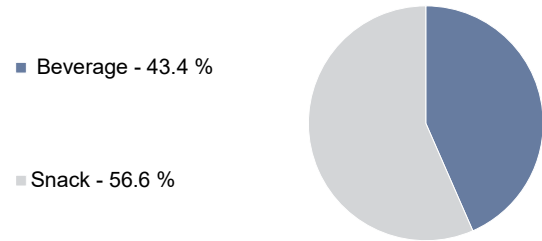
We expect 2024-26 profit growth of 23.4%/12.8%/10.9%, respectively. We also have a bullish view of SNNP's mid-to long-term growth due to its strong brands, well-recognized products at affordable prices, and diversified production bases in CLMV.

## Company profile

SNNP was founded in 1972 under the name of Sri Viwat. The company has been a manufacturer and distributor of snack foods for more than 30 years. It has many product categories with a lot of variety, such as jelly, fruit juice with carrageenan and konjac powder, fish and squid products, fruit and herb drinks, etc.

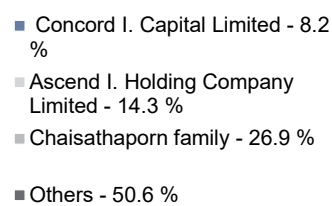
[www.snp.co.th](http://www.snp.co.th)

## Principal activities (revenue, 2023)



Source: Srinanaporn Marketing

## Major shareholders



Source: Srinanaporn Marketing

## Catalysts

Potential catalysts for SNNP's earnings growth in 2024 are 1) domestic revenue growth driven by new products; 2) overseas revenue growth driven by its new plant and a channel expansion in Vietnam; and 3) a higher gross margin, supported by a higher utilization rate.

## Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; 3) a slower-than-expected capacity expansion; and 4) unsuccessful new products.

## Event calendar

Date	Event
8 May 2024	1Q24 results announcement

## Key assumptions

	2024E	2025E	2026E
Domestic revenue (THB m)	4,919	5,411	5,844
Overseas revenue (THB m)	1,913	2,143	2,357
Total revenue (THB m)	6,832	7,554	8,201
Total revenue growth (%)	13.6	10.6	8.6
Gross margin (%)	29.3	29.5	29.7
SG&A to sales (%)	15.2	15.2	15.2

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3.8%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2024 net profit to fall by 1.6%, and vice versa, all else being equal.

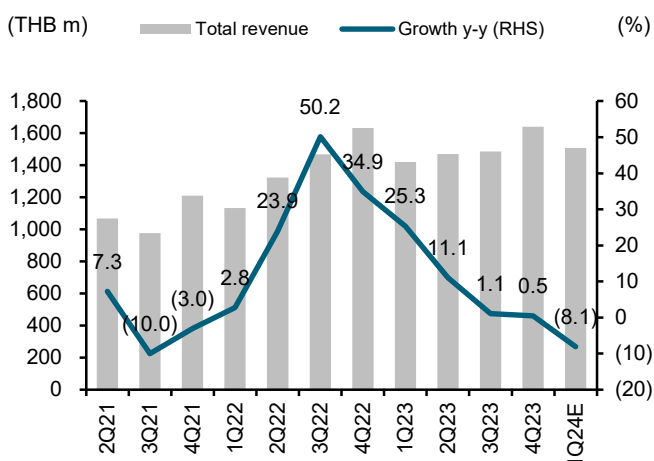
Source: FSSIA estimates

**Exhibit 1: SNNP – 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
Total revenue	1,420	1,470	1,486	1,640	1,507	(8.1)	6.1	6,832	13.6	22.1
Cost of sales	1,020	1,060	1,058	1,161	1,078	(7.1)	5.7	4,830	12.4	22.3
Gross profit	400	410	428	479	430	(10.3)	7.3	2,002	16.5	21.5
SG&A	207	216	232	271	234	(13.7)	13.0	1,038	12.3	22.5
Operating profit	201	205	208	212	202	(4.8)	0.5	1,004	21.5	20.1
Interest expense	0.76	1.58	2.25	3.02	3.00	(0.7)	292.7	11	49.1	26.4
Tax expense	40	41	38	33	35	5.7	(12.9)	195	28.6	17.9
Profit (loss) sharing	(8)	(7)	(9)	(10)	(5)	nm	nm	(18)	nm	27.1
Reported net profit	154	157	160	165	160	(3.0)	3.9	785	23.4	20.4
Core profit	154	157	160	165	160	(3.0)	3.9	785	23.4	20.4
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	28.2	27.9	28.8	29.2	28.5	(0.7)	0.3	29.3	0.7	
SG&A to sales	14.6	14.7	15.6	16.5	15.5	(1.0)	0.9	15.2	(0.2)	
Operating margin	14.2	13.9	14.0	12.9	13.4	0.5	(0.8)	14.7	1.0	
Net margin	10.8	10.7	10.8	10.1	10.6	0.6	(0.2)	11.5	0.9	
Core margin	10.8	10.7	10.8	10.1	10.6	0.6	(0.2)	11.5	0.9	
<b>Operating statistics (THB m)</b>										
Domestic revenue	1,094	1,111	1,078	1,110	1,148	3.5	5.0	4,919	12.0	23.3
Overseas revenue	326	359	408	530	359	(32.3)	10.0	1,913	17.8	18.8
Vietnam revenue	148	166	181	289	165	(42.9)	11.5	902	15.0	18.3
Snack revenue	812	766	833	992	851	(14.2)	4.8	3,758	10.4	22.6
Beverage revenue	608	704	653	648	657	1.4	8.0	3,074	17.7	21.4

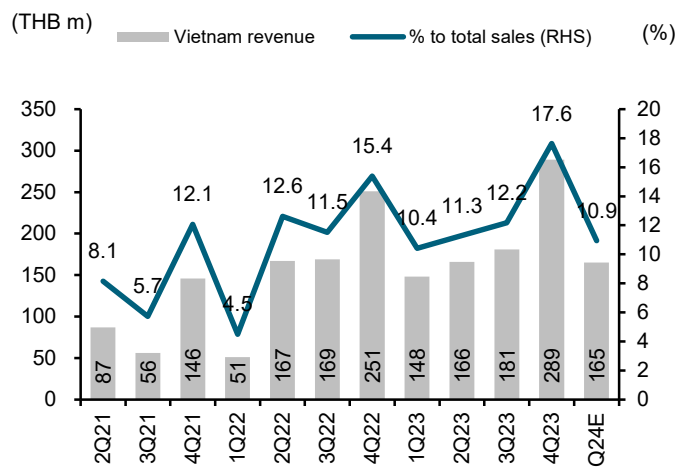
Sources: SNNP; FSSIA estimates

**Exhibit 2: Quarterly total revenue and growth**



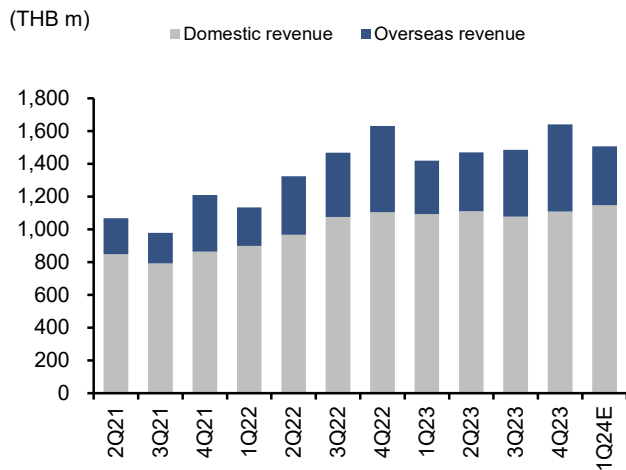
Sources: SNNP; FSSIA estimates

**Exhibit 3: Quarterly Vietnam revenue**



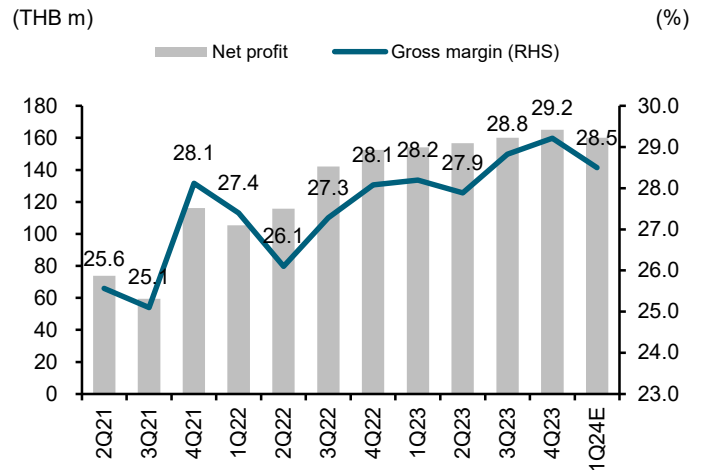
Sources: SNNP; FSSIA estimates

**Exhibit 4: Revenue breakdown by destination**



Sources: SNNP; FSSIA estimates

**Exhibit 5: Quarterly net profit and gross margin**



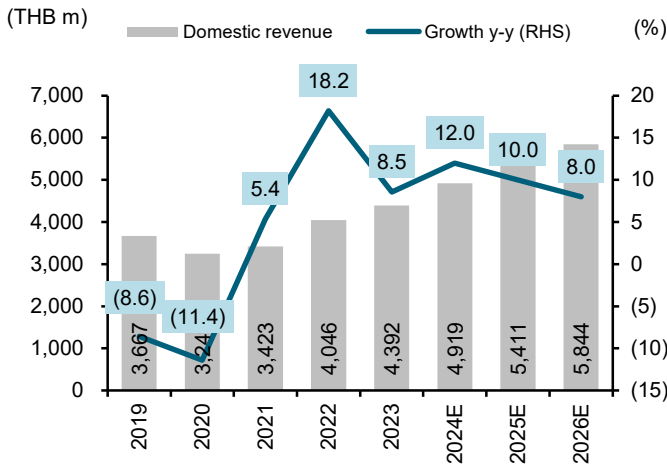
Sources: SNNP; FSSIA estimates

**Exhibit 6: Key assumptions for SNNP**

	Current			Growth		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total sales value (THB m)	6,832	7,554	8,201	13.6	10.6	8.6
Costs	4,830	5,325	5,765	12.4	10.2	8.3
Gross profit	2,002	2,228	2,436	16.5	11.3	9.3
SG&A expense	1,038	1,148	1,247	12.3	10.6	8.6
Profit (loss) sharing	(18)	(15)	(8)	<i>nm</i>	<i>nm</i>	<i>nm</i>
Interest expense	11	9	7	49.1	(23.7)	(16.2)
Reported net profit	785	885	982	23.4	12.8	10.9
Core profit	785	885	982	23.4	12.8	10.9
<b>Key ratios (%)</b>						
Gross margin	29.3	29.5	29.7			
SG&A to sales	15.2	15.2	15.2			
Net margin	11.5	11.7	12.0			
Core margin	11.5	11.7	12.0			
<b>Operating statistics (THB m)</b>						
Domestic revenue (THB m)	4,919	5,411	5,844	12.0	10.0	8.0
Overseas revenue (THB m)	1,913	2,143	2,357	17.8	12.0	10.0
Vietnam revenue (THB m)	902	1,037	1,141	15.0	15.0	10.0

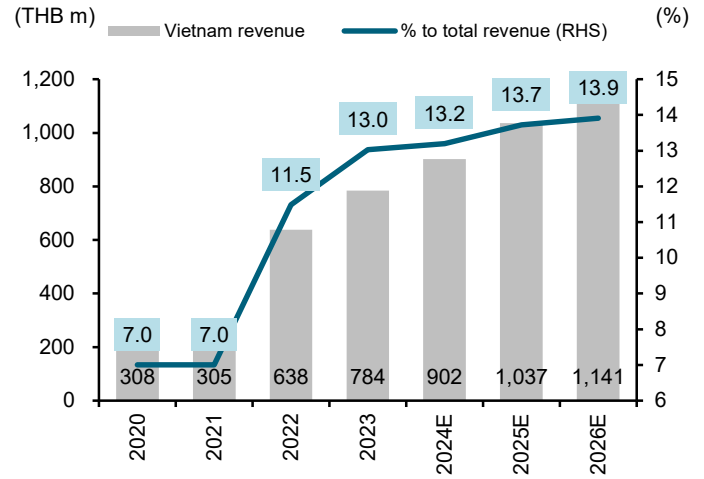
Source: FSSIA estimates

**Exhibit 7: Yearly domestic revenue and growth**



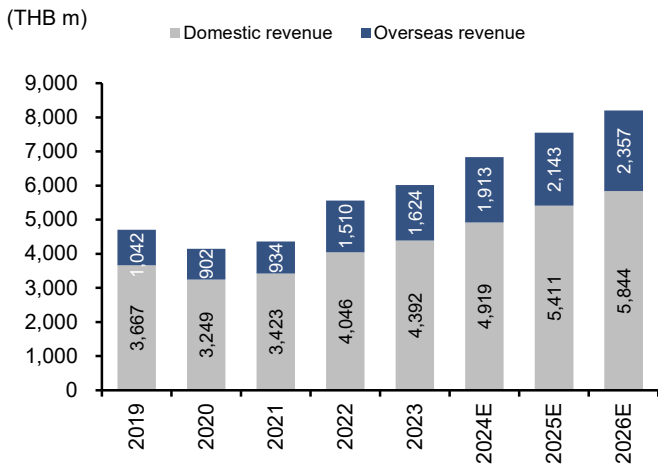
Sources: SNNP; FSSIA estimates

**Exhibit 8: Yearly Vietnam revenue and growth**



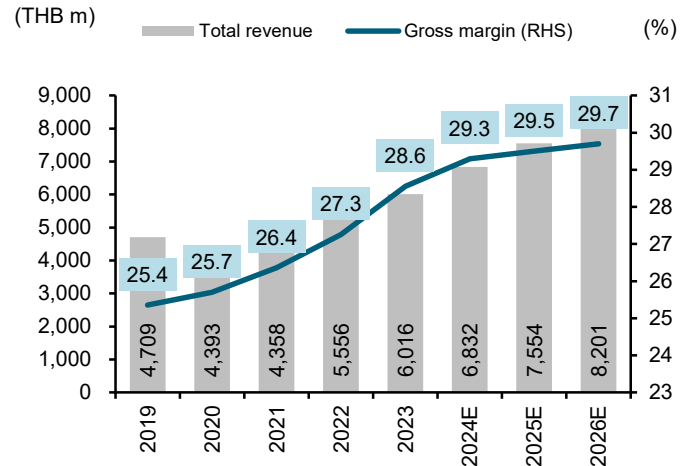
Sources: SNNP; FSSIA estimates

**Exhibit 9: Yearly revenue breakdown by destination**



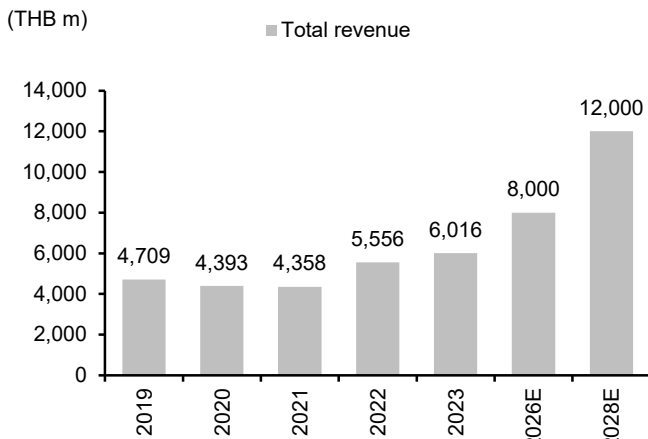
Sources: SNNP; FSSIA estimates

**Exhibit 10: Yearly total revenue and gross margin**



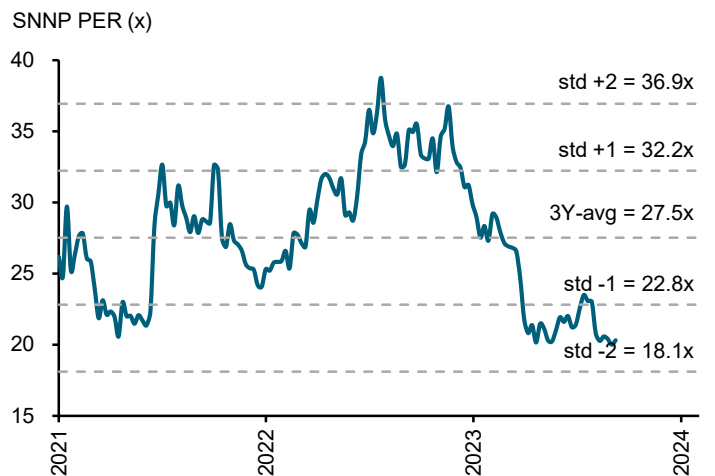
Sources: SNNP; FSSIA estimates

**Exhibit 11: SNNP's revenue target in 2024-2028**



Source: SNNP

**Exhibit 12: Historical P/E band**



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Srinanaporn Marketing

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	5,556	6,016	6,832	7,554	8,201
Cost of goods sold	(4,042)	(4,298)	(4,830)	(5,325)	(5,765)
<b>Gross profit</b>	<b>1,514</b>	<b>1,718</b>	<b>2,002</b>	<b>2,228</b>	<b>2,436</b>
Other operating income	48	34	41	45	49
Operating costs	(886)	(925)	(1,038)	(1,148)	(1,247)
<b>Operating EBITDA</b>	<b>835</b>	<b>1,002</b>	<b>1,200</b>	<b>1,341</b>	<b>1,484</b>
Depreciation	(159)	(175)	(195)	(215)	(245)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>676</b>	<b>826</b>	<b>1,004</b>	<b>1,125</b>	<b>1,238</b>
Net financing costs	(2)	(8)	(11)	(9)	(7)
Associates	(25)	(35)	(18)	(15)	(8)
Recurring non-operating income	(25)	(35)	(18)	(15)	(8)
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>649</b>	<b>784</b>	<b>975</b>	<b>1,102</b>	<b>1,223</b>
Tax	(137)	(152)	(195)	(220)	(245)
<b>Profit after tax</b>	<b>512</b>	<b>632</b>	<b>780</b>	<b>881</b>	<b>978</b>
Minority interests	4	4	5	4	4
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>516</b>	<b>636</b>	<b>785</b>	<b>885</b>	<b>982</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>516</b>	<b>636</b>	<b>785</b>	<b>885</b>	<b>982</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.54	0.66	0.82	0.92	1.02
Reported EPS	0.54	0.66	0.82	0.92	1.02
DPS	0.41	0.48	0.57	0.65	0.72
Diluted shares (used to calculate per share data)	960	960	960	960	960
<b>Growth</b>					
Revenue (%)	27.5	8.3	13.6	10.6	8.6
Operating EBITDA (%)	35.1	20.0	19.8	11.8	10.7
Operating EBIT (%)	51.9	22.2	21.5	12.1	10.0
Recurring EPS (%)	67.2	23.3	23.4	12.8	10.9
Reported EPS (%)	18.0	23.3	23.4	12.8	10.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	27.3	28.6	29.3	29.5	29.7
Gross margin exc. depreciation (%)	30.1	31.5	32.2	32.4	32.7
Operating EBITDA margin (%)	15.0	16.7	17.6	17.8	18.1
Operating EBIT margin (%)	12.2	13.7	14.7	14.9	15.1
Net margin (%)	9.3	10.6	11.5	11.7	12.0
Effective tax rate (%)	21.1	19.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	76.3	72.8	70.0	70.0	70.0
Interest cover (X)	389.1	103.9	86.8	128.2	169.6
Inventory days	51.4	56.8	52.3	54.7	55.3
Debtor days	89.1	105.6	100.6	92.7	91.3
Creditor days	100.3	103.0	89.0	89.4	90.4
Operating ROIC (%)	17.9	19.1	21.7	24.3	26.0
ROIC (%)	15.6	16.6	19.5	21.6	23.3
ROE (%)	17.5	20.3	23.8	25.5	26.6
ROA (%)	11.1	12.4	14.8	15.9	16.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Beverage	2,434	2,613	3,074	3,407	3,703
Snack	3,123	3,403	3,758	4,147	4,498
Distribution other product					

Sources: Srinanaporn Marketing; FSSIA estimates

## Financial Statements

### Srinaporn Marketing

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	516	636	785	885	982
Depreciation	159	175	195	215	245
Associates & minorities	25	35	18	15	8
Other non-cash items	4	(12)	36	30	27
Change in working capital	(307)	(428)	15	(40)	(121)
<b>Cash flow from operations</b>	<b>397</b>	<b>406</b>	<b>1,050</b>	<b>1,105</b>	<b>1,141</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(227)	(262)	(270)	(300)	(300)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(171)	45	(104)	(30)	(21)
<b>Cash flow from investing</b>	<b>(398)</b>	<b>(217)</b>	<b>(374)</b>	<b>(330)</b>	<b>(321)</b>
Dividends paid	(307)	(444)	(549)	(620)	(687)
Equity finance	0	0	0	0	0
Debt finance	276	192	(130)	(87)	(45)
Other financing cash flows	4	2	43	18	16
<b>Cash flow from financing</b>	<b>(28)</b>	<b>(250)</b>	<b>(636)</b>	<b>(689)</b>	<b>(716)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(29)</b>	<b>(61)</b>	<b>40</b>	<b>87</b>	<b>104</b>
Free cash flow to firm (FCFF)	0.16	196.67	687.10	784.33	827.50
Free cash flow to equity (FCFE)	277.89	382.65	589.03	706.71	791.04

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	0.00	0.20	0.72	0.82	0.86
FCFE per share	0.29	0.40	0.61	0.74	0.82
Recurring cash flow per share	0.73	0.87	1.08	1.19	1.31

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,600	3,600	3,800	4,000	4,300
Less: Accumulated depreciation	(1,324)	(1,260)	(1,456)	(1,671)	(1,917)
<b>Tangible fixed assets (net)</b>	<b>2,276</b>	<b>2,339</b>	<b>2,344</b>	<b>2,328</b>	<b>2,383</b>
<b>Intangible fixed assets (net)</b>	<b>21</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	275	242	242	242	242
Cash & equivalents	133	72	112	198	302
A/C receivable	1,587	1,894	1,872	1,966	2,134
Inventories	681	602	728	802	869
Other current assets	1	8	9	10	11
<b>Current assets</b>	<b>2,402</b>	<b>2,575</b>	<b>2,720</b>	<b>2,977</b>	<b>3,316</b>
Other assets	96	51	137	151	164
<b>Total assets</b>	<b>5,069</b>	<b>5,225</b>	<b>5,461</b>	<b>5,716</b>	<b>6,123</b>
Common equity	3,049	3,218	3,384	3,550	3,844
Minorities etc.	257	244	280	310	336
<b>Total shareholders' equity</b>	<b>3,306</b>	<b>3,463</b>	<b>3,664</b>	<b>3,859</b>	<b>4,180</b>
Long term debt	242	264	184	104	97
Other long-term liabilities	126	128	171	189	205
<b>Long-term liabilities</b>	<b>368</b>	<b>392</b>	<b>355</b>	<b>293</b>	<b>302</b>
A/C payable	1,256	1,070	1,191	1,313	1,422
Short term debt	62	232	182	175	137
Other current liabilities	76	69	68	76	82
<b>Current liabilities</b>	<b>1,395</b>	<b>1,370</b>	<b>1,441</b>	<b>1,564</b>	<b>1,641</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,069</b>	<b>5,225</b>	<b>5,461</b>	<b>5,716</b>	<b>6,123</b>
Net working capital	936	1,364	1,349	1,390	1,510
Invested capital	3,604	4,015	4,090	4,129	4,317

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	3.18	3.35	3.53	3.70	4.00
Tangible book value per share	3.15	3.33	3.51	3.68	3.99

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	5.2	12.3	7.0	2.1	(1.6)
Net debt/total assets (%)	3.4	8.1	4.7	1.4	(1.1)
Current ratio (x)	1.7	1.9	1.9	1.9	2.0
CF interest cover (x)	303.0	85.6	76.6	117.2	151.4

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>32.9</b>	<b>26.7</b>	<b>21.7</b>	<b>19.2</b>	<b>17.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>41.0</b>	<b>33.2</b>	<b>26.9</b>	<b>23.9</b>	<b>21.5</b>
Reported P/E (x)	32.9	26.7	21.7	19.2	17.3
Dividend yield (%)	2.3	2.7	3.2	3.6	4.0
Price/book (x)	5.6	5.3	5.0	4.8	4.4
Price/tangible book (x)	5.6	5.3	5.0	4.8	4.4
EV/EBITDA (x) **	20.9	17.6	14.6	13.0	11.6
EV/EBITDA @ target price (x) **	25.8	21.7	18.0	16.0	14.4
EV/invested capital (x)	4.8	4.4	4.3	4.2	4.0

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

Sources: Srinaporn Marketing; 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 <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.																			
<b>Morningstar Sustainalytics</b>	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 &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+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	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.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">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> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</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> </tbody> </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
<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																		
<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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>																				
<b>S&amp;P Global</b>	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

#### Sureporn 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. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. 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

##### Srinaporn Marketing (SNNP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jul-2021	BUY	15.00	31-Oct-2022	BUY	25.00	17-Oct-2023	BUY	21.00
20-Jan-2022	BUY	20.00	13-Feb-2023	BUY	29.00	01-Feb-2024	BUY	22.00

Sureporn Teewasuwet started covering this stock from 13-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Srinaporn Marketing	SNNP TB	THB 17.70	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; 3) a slower-than-expected capacity expansion; and 4) unsuccessful new products.

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 02-Apr-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.