

T.A.C. CONSUMER TACC TB

THAILAND / AGRO & FOOD INDUSTRY

HOLD

FROM BUY

ราคากาแฟที่สูงขึ้น อาจกดดันกำไร 2H

- กำไรสุทธิ 1Q24 ออกมาดีพร้อมการเติบโตที่สูงถึง 44% y-y
- เรามีมุมมองเป็นลบมากขึ้นเกี่ยวกับแนวโน้มกำไรในช่วง 2H24 จากราคากาแฟที่สูงขึ้น
- ปรับลดคำแนะนำเป็นถือหลังปรับลดราคาเป้าหมายลงเป็น 6.3 บาท

กำไรสุทธิ 1Q24 ออกมาดี

TACC รายงานกำไรสุทธิ 1Q24 อยู่ที่ 61 ลบ. (+3.8% q-q, +44% y-y) เมื่อหักการตัดค่าของการลงทุนใน TCI จำนวน 11 ลบ. ใน 4Q23 กำไรปกติลดลง 13.2% q-q จากปัจจัยด้านฤดูกาล เราประทับใจกับรายได้ที่โตได้ถึง 21% y-y โดยได้ปัจจัยหนุนจากสถานะอากาศที่ร้อนผิดปกติซึ่งช่วยกระตุ้นยอดขายเครื่องดื่ม อัตรากำไรขั้นต้นปรับตัวดีขึ้นเป็น 33.9% จาก 33.1% ใน 4Q23 และ 31.6% ใน 1Q23 จากวัตถุดิบคงคลังที่มีต้นทุนต่ำโดยเฉพาะกาแฟได้ลิโอรราคาส่วนหน้าซึ่งราคาต่ำพอใช้ถึงกลางปี 2024

ค่าใช้จ่ายสูงขึ้นและรับขาดทุนจากบริษัทย่อย

อย่างไรก็ดีสัดส่วนค่าใช้จ่ายในการบริหารต่อยอดขายเพิ่มขึ้นเป็น 8.4% ของรายได้รวมจากฐานที่ต่ำกว่าปกติที่ 5.6% ใน 4Q23 ค่าใช้จ่ายการขายกระโดดเพิ่ม 53% y-y จากค่าใช้จ่ายเพื่อการโฆษณาและส่งเสริมการขายที่สูงขึ้นซึ่งทำให้สัดส่วนค่าใช้จ่ายในการขายและบริหารต่อยอดขายเพิ่มขึ้นเป็น 18% จาก 15.3% ใน 4Q23 และ 17.1% ใน 1Q23 นอกจากนี้บริษัท ยังรับขาดทุน 5-6 ลบ. ต่อไตรมาสจากบริษัทย่อย HIP (Health and Wellness)

ราคากาแฟที่สูงขึ้นน่าจะกดดันกำไรในช่วง 2H24

เราคาดว่ากำไรสุทธิ 2Q24 จะทรงตัวหรืออาจลดลงเล็กน้อย q-q แม้ว่าจะเป็น High season เนื่องจากบริษัทจะเริ่มรับรู้ต้นทุนกาแฟที่สูงขึ้น เรามีมุมมองที่เป็นลบมากขึ้นเกี่ยวกับแนวโน้มกำไรในช่วง 2H24 หลังใช้วัตถุดิบกาแฟคงคลังที่มีต้นทุนต่ำหมดไป บริษัท กำลังอยู่ระหว่างทยอยเซ็นสัญญาราคากาแฟใหม่ซึ่งน่าจะเพิ่มขึ้น 22% y-y จากต้นทุนกาแฟคิดเป็น 12% ของต้นทุนรวม เราคาดว่าราคากาแฟที่สูงขึ้นจะกระทบอัตรากำไรขั้นต้น 2% และกำไรสุทธิ 12% ใน 2H24 ถ้าสมมติให้ปัจจัยอื่นคงที่ ดังนั้นกำไรในช่วง 2H24 อาจต่ำกว่าใน 1H24

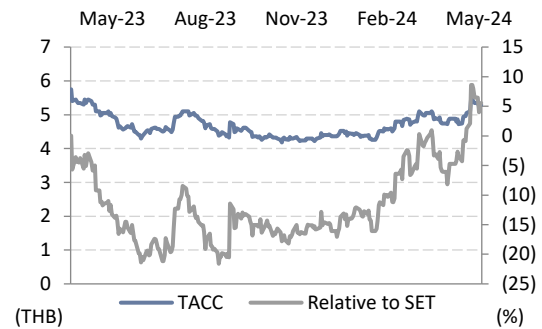
ปรับลดคำแนะนำเป็นถือหลังลดราคาเป้าหมายเป็น 6.3 บาท

สิ่งที่ดีคือ ล่าสุด TACC ได้ต่อสัญญากับ 7-Eleven ขยายออกไปอีก 3 ปีจนถึงเดือน ก.ค. 2027 อย่างไรก็ตามเราปรับลดประมาณการกำไรสุทธิปี 2024 ของเราลง 6% เพื่อสะท้อนต้นทุนกาแฟที่สูงขึ้น เป็นการเติบโตที่ 3.4% y-y ในทางเดียวกันเราปรับลดราคาเป้าหมายเหลือ 6.3 บาท (จาก 7.8 บาท) โดยปรับลดค่า PE เป้าหมายเหลือ 17x (ค่าเฉลี่ย 5 ปีย้อนหลัง) จาก 20x (+1.0 SD) นอกจากนี้ TACC ยังประกาศขายหุ้นซื้อคืนจำนวน 8 ล้านหุ้น (ต้นทุนเฉลี่ย 4.48 บาทต่อหุ้น) ภายในช่วงวันที่ 17 พ.ค. 24 ถึง 19 พ.ค. 25 ด้วยเหตุดังกล่าวเราจึงปรับลดคำแนะนำของเราเป็นถือเพื่อรอการฟื้นตัวอีกครั้ง

TARGET PRICE	THB6.30
CLOSE	THB5.30
UP/DOWNSIDE	+18.9%
PRIOR TP	THB7.80
CHANGE IN TP	-19.2%
TP vs CONSENSUS	-8.9%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,714	1,893	2,065	2,248
Net profit	207	225	251	280
EPS (THB)	0.34	0.37	0.41	0.46
vs Consensus (%)	-	(5.1)	(5.7)	(4.2)
EBITDA	308	319	363	410
Recurring net profit	217	225	251	280
Core EPS (THB)	0.36	0.37	0.41	0.46
Chg. In EPS est. (%)	-	(6.3)	(5.6)	(4.9)
EPS growth (%)	(6.1)	3.4	11.8	11.6
Core P/E (x)	14.8	14.3	12.8	11.5
Dividend yield (%)	6.8	6.6	7.0	7.8
EV/EBITDA (x)	8.8	8.4	7.3	6.4
Price/book (x)	4.5	4.4	4.3	4.1
Net debt/Equity (%)	(71.9)	(74.0)	(74.8)	(76.5)
ROE (%)	29.4	31.2	34.0	36.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.3	17.3	(7.8)
Relative to country (%)	14.9	18.9	5.3
Mkt cap (USD m)	86		
3m avg. daily turnover (USD m)	0.4		
Free float (%)	66		
Major shareholder	Mr.Chatchawe Vatanasuk (20%)		
12m high/low (THB)	5.85/4.18		
Issued shares (m)	608.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 10 พฤษภาคม 2024

Investment thesis

TACC earned 93% of its revenue from procuring and supplying tea-based beverages to 7-Eleven, its alliance and a leader in the convenience store market in Thailand, which gives TACC a competitive advantage since it can distribute through 7-Eleven, which has 15,000 branches nationwide. Also, we like the solid balance sheet since TACC has no interest-bearing debt but high cash on hand.

Although TACC faced cost pressure from higher raw material costs and a higher loss from TCI, an associate, during 2022-23, we expect a recovery from 2H23 due to lower raw material costs. Also, the recovery should accelerate in 2024 after divesting its investment in TCI, which would make it possible for TACC to stop realizing a loss sharing from TCI from 1Q24 onwards.

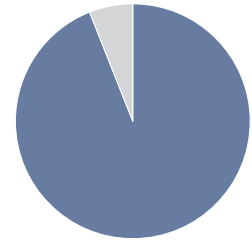
Company profile

TACC is a purveyor, manufacturer, and distributor of beverages, mainly tea and coffee. It started partnering with 7-Eleven in 2005. After that, it introduced a branded beverage, Zenya, in international markets (CLMV). Also, it entered into a character business, which realizes revenue from the copyright of cartoon characters, such as Rilakkuma, Jay the Rabbit, Maaja, Warbie Yama, Line Character, and Bellygom. In 2023, TACC earned 94% of its revenue from B2B and 6% from B2C channels.

www.tacconsumer.com

Principal activities (revenue, 2023)

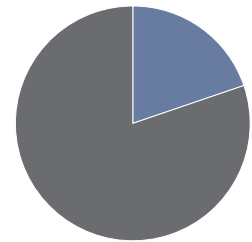
- B2B sales - 94.0 %
- B2C sales - 6.0 %



Source: T.A.C. Consumer

Major shareholders

- Mr.Chatchawe Vatanasuk - 19.8 %
- Others - 80.2 %



Source: T.A.C. Consumer

Catalysts

Potential catalysts for TACC's earnings growth in 2024 are 1) growth in line with the branch expansion of 7-Eleven in Thailand and abroad, 2) new product launches, 3) lower raw material costs, and 4) an exit from its loss-making associate.

Risks to our call

Downside and upside risks to our P/E-based TP include 1) a lower or higher-than-expected recovery in purchasing power, 2) unusually cold weather, 3) lower or higher new product launches than planned, 4) a slower or faster-than-expected decrease in raw material prices, and 5) changes in laws and regulations.

Event calendar

Date	Event
August 2024	1Q24 result announcement

Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
B2B sales	1,774	1,934	2,104
B2C sales	119	131	144
Total sales growth (%)	10.5	9.1	8.9
Gross margin (%)	32.0	32.5	33.0
SG&A to sales (%)	17.5	17.5	17.5

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 0.2% increase in GPM, we estimate 2024 net profit to rise by 1.0%, 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 2.5%, and vice versa, all else being equal.
- For every 10% increase in sugar cost, we estimate 2024 net profit to fall by 1.2%, and vice versa, all else being equal.

Source: FSSIA estimates

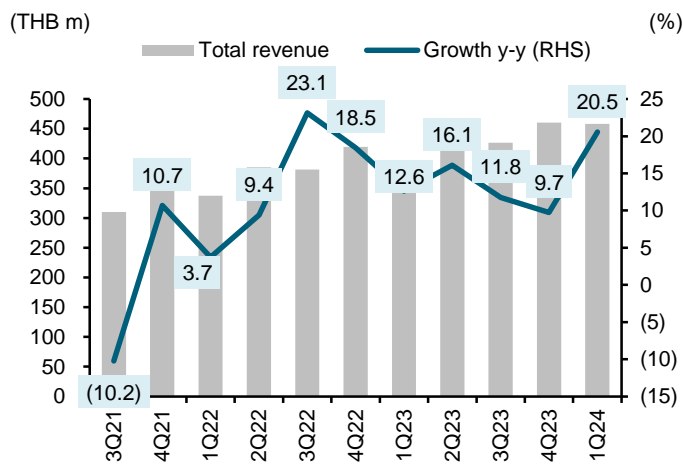
Exhibit 1: TACC – 1Q24 earnings results

	1Q23	2Q23	3Q23	4Q23	1Q24	Change		2024E	Change	% 1Q24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	380	447	426	460	458	(0.5)	20.5	1,893	10.5	24.2
Cost	260	301	285	308	303	(1.6)	16.6	1,287	11.6	23.5
Gross profit	120	146	142	153	155	1.7	29.2	606	8.1	25.6
SG&A	65	79	76	70	83	17.3	27.2	331	14.2	24.9
- Selling expenses	29	45	44	45	44	(1.7)	53.4	208	28.5	21.1
- Admin expenses	36	34	32	26	39	50.3	6.5	123	(3.9)	31.4
Operating profit	57	69	68	90	76	(15.8)	32.5	281	(1.1)	26.9
Profit (loss) sharing	(2.4)	(2.4)	(2.5)	(2.5)	0.0	nm	nm	0	(100.0)	nm
Tax expense	12	14	14	18	15	(14.7)	27.0	57	(1.4)	26.8
Reported net profit	42	54	52	59	61	3.8	43.9	225	8.7	27.1
Core profit	42	53	52	70	61	(13.2)	43.4	225	3.4	27.0

Key ratios (%)										
Gross margin	31.6	32.7	33.3	33.1	33.9	0.7	2.3	32.0	(0.7)	(0.7)
SG&A / Sales	17.1	17.7	17.8	15.3	18.0	2.7	0.9	17.5	0.6	0.6
Operating margin	15.0	15.4	16.0	19.5	16.5	(3.0)	1.5	14.9	(1.7)	(1.7)
Net margin	11.1	12.1	12.1	12.7	13.3	0.6	2.2	11.9	(0.2)	(0.2)
Core margin	11.1	11.9	12.1	15.2	13.2	(1.9)	2.1	11.9	(0.8)	(0.8)

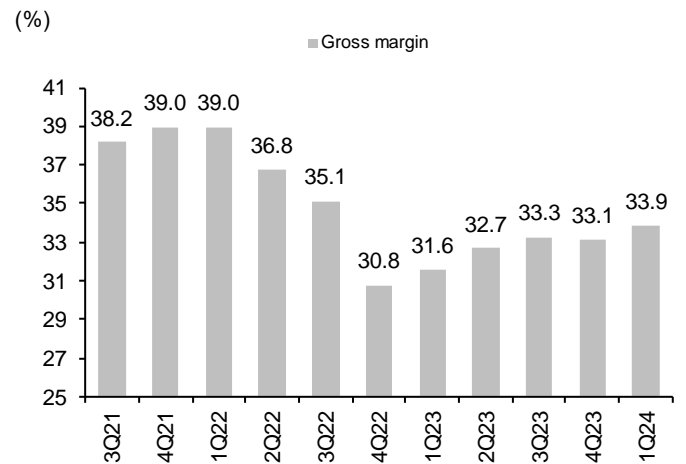
Sources: TACC; FSSIA estimates

Exhibit 2: Total revenue and growth



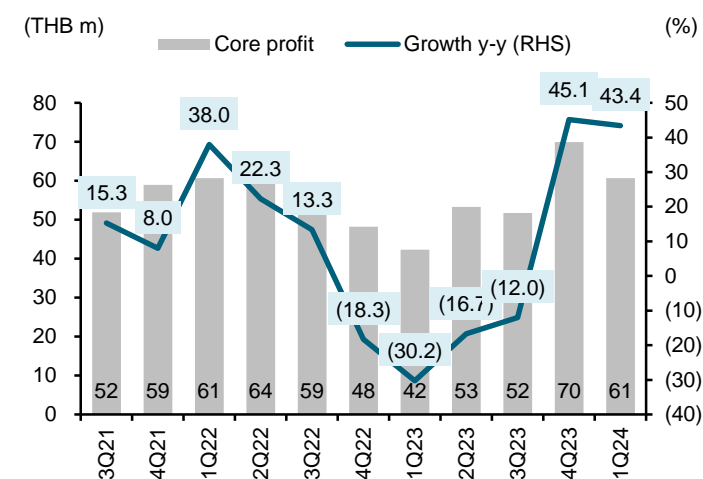
Sources: TACC, FSSIA's compilation

Exhibit 3: Gross margin



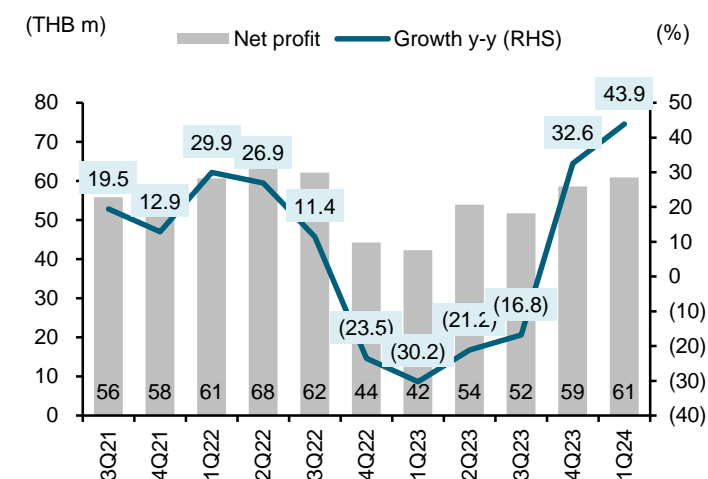
Sources: TACC, FSSIA's compilation

Exhibit 4: Core profit and growth



Sources: TACC, FSSIA's compilation

Exhibit 5: Net profit and growth



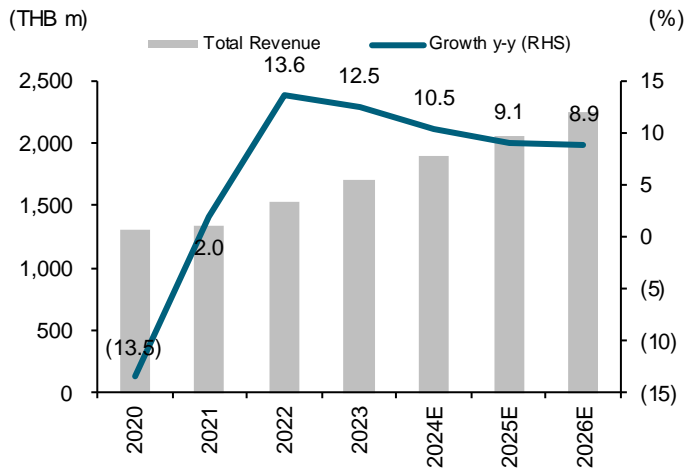
Sources: TACC, FSSIA's compilation

Exhibit 6: Change of key assumptions for TACC

	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 sale value	1,893	2,065	2,248	1,893	2,065	2,248	0.0	0.0	0.0
Costs	1,287	1,394	1,506	1,268	1,375	1,488	1.5	1.4	1.2
Gross profit	606	671	742	625	690	760	(3.0)	(2.7)	(2.4)
SG&A expenses	331	361	393	331	361	393	0.0	0.0	0.0
Interest expense	1.2	1.2	1.1	1.2	1.2	1.1	0.0	0.0	0.0
Reported net profit	225	251	280	240	266	295	(6.3)	(5.6)	(4.9)
Core profit	225	251	280	240	266	295	(6.3)	(5.6)	(4.9)
Key ratios (%)									
Total revenue growth	10.5	9.1	8.9	10.5	9.1	8.9	0.0	0.0	0.0
Net profit growth	8.7	11.8	11.6	16.0	11.0	10.8	(7.3)	0.9	0.8
Core profit growth	3.4	11.8	11.6	10.3	11.0	10.8	(6.9)	0.9	0.8
Gross margin	32.0	32.5	33.0	33.0	33.4	33.8	(1.0)	(0.9)	(0.8)
SG&A to sales	17.5	17.5	17.5	17.5	17.5	17.5	0.0	0.0	0.0
Net margin	11.9	12.2	12.5	12.7	12.9	13.1	(0.8)	(0.7)	(0.6)
Core margin	11.9	12.2	12.5	12.7	12.9	13.1	(0.8)	(0.7)	(0.6)
Operating statistics (THB m)									
B2B sales	1,774	1,934	2,104	1,774	1,934	2,104	0.0	0.0	0.0
B2C sales	119	131	144	119	131	144	0.0	0.0	0.0
Beverage sales	1,853	2,005	2,168	1,853	2,005	2,168	0.0	0.0	0.0
Health & wellness sales	40	60	80	40	60	80	0.0	0.0	0.0

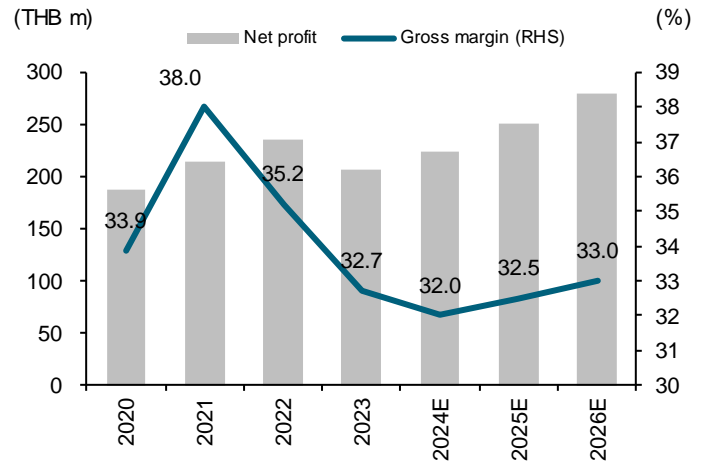
Source: FSSIA estimates

Exhibit 7: Yearly total revenue and growth



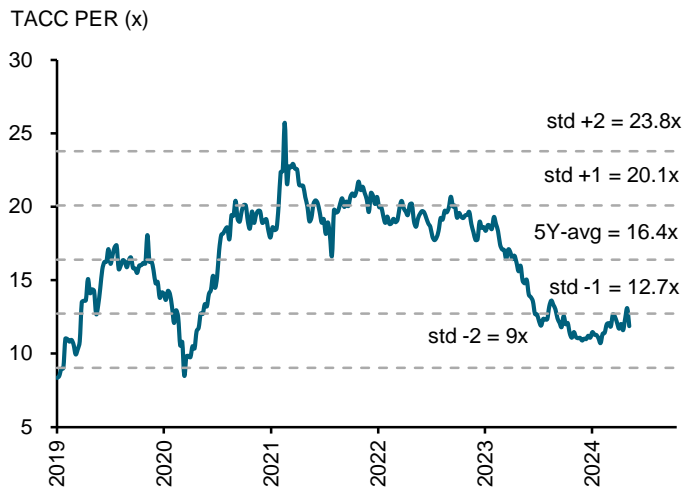
Sources: TACC; FSSIA estimates

Exhibit 8: Yearly net profit and gross margin



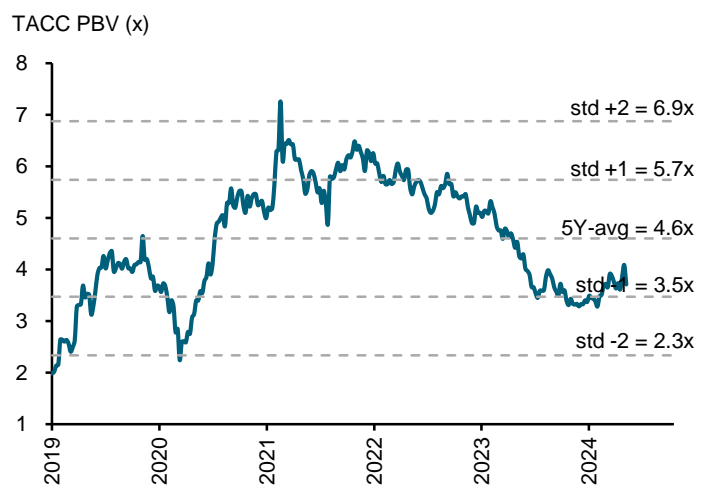
Sources: TACC; FSSIA estimates

Exhibit 9: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

T.A.C. Consumer

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	1,523	1,714	1,893	2,065	2,248
Cost of goods sold	(987)	(1,153)	(1,287)	(1,394)	(1,506)
Gross profit	536	561	606	671	742
Other operating income	10	14	7	7	8
Operating costs	(253)	(290)	(331)	(361)	(393)
Operating EBITDA	315	308	319	363	410
Depreciation	(22)	(24)	(38)	(46)	(54)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	293	284	281	317	356
Net financing costs	(1)	(1)	(1)	(1)	(1)
Associates	(1)	(10)	0	0	0
Recurring non-operating income	(1)	(10)	0	0	0
Non-recurring items	4	(11)	0	0	0
Profit before tax	295	263	280	316	355
Tax	(59)	(58)	(57)	(65)	(73)
Profit after tax	235	205	223	251	283
Minority interests	0	2	2	0	(2)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	235	207	225	251	280
Non-recurring items & goodwill (net)	(4)	11	0	0	0
Recurring net profit	231	217	225	251	280
Per share (THB)					
Recurring EPS *	0.38	0.36	0.37	0.41	0.46
Reported EPS	0.39	0.34	0.37	0.41	0.46
DPS	0.36	0.36	0.35	0.37	0.42
Diluted shares (used to calculate per share data)	608	608	608	608	608
Growth					
Revenue (%)	13.6	12.5	10.5	9.1	8.9
Operating EBITDA (%)	9.9	(2.1)	3.4	13.7	13.1
Operating EBIT (%)	11.6	(3.1)	(1.1)	12.7	12.4
Recurring EPS (%)	11.7	(6.1)	3.4	11.8	11.6
Reported EPS (%)	9.8	(12.1)	8.7	11.8	11.6
Operating performance					
Gross margin inc. depreciation (%)	35.2	32.7	32.0	32.5	33.0
Gross margin exc. depreciation (%)	36.6	34.1	34.0	34.7	35.4
Operating EBITDA margin (%)	20.7	18.0	16.8	17.6	18.2
Operating EBIT margin (%)	19.3	16.6	14.9	15.4	15.9
Net margin (%)	15.2	12.7	11.9	12.2	12.5
Effective tax rate (%)	20.2	22.1	20.4	20.4	20.4
Dividend payout on recurring profit (%)	94.6	100.7	95.0	90.0	90.0
Interest cover (X)	253.4	250.6	237.6	275.2	318.0
Inventory days	20.3	17.8	19.1	19.9	20.0
Debtor days	68.5	68.9	70.0	71.9	71.9
Creditor days	101.3	98.7	96.9	99.5	99.8
Operating ROIC (%)	178.8	152.6	129.2	159.0	180.3
ROIC (%)	131.8	114.3	99.2	113.0	126.8
ROE (%)	30.7	29.4	31.2	34.0	36.7
ROA (%)	20.7	18.8	19.2	20.3	21.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
B2B sales	1,417	1,611	1,774	1,934	2,104
B2C sales	107	103	119	131	144

Sources: T.A.C. Consumer; FSSIA estimates

Financial Statements

T.A.C. Consumer

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	231	217	225	251	280
Depreciation	22	24	38	46	54
Associates & minorities	1	10	0	0	0
Other non-cash items	4	4	(4)	0	0
Change in working capital	16	(30)	(7)	(8)	(9)
Cash flow from operations	274	224	252	289	325
Capex - maintenance	(17)	(63)	(52)	(42)	(42)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(17)	(63)	(52)	(42)	(42)
Dividends paid	(215)	(255)	(213)	(226)	(252)
Equity finance	0	0	0	0	0
Debt finance	(2)	(1)	0	(1)	(1)
Other financing cash flows	35	(28)	35	3	3
Cash flow from financing	(182)	(284)	(178)	(224)	(250)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(4)	0	0	0	0
Movement in cash	72	(122)	22	23	33
Free cash flow to firm (FCFF)	258.31	162.44	200.90	248.48	284.64
Free cash flow to equity (FCFE)	286.31	133.14	235.02	249.15	285.56

Per share (THB)

FCFF per share	0.42	0.27	0.33	0.41	0.47
FCFE per share	0.47	0.22	0.39	0.41	0.47
Recurring cash flow per share	0.42	0.42	0.43	0.49	0.55

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	212	236	255	275	297
Less: Accumulated depreciation	(99)	(102)	(130)	(156)	(192)
Tangible fixed assets (net)	113	134	125	119	105
Intangible fixed assets (net)	0	18	18	18	18
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	27	0	27	27	27
Cash & equivalents	655	533	554	577	611
A/C receivable	310	337	389	424	462
Inventories	50	60	71	76	83
Other current assets	6	11	8	8	9
Current assets	1,021	941	1,021	1,086	1,164
Other assets	17	23	19	21	22
Total assets	1,179	1,116	1,211	1,271	1,337
Common equity	763	714	725	751	779
Minorities etc.	0	4	0	0	0
Total shareholders' equity	763	718	725	751	779
Long term debt	12	9	12	11	10
Other long-term liabilities	27	29	34	37	40
Long-term liabilities	39	38	46	48	50
A/C payable	300	311	353	382	413
Short term debt	6	8	5	5	5
Other current liabilities	71	41	81	86	91
Current liabilities	377	360	439	473	508
Total liabilities and shareholders' equity	1,179	1,116	1,211	1,271	1,337
Net working capital	(4)	56	33	41	50
Invested capital	153	231	222	226	223

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

Per share (THB)

Book value per share	1.25	1.17	1.19	1.23	1.28
Tangible book value per share	1.25	1.14	1.16	1.20	1.25

Financial strength

Net debt/equity (%)	(83.4)	(71.9)	(74.0)	(74.8)	(76.5)
Net debt/total assets (%)	(54.0)	(46.2)	(44.4)	(44.2)	(44.6)
Current ratio (x)	2.7	2.6	2.3	2.3	2.3
CF interest cover (x)	249.5	122.6	199.6	217.3	255.9

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	13.9	14.8	14.3	12.8	11.5
Recurring P/E @ target price (x) *	16.6	17.6	17.1	15.2	13.7
Reported P/E (x)	13.7	15.6	14.3	12.8	11.5
Dividend yield (%)	6.8	6.8	6.6	7.0	7.8
Price/book (x)	4.2	4.5	4.4	4.3	4.1
Price/tangible book (x)	4.2	4.6	4.6	4.4	4.2
EV/EBITDA (x) **	8.2	8.8	8.4	7.3	6.4
EV/EBITDA @ target price (x) **	10.1	10.8	10.3	9.0	7.9
EV/invested capital (x)	16.9	11.7	12.1	11.8	11.8

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

Sources: T.A.C. Consumer; FSSIA estimates

Disclaimer for ESG scoring

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

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

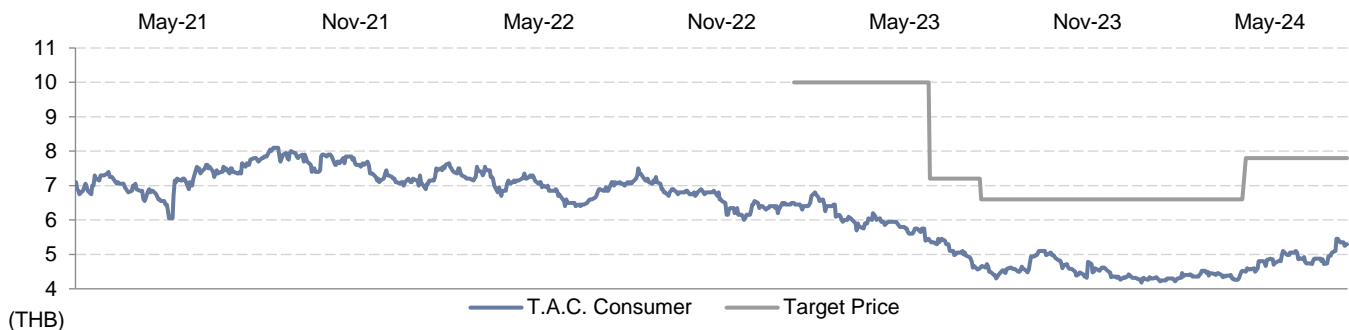
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

T.A.C. Consumer (TACC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	10.00	28-Jun-2023	BUY	6.60	-	-	-
15-May-2023	BUY	7.20	09-Feb-2024	BUY	7.80			

Sureporn 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
T.A.C. Consumer	TACC TB	THB 5.30	HOLD	Downside and upside risks to our P/E-based TP include 1) a lower or higher-than-expected recovery in purchasing power, 2) unusually cold weather, 3) lower or higher new product launches than planned, 4) a slower or faster-than-expected decrease in raw material prices, and 5) changes in laws and regulations.

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 09-May-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.