

R&B FOOD SUPPLY RBF TB

THAILAND / FOOD & BEVERAGE

HOLD

FROM BUY

Wait for new growth catalysts

- 1Q24 core profit fell q-q and y-y, missing our estimate by 5%.
- We cut our 2024-26E net profit by 7-9% to reflect higher-than-expected expenses and a slower gross margin recovery.
- Downgrade to HOLD at a lower TP of THB11.

TARGET PRICE	THB11.00
CLOSE	THB10.40
UP/DOWNSIDE	+5.8%
PRIOR TP	THB13.00
CHANGE IN TP	-15.4%
TP vs CONSENSUS	-17.3%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	4,421	5,009	5,621	6,225
Net profit	649	783	898	1,000
EPS (THB)	0.32	0.39	0.45	0.50
vs Consensus (%)	-	(9.1)	(8.0)	(3.3)
EBITDA	1,068	1,250	1,493	1,693
Recurring net profit	666	760	898	1,000
Core EPS (THB)	0.33	0.38	0.45	0.50
Chg. In EPS est. (%)	-	(9.2)	(7.8)	(6.9)
EPS growth (%)	45.0	14.2	18.1	11.4
Core P/E (x)	31.2	27.4	23.2	20.8
Dividend yield (%)	1.7	2.1	2.4	2.6
EV/EBITDA (x)	18.8	16.2	13.6	11.9
Price/book (x)	4.3	4.1	3.8	3.5
Net debt/Equity (%)	(14.8)	(11.3)	(10.7)	(11.7)
ROE (%)	14.5	15.3	16.9	17.4

1Q24 normalized profit fell q-q and y-y

RBF reported a 1Q24 net profit of THB172m (+23% q-q, +17% y-y). Excluding an FX gain of THB21m and an impairment loss on financial assets of THB2m, the core profit equaled THB149m (-10% q-q, -6% y-y), missing our estimate by 5% due to higher expenses. Total revenue grew 1.4% q-q and 11% y-y, driven by domestic revenue (+5.4% q-q, +14% y-y), while overseas revenue was lackluster, dropping 9.5% q-q due to the low season. By product group, food coating revenue rose by 3.4% q-q and 12% y-y, while flavoring and food coloring revenue grew by 6.3% q-q and 8.6% y-y. The modest q-q revenue growth was due to revenue declines in other segments.

Higher SG&A expenses and slower gross margin recovery

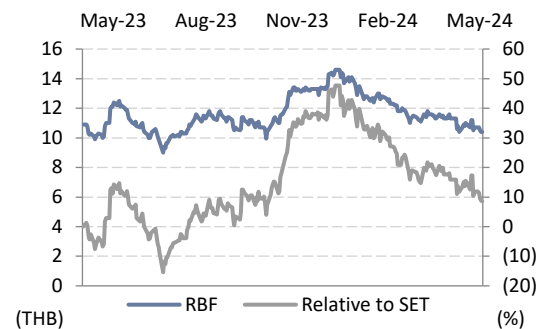
The 1Q24 gross margin was 37.3%, up from 36.1% in 1Q23 due to an improved gross margin in the food coating segment. However, it declined from 37.8% in 4Q23 due to a lower overseas gross margin, dropping to 33.3% from 36.3% in 4Q23. Meanwhile, SG&A expenses increased more than revenue growth, resulting in an increase in SG&A to sales to 21.3% (vs 20.2% in 4Q23 and 18.4% in 1Q23), due to an increase in sales promotion expenses for a new beverage product. Additionally, the share of profit from the company in India remained flat at THB1.2m.

Cut our 2024-26E net profit by 7-9%

We expect 2Q24 revenue to continue to grow due to seasonality, but the overall performance may not be significantly exciting due to sluggish growth in overseas revenue. We project the gross margin for 1H24 to be in the range of 37-38%, lower than management's full-year target of 40-41% and also below our 2024 assumption of 39%. We cut our 2024-26E net profit forecast by 7-9% to reflect higher-than-expected SG&A expenses and a slower-than-expected gross margin recovery.

Downgrade to HOLD at a lower TP of THB11

We cut our TP to THB11 from THB13, with an adjusted P/E target of 27x (-1 SD), down from 30x (-0.5 SD). Our new target has an upside of only 6%, therefore, we downgrade our rating to HOLD. We have not yet included the opportunity to receive orders from a new customer, a fast-food restaurant chain in Russia. If the customer decides to choose RBF, we anticipate revenue generation in 2H24, which could be a driving factor for the company's growth in the future.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.3)	(18.8)	(3.7)
Relative to country (%)	(8.0)	(17.8)	10.2
Mkt cap (USD m)	566		
3m avg. daily turnover (USD m)	1.3		
Free float (%)	28		
Major shareholder	Ratanapoompinyo Family (62%)		
12m high/low (THB)	14.60/8.95		
Issued shares (m)	2,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

RBF's customers are in the food and beverage industries. Since both are a necessity, RBF's revenues are constant. RBF has a long history and is accredited with international standards. RBF pays attention to R&D, which helps it to differentiate its products from competitors and create customer satisfaction. Since the company develops unique formulas for each customer, it is hard for customers to switch suppliers once consumers become attached to the flavor.

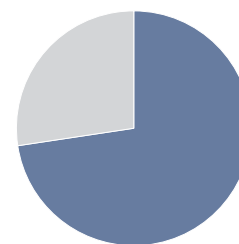
Company profile

RBF manufactures and distributes food ingredients, which can be divided into several product groups: flavor and food coloring, food coating, and trading products, which are food additives such as preservatives, antifungal agents, citric acid, etc. The company's 2023 revenue contribution from food coating accounted for 47.9% of total revenue, followed by flavoring and food coloring (33.6%), trading products (10%), dried products (5.7%), frozen products (2.2%), and plastic packaging (0.5%).

www.rbfoodsupply.co.th

Principal activities (revenue, 2023)

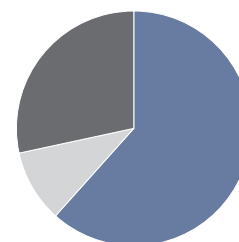
- Domestic - 72.6 %
- Overseas - 27.4 %



Source: R&B Food Supply

Major shareholders

- Ratanapoompinyo Family - 61.6 %
- Thai Union Group PCL - 10.0 %
- Others - 28.4 %



Source: R&B Food Supply

Catalysts

Potential catalysts for RBF's earnings growth in 2024 are 1) revenue growth driven by a consumption recovery; 2) declining raw material costs; 3) the success of its new market expansions; and 4) the success of new products launched.

Risks to our call

Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) high or low volatility in raw material costs; 3) a stronger or weaker THB than expected; and 4) a slower or faster-than-expected India expansion.

Event calendar

Date	Event
August 2024	2Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Domestic sales growth (%)	7.0	5.0	5.0
Overseas sales growth (%)	30.0	28.0	21.0
Domestic sales portion (%)	68.6	64.2	60.8
Overseas sales portion (%)	31.4	35.8	39.2
Total sales growth (%)	13.3	12.2	10.7
Gross margin (%)	38.8	39.5	39.8

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%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A to sales, we estimate 2024 net profit to fall by 1.1%, and vice versa, all else being equal.

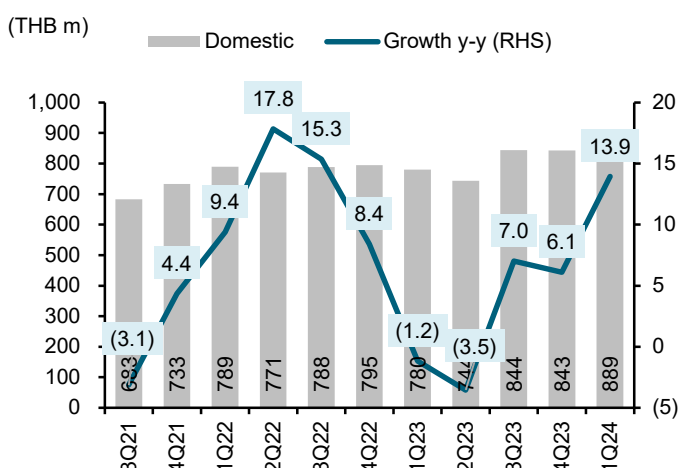
Source: FSSIA estimates

Exhibit 1: RBF – 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	1,056	1,056	1,159	1,150	1,167	1.4	10.5	5,009	13.3	23.3
Cost of sales	674	668	702	715	732	2.3	8.5	3,065	11.1	23.9
Gross profit	382	388	457	435	435	(0.1)	14.0	1,943	17.0	22.4
SG&A	194	205	212	232	249	7.4	28.5	1,002	18.9	24.9
Operating profit	189	188	245	205	188	(8.4)	(0.8)	949	14.7	19.8
Interest expense	2.3	2.3	3.5	2.9	2.8	(2.0)	20.7	12	9.3	23.5
Tax expense	29	38	52	38	37	(0.9)	28.7	179	14.2	20.8
Profit (loss) sharing - India	0.96	1.44	3.31	1.34	1.20	(10.5)	24.2	8	6.6	15.9
Other gain	(12)	4	17	(26)	23	nm	nm	23	nm	nm
Reported net profit	147	153	209	140	172	23.0	17.1	783	20.7	21.9
Core profit	159	150	192	165	149	(10.0)	(6.0)	760	14.2	19.6
Key ratios (%)						(ppt)	(ppt)			
Gross margin	36.1	36.7	39.4	37.8	37.3	(0.6)	1.1	38.8	1.2	
SG&A to sales	18.4	19.4	18.3	20.2	21.3	1.2	3.0	20.0	1.0	
Operating margin	17.9	17.8	21.1	17.8	16.1	(1.7)	(1.8)	19.0	0.2	
Net margin	13.9	14.5	18.1	12.1	14.7	2.6	0.8	15.6	1.0	
Core margin	15.0	14.2	16.6	14.4	12.8	(1.6)	(2.2)	15.2	0.1	
Operating statistics (THB m)										
Domestic revenue	780	744	844	843	889	5.4	13.9	3,435	7.0	25.9
Overseas revenue	276	312	316	307	278	(9.5)	0.7	1,573	30.0	17.7
Domestic contribution (%)	73.9	70.4	72.8	73.3	76.2	2.9	2.3	68.6	(4.0)	
Overseas contribution (%)	26.1	29.6	27.2	26.7	23.8	(2.9)	(2.3)	31.4	4.0	
Sales breakdown by product										
Flavoring & food coloring	362	370	386	370	393	6.3	8.6	1,607	8.0	24.5
Food coating	504	491	577	546	564	3.4	12.0	2,542	20.0	22.2
Other	190	195	196	234	209	(10.8)	10.0	860	5.5	24.3

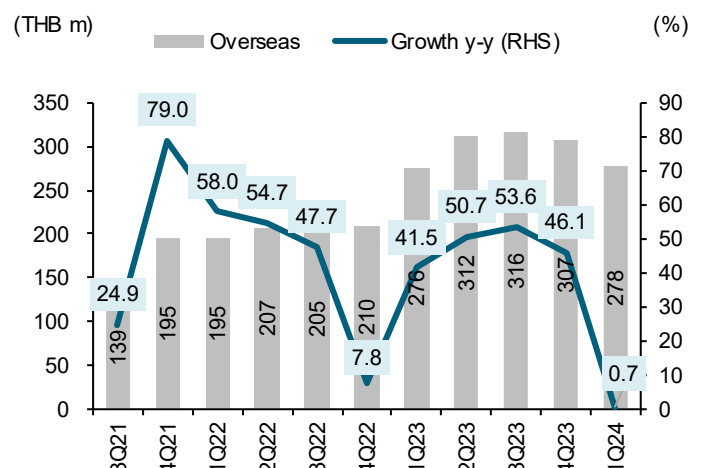
Sources: RBF, FSSIA's compilation

Exhibit 2: Domestic revenue and growth



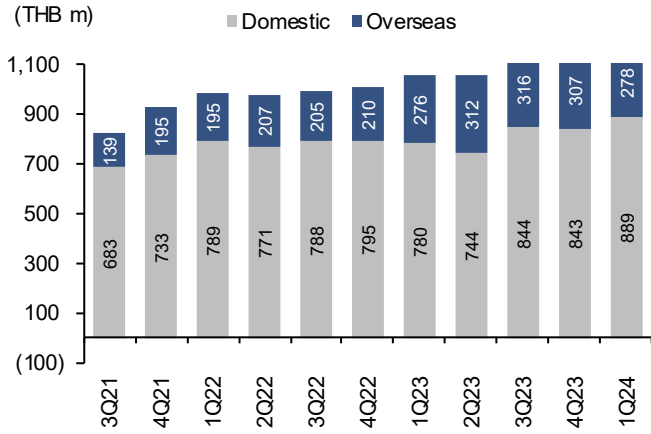
Sources: RBF, FSSIA's compilation

Exhibit 3: Overseas revenue and growth



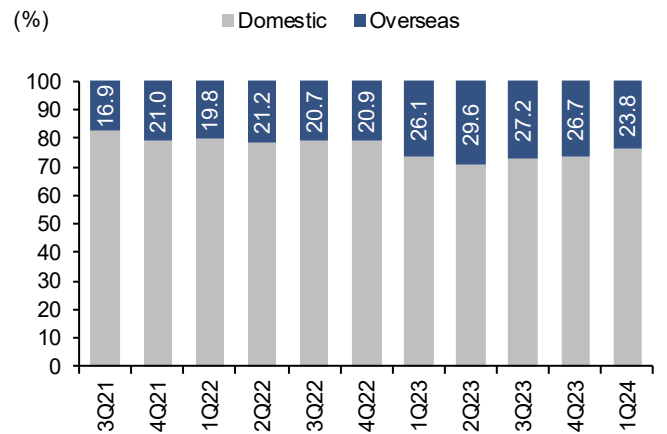
Sources: RBF, FSSIA's compilation

Exhibit 4: Revenue breakdown by destination



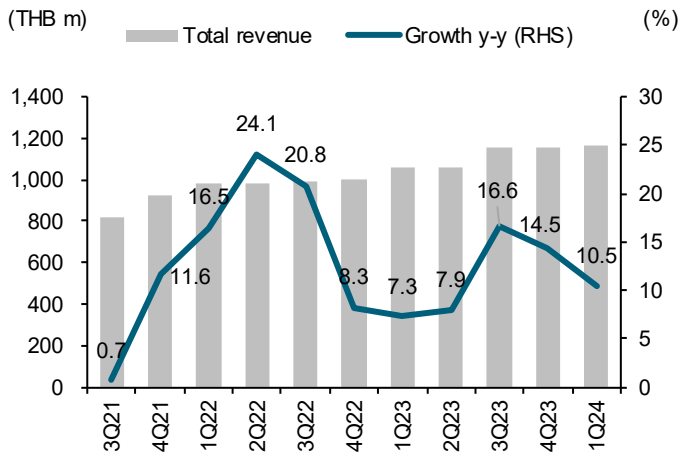
Sources: RBF, FSSIA's compilation

Exhibit 5: Revenue contribution by destination



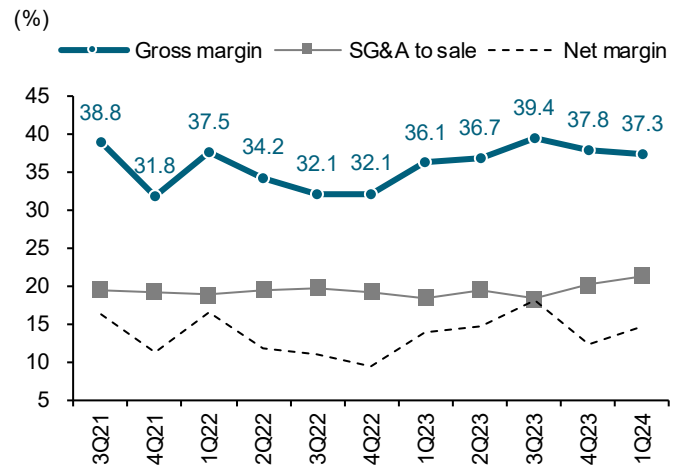
Sources: RBF, FSSIA's compilation

Exhibit 6: Total revenue and growth



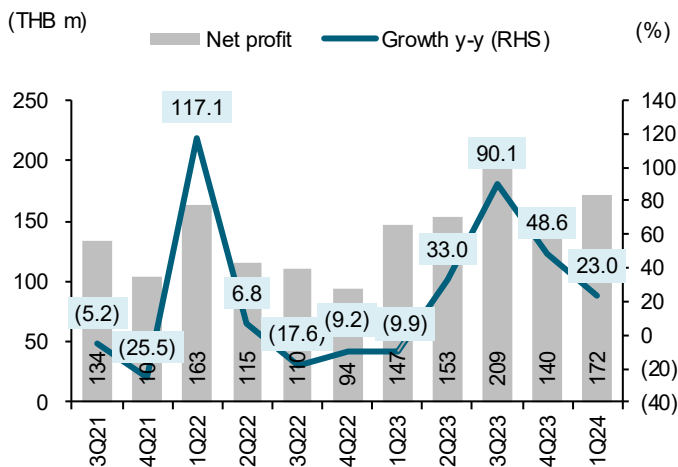
Sources: RBF, FSSIA's compilation

Exhibit 7: Gross margin and net margin



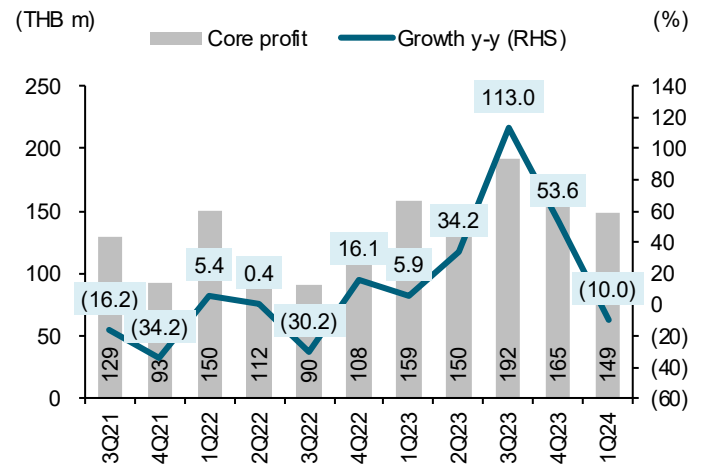
Sources: RBF, FSSIA's compilation

Exhibit 8: Net profit and growth



Sources: RBF, FSSIA's compilation

Exhibit 9: Core profit and growth



Sources: RBF, FSSIA's compilation

Exhibit 10: Change in key assumptions for RBF

	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 (THB m)	5,009	5,621	6,225	5,009	5,621	6,225	0.0	0.0	0.0
Costs	3,065	3,401	3,747	3,045	3,362	3,716	0.7	1.2	0.8
Gross profit	1,943	2,220	2,477	1,964	2,260	2,509	(1.0)	(1.7)	(1.2)
SG&A expenses	1,002	1,096	1,214	927	1,040	1,152	8.1	5.4	5.4
Interest expense	12	15	17	12	15	17	0.0	0.0	0.0
Tax expense	179	226	268	198	245	287	(9.2)	(7.8)	(6.8)
Reported net profit	783	898	1,000	837	974	1,074	(6.5)	(7.8)	(6.9)
Core profit	760	898	1,000	837	974	1,074	(9.2)	(7.8)	(6.9)
Key ratios (%)									
Total revenue growth	13.3	12.2	10.7	13.3	12.2	10.7	0.0	0.0	0.0
Net profit growth	20.7	14.6	11.4	29.0	16.4	10.3	(8.3)	(1.7)	1.2
Core profit growth	14.2	18.1	11.4	25.7	16.4	10.3	(11.6)	1.7	1.2
Gross margin	38.8	39.5	39.8	39.2	40.2	40.3	(0.4)	(0.7)	(0.5)
SG&A to sales	20.0	19.5	19.5	18.5	18.5	18.5	1.5	1.0	1.0
Net margin	15.6	16.0	16.1	16.7	17.3	17.3	(1.1)	(1.4)	(1.2)
Core margin	15.2	16.0	16.1	16.7	17.3	17.3	(1.5)	(1.4)	(1.2)
Operating statistics (THB m)									
Domestic revenue	3,435	3,607	3,788	3,435	3,607	3,788	0.0	0.0	0.0
Overseas revenue	1,573	2,014	2,437	1,573	2,014	2,437	0.0	0.0	0.0
Domestic revenue proportion (%)	68.6	64.2	60.8	68.6	64.2	60.8	0.0	0.0	0.0
Overseas revenue proportion (%)	31.4	35.8	39.2	31.4	35.8	39.2	0.0	0.0	0.0

Source: FSSIA estimates

Exhibit 11: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

R&B Food Supply

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	3,961	4,421	5,009	5,621	6,225
Cost of goods sold	(2,615)	(2,760)	(3,065)	(3,401)	(3,747)
Gross profit	1,346	1,661	1,943	2,220	2,477
Other operating income	7	8	8	8	9
Operating costs	(763)	(842)	(1,002)	(1,096)	(1,214)
Operating EBITDA	809	1,068	1,250	1,493	1,693
Depreciation	(219)	(240)	(300)	(360)	(420)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	590	827	949	1,133	1,273
Net financing costs	(9)	(11)	(12)	(15)	(17)
Associates	0	7	8	11	19
Recurring non-operating income	0	7	8	11	19
Non-recurring items	23	(17)	23	0	0
Profit before tax	604	806	968	1,129	1,274
Tax	(113)	(157)	(179)	(226)	(268)
Profit after tax	491	649	788	903	1,007
Minority interests	(9)	0	(5)	(6)	(6)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	482	649	783	898	1,000
Non-recurring items & goodwill (net)	(23)	17	(23)	0	0
Recurring net profit	459	666	760	898	1,000
Per share (THB)					
Recurring EPS *	0.23	0.33	0.38	0.45	0.50
Reported EPS	0.24	0.32	0.39	0.45	0.50
DPS	0.10	0.18	0.22	0.25	0.28
Diluted shares (used to calculate per share data)	2,000	2,000	2,000	2,000	2,000
Growth					
Revenue (%)	17.1	11.6	13.3	12.2	10.7
Operating EBITDA (%)	(0.1)	32.0	17.0	19.5	13.4
Operating EBIT (%)	(2.0)	40.2	14.7	19.3	12.4
Recurring EPS (%)	(3.3)	45.0	14.2	18.1	11.4
Reported EPS (%)	14.8	34.6	20.7	14.6	11.4
Operating performance					
Gross margin inc. depreciation (%)	34.0	37.6	38.8	39.5	39.8
Gross margin exc. depreciation (%)	39.5	43.0	44.8	45.9	46.6
Operating EBITDA margin (%)	20.4	24.1	24.9	26.6	27.2
Operating EBIT margin (%)	14.9	18.7	19.0	20.2	20.5
Net margin (%)	11.6	15.1	15.2	16.0	16.1
Effective tax rate (%)	18.7	19.5	18.5	20.0	21.0
Dividend payout on recurring profit (%)	43.5	52.6	56.7	55.0	55.0
Interest cover (X)	64.5	76.0	79.7	77.9	74.3
Inventory days	168.0	174.2	172.7	180.8	182.6
Debtor days	85.2	84.3	83.1	85.1	85.6
Creditor days	77.3	79.6	76.5	74.4	75.2
Operating ROIC (%)	13.7	17.4	18.5	(5.1)	(33.5)
ROIC (%)	13.0	16.4	17.4	(4.7)	(29.8)
ROE (%)	10.7	14.5	15.3	16.9	17.4
ROA (%)	9.3	12.3	13.1	14.3	14.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Domestic	3,143	3,211	3,435	3,607	3,788
Overseas	818	1,210	1,573	2,014	2,437

Sources: R&B Food Supply; FSSIA estimates

Financial Statements

R&B Food Supply

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	459	666	760	898	1,000
Depreciation	219	240	300	360	420
Associates & minorities	0	(7)	(8)	(11)	(19)
Other non-cash items	11	(6)	7	2	2
Change in working capital	(354)	25	(408)	(241)	(242)
Cash flow from operations	335	918	652	1,008	1,162
Capex - maintenance	-	-	-	-	-
Capex - new investment	(456)	(459)	(363)	(300)	(300)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(109)	(34)	(30)	(210)	(210)
Cash flow from investing	(565)	(493)	(394)	(510)	(510)
Dividends paid	(295)	(200)	(431)	(494)	(550)
Equity finance	0	0	0	0	0
Debt finance	19	24	2	(11)	(11)
Other financing cash flows	(3)	4	12	9	9
Cash flow from financing	(278)	(171)	(416)	(495)	(552)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(508)	254	(158)	3	100
Free cash flow to firm (FCFF)	(220.64)	435.73	269.96	512.51	669.76
Free cash flow to equity (FCFE)	(213.05)	453.51	272.58	496.50	650.43

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	(0.11)	0.22	0.13	0.26	0.33
FCFE per share	(0.11)	0.23	0.14	0.25	0.33
Recurring cash flow per share	0.34	0.45	0.53	0.62	0.70

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,133	3,525	3,825	4,125	4,425
Less: Accumulated depreciation	(1,092)	(1,269)	(1,569)	(1,930)	(2,350)
Tangible fixed assets (net)	2,041	2,256	2,256	2,196	2,075
Intangible fixed assets (net)	6	5	11	11	11
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	180	214	221	433	651
Cash & equivalents	668	921	763	766	866
A/C receivable	998	1,045	1,235	1,386	1,535
Inventories	1,217	1,188	1,428	1,584	1,745
Other current assets	44	64	55	62	68
Current assets	2,927	3,219	3,481	3,797	4,214
Other assets	51	55	80	90	100
Total assets	5,204	5,750	6,050	6,527	7,052
Common equity	4,373	4,819	5,108	5,512	5,962
Minorities etc.	23	17	24	26	27
Total shareholders' equity	4,397	4,836	5,132	5,538	5,990
Long term debt	157	185	174	163	152
Other long-term liabilities	58	63	75	84	93
Long-term liabilities	215	247	249	247	245
A/C payable	528	571	588	652	719
Short term debt	10	21	11	11	12
Other current liabilities	54	74	70	79	87
Current liabilities	593	666	669	742	817
Total liabilities and shareholders' equity	5,204	5,750	6,050	6,527	7,052
Net working capital	1,676	1,652	2,060	2,301	2,543
Invested capital	3,954	4,183	4,629	5,031	5,380

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	2.19	2.41	2.55	2.76	2.98
Tangible book value per share	2.18	2.41	2.55	2.75	2.98

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	(11.4)	(14.8)	(11.3)	(10.7)	(11.7)
Net debt/total assets (%)	(9.6)	(12.4)	(9.6)	(9.1)	(10.0)
Current ratio (x)	4.9	4.8	5.2	5.1	5.2
CF interest cover (x)	27.5	84.1	54.0	55.2	55.7

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	45.3	31.2	27.4	23.2	20.8
Recurring P/E @ target price (x) *	47.9	33.0	28.9	24.5	22.0
Reported P/E (x)	43.1	32.0	26.6	23.2	20.8
Dividend yield (%)	1.0	1.7	2.1	2.4	2.6
Price/book (x)	4.8	4.3	4.1	3.8	3.5
Price/tangible book (x)	4.8	4.3	4.1	3.8	3.5
EV/EBITDA (x) **	25.1	18.8	16.2	13.6	11.9
EV/EBITDA @ target price (x) **	26.6	20.0	17.2	14.4	12.6
EV/invested capital (x)	5.1	4.8	4.4	4.0	3.7

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

Sources: R&B Food Supply; 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 Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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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="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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

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History of change in investment rating and/or target price

R&B Food Supply (RBF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Mar-2023	BUY	13.50	28-Feb-2024	HOLD	13.00	-	-	-
16-Jan-2024	HOLD	14.00	19-Mar-2024	BUY	13.00			

Sureporm Teewasuwet started covering this stock from 20-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
R&B Food Supply	RBF TB	THB 10.40	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) high or low volatility in raw material costs; 3) a stronger or weaker THB than expected; and 4) a slower or faster-than-expected India expansion.

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 10-May-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.