

# THAI FOODS GROUP TFG TB

## THAILAND / FOOD & BEVERAGE

# BUY

UNCHANGED

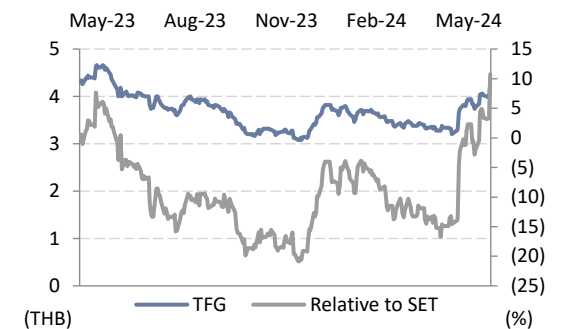
## The beginning of a profit uptrend

- Meat prices have recovered to a profitable level, while raw material costs should continue to decrease in 2Q-3Q24.
- We expect 2Q24 net profit to grow significantly q-q and y-y, leading to a lower IBD/E ratio.
- Reiterate our BUY rating with the same TP of THB4.8.

TARGET PRICE	THB4.80
CLOSE	THB4.26
UP/DOWNSIDE	+12.7%
PRIOR TP	THB4.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+19.6%

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	55,871	58,976	60,687	62,419
Net profit	(809)	2,102	2,319	2,546
EPS (THB)	(0.14)	0.34	0.34	0.38
vs Consensus (%)	-	15.6	(7.6)	(7.3)
EBITDA	5,287	8,760	9,254	9,759
Recurring net profit	(496)	2,102	2,319	2,546
Core EPS (THB)	(0.09)	0.34	0.34	0.38
Chg. In EPS est. (%)	nm	-	-	-
EPS growth (%)	nm	nm	0.8	9.8
Core P/E (x)	(49.9)	12.5	12.4	11.3
Dividend yield (%)	0.7	3.6	3.6	4.0
EV/EBITDA (x)	9.3	5.6	5.3	4.8
Price/book (x)	1.8	1.7	1.7	1.6
Net debt/Equity (%)	179.5	148.3	117.8	99.0
ROE (%)	(3.4)	14.5	14.3	14.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	29.9	22.4	(0.9)
Relative to country (%)	28.1	25.5	10.8
Mkt cap (USD m)	659		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	16		
Major shareholder	New Star Victor Co Ltd (28%)		
12m high/low (THB)	4.74/3.04		
Issued shares (m)	5,810.82		

Sources: Bloomberg consensus; FSSIA estimates

### Expect 2Q24 profit to improve significantly

We forecast 2Q24 net profit to improve significantly to cTHB300m-400m, up from THB174m in 1Q24 and THB69m in 2Q23 due to the following factors: 1) Thai swine price has recovered to THB70-72/kg, above the cost of production; 2) Vietnam swine price continues to rise, with the latest price at VND67,000/kg (+31% q-q, +27% y-y); and 3) Chicken exports are expected to recover slightly q-q. This year, TFG has shifted its focus towards increasing domestic chicken sales through its retail shops, which should support higher profit margins. Hence, we forecast revenue and gross profit margin to improve in 2Q24, with gross margin projected to increase to around 10%, up from 8.6% in 1Q24.

### Raw material costs should continue to decrease

The raw material costs remain on their downward path. It declined by 2-3% q-q in 1Q24, and management guided it would drop by 3-4% q-q in 2Q24. There would be a sharper decline of 5-6% q-q in 3Q24 due to forward purchasing of raw materials at low prices, covering 3Q24. TFG plans to reopen around 20 TFG Fresh Mart branches in 2Q24 and another 80 branches in 2H24, totaling 100 new branches this year. This expansion will bring the total number of branches to 450 by the end of 2024. The gross margin of retail shops is expected to improve to 17-20% from 15% in 1Q24. As a result, the overall gross margin is projected to recover to 12-14% in 2H24.

### Expect 2H24 profit to accelerate from 1H24

We expect 2H24 net profit to improve from 1H24 as swine prices in 2H24 are likely to remain high. In particular, Vietnam swine price is expected to stay above VND60,000/kg following the outbreak of African Swine Fever. As for Thai swine price, we anticipate that the impacts of the piglet reduction during Mar-Apr will become evident in 2H, keeping Thai swine price within the THB65-75/kg range. We forecast 2024 net profit at THB2.1b, rebounding from a net loss of THB809m in 2023.

### Reiterate BUY rating with TP of THB4.8

We maintain our TP of THB4.8, based on 14x P/E. In addition to our positive view on the earnings recovery in the remainder of the year following the decline in raw material prices, we expect TFG's liquidity to improve as well. Its IBD/E ratio was 1.77x in 1Q24 (vs 1.91x in 2023). Since TFG has repaid THB1.6b in debt in April 2024, we expect the IBD/E ratio to decrease to c1.5x-1.6x in 2Q24, below the 2x debt covenant.



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### Investment thesis

TFG is one of Thailand's top three chicken processors and live pig farmers, with a daily production capacity of 500,000 chickens and a monthly supply of over 100,000 hogs.

We have a more bullish view of the 2024 growth outlook. Specifically, we anticipate a profit turnaround due to meat price recovery, particularly pig prices in Thailand, which have recovered close to raising costs. Besides the easing illegal pork outlook, TFG also benefited from decreased raw material costs, such as maize and soybean meal, after their output increased. Also, the broiler unit should improve, in line with exports, while domestic chicken price increases should follow after pigs.

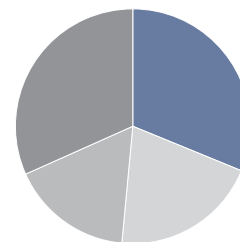
### Company profile

Thai Foods Group (TFG) was established in 1987 by Mr. Winai Teawsomboonkij, who currently serves as CEO. It started from a chicken farm in Lopburi before expanding to a vertically integrated food producer specializing in chicken and swine production, with operations in Thailand and Vietnam. Also, it expanded more into downstream businesses by entering the retail market through retail shops. At end-9M23, the revenue mix from poultry, swine, retail, and feed was 32%/21%/29%/18%, respectively.

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

### Principal activities (revenue, 2023)

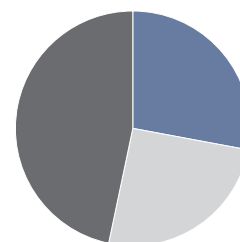
- Poultry - 31.2 %
- Swine - 20.3 %
- Feed - 16.8 %
- Retail Shop and other - 31.7 %



Source: Thai Foods Group

### Major shareholders

- New Star Victor Co Ltd - 27.9 %
- Teawsomboonkij Family - 25.4 %
- Others - 46.7 %



Source: Thai Foods Group

### Catalysts

Potential catalysts for TFG's earnings growth in 2024 are 1) revenue growth driven by sales volume; 2) higher-than-expected meat prices; 3) declining raw material costs; and 4) its new Thai Foods Fresh Market store expansion.

### Risks to our call

Downside risks to our P/E-based TP are 1) a slower-than-expected consumption recovery; 2) a potential rise in meat and raw material prices; and 3) a stronger-than-expected THB against USD.

### Event calendar

Date	Event
August 2024	2Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
TFG's chicken asp (THB/kg)	58.0	58.0	58.0
TFG's swine asp (THB/kg)	72.0	72.0	72.0
Total Sales Growth (%)	5.6	2.9	2.9
Gross Margin (%)	11.7	12.0	12.3
SG&A to sales (%)	6.0	6.0	6.0

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 5.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2024 net profit to fall by 4.7%, and vice versa, all else being equal.

Source: FSSIA estimates

**Exhibit 1: Key assumptions for TFG**

	Actual	Forecast			Growth		
	2023 (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	55,871	58,976	60,687	62,419	5.6	2.9	2.9
Costs	52,086	52,075	53,404	54,741	(0.0)	2.6	2.5
Gross profit	3,785	6,900	7,282	7,678	82.3	5.5	5.4
SG&A expenses	3,678	3,539	3,641	3,745	(3.8)	2.9	2.9
Reported net profit	(809)	2,102	2,319	2,546	<i>nm</i>	10.3	9.8
Core profit	(496)	2,102	2,319	2,546	<i>nm</i>	10.3	9.8

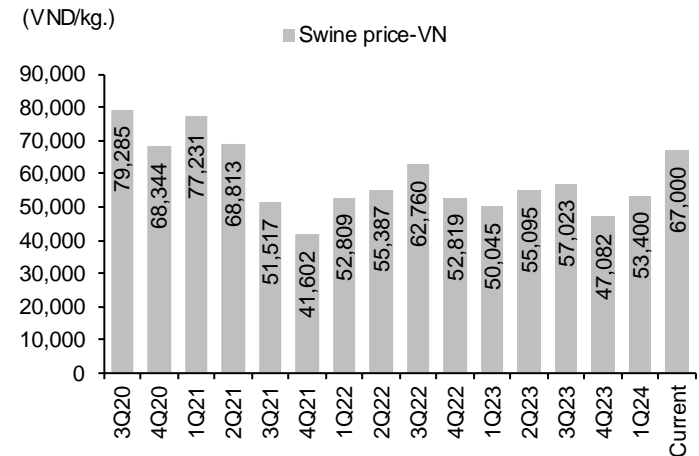
Key ratios (%)							
Gross margin	6.8	11.7	12.0	12.3			
SG&A to sales	6.6	6.0	6.0	6.0			
Net margin	(1.4)	3.6	3.8	4.1			
Core margin	(0.9)	3.6	3.8	4.1			

Operating statistics (THB/kg)							
TFG's chicken ASP	56.9	58.0	58.0	58.0	1.9	0.0	0.0
TFG's swine ASP	67.0	72.0	72.0	72.0	7.4	0.0	0.0
Vietnam's swine price	52,311	55,000	55,000	55,000	5.1	0.0	0.0
Corn	12.1	10.0	10.0	10.0	(17.4)	0.0	0.0
Soybean meal	22.7	20.5	20.5	20.5	(9.7)	0.0	0.0
Retail shop stores (no.)	350	450	550	650			

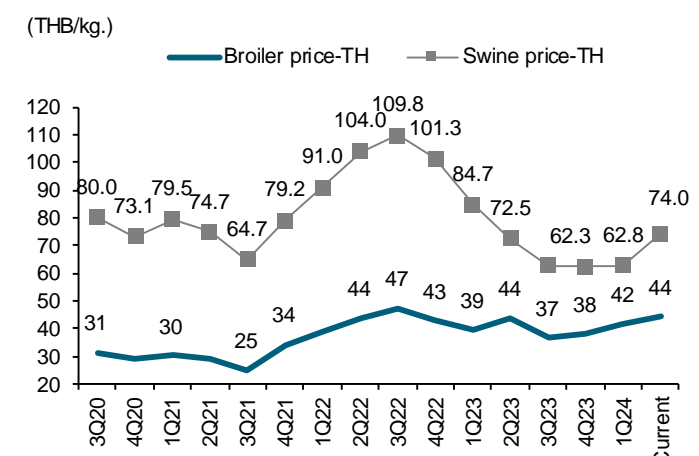
Source: FSSIA estimates

**Exhibit 2: Vietnam swine price**



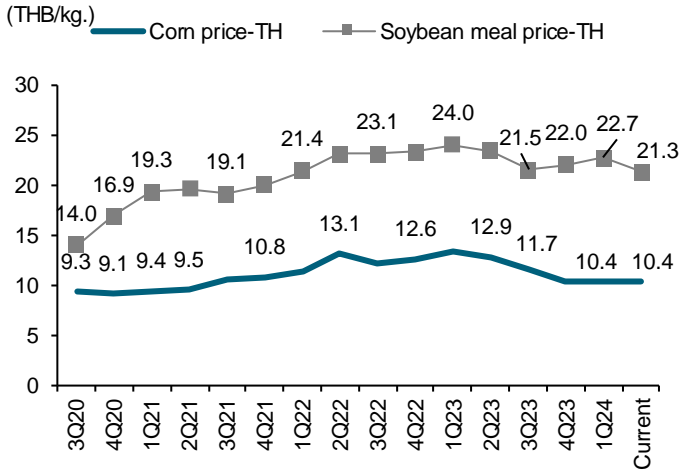
Sources: CPF, FSSIA's compilation

**Exhibit 3: Domestic meat prices**



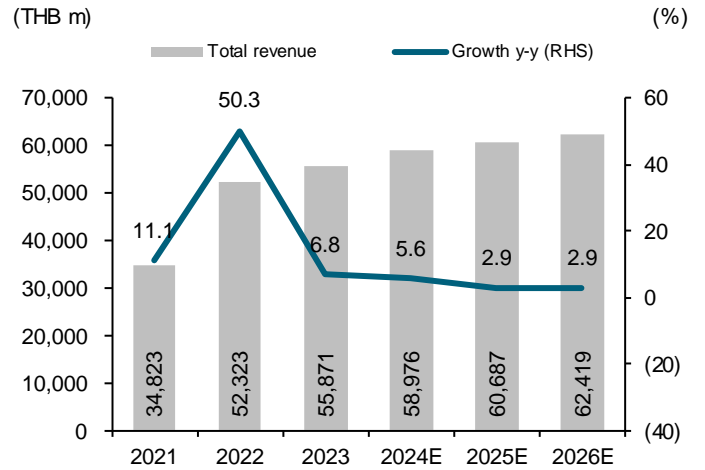
Sources: CPF, FSSIA's compilation

**Exhibit 4: Domestic raw material prices**



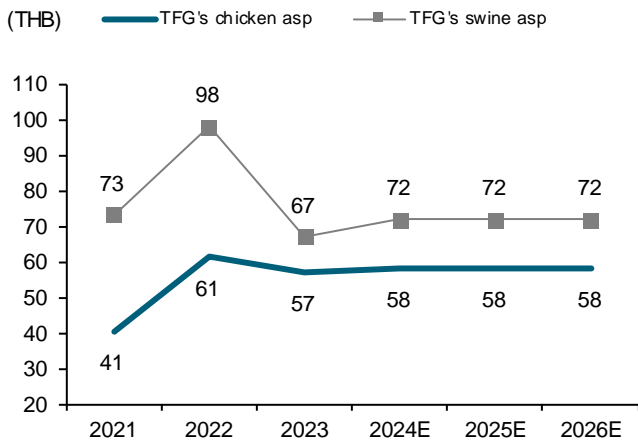
Sources: CPF, OAE, FSSIA's compilation

**Exhibit 5: Total revenue and growth**



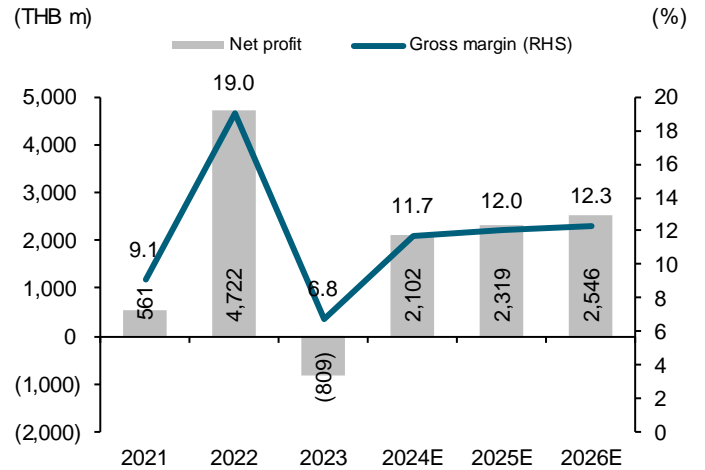
Sources: TFG, FSSIA estimates

**Exhibit 6: TFG's meat prices**



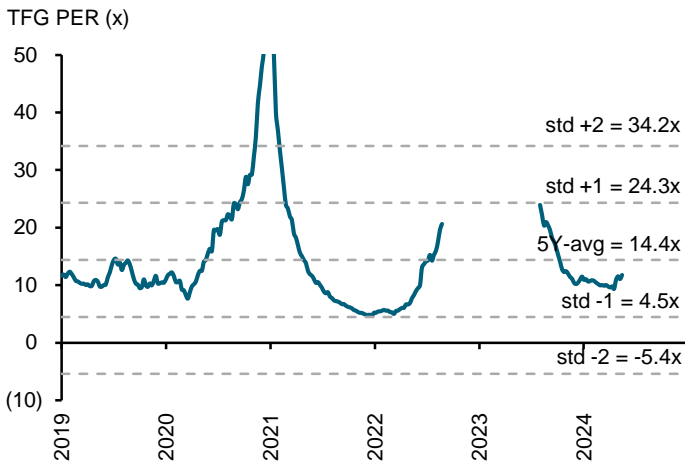
Sources: TFG, FSSIA estimates

**Exhibit 7: Net profit and gross margin**



Sources: TFG, FSSIA estimates

**Exhibit 8: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 9: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Thai Foods Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	52,323	55,871	58,976	60,687	62,419
Cost of goods sold	(42,367)	(52,086)	(52,075)	(53,404)	(54,741)
<b>Gross profit</b>	<b>9,956</b>	<b>3,785</b>	<b>6,900</b>	<b>7,282</b>	<b>7,678</b>
Other operating income	369	453	472	485	499
Operating costs	(3,243)	(3,678)	(3,539)	(3,641)	(3,745)
<b>Operating EBITDA</b>	<b>10,419</b>	<b>5,287</b>	<b>8,760</b>	<b>9,254</b>	<b>9,759</b>
Depreciation	(3,337)	(4,727)	(4,927)	(5,127)	(5,327)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>7,082</b>	<b>560</b>	<b>3,833</b>	<b>4,127</b>	<b>4,432</b>
Net financing costs	(845)	(1,117)	(1,354)	(1,392)	(1,430)
Associates	(9)	(20)	1	1	1
Recurring non-operating income	(9)	(20)	1	1	1
Non-recurring items	(657)	(313)	0	0	0
<b>Profit before tax</b>	<b>5,571</b>	<b>(890)</b>	<b>2,480</b>	<b>2,735</b>	<b>3,002</b>
Tax	(845)	77	(372)	(410)	(450)
<b>Profit after tax</b>	<b>4,726</b>	<b>(813)</b>	<b>2,108</b>	<b>2,325</b>	<b>2,552</b>
Minority interests	(4)	3	(6)	(6)	(6)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>4,722</b>	<b>(809)</b>	<b>2,102</b>	<b>2,319</b>	<b>2,546</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>657</b>	<b>313</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>5,379</b>	<b>(496)</b>	<b>2,102</b>	<b>2,319</b>	<b>2,546</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.95	(0.09)	0.34	0.34	0.38
Reported EPS	0.84	(0.14)	0.34	0.34	0.38
DPS	0.40	0.03	0.15	0.15	0.17
Diluted shares (used to calculate per share data)	5,654	5,811	6,168	6,749	6,749
<b>Growth</b>					
Revenue (%)	50.3	6.8	5.6	2.9	2.9
Operating EBITDA (%)	167.0	(49.3)	65.7	5.6	5.5
Operating EBIT (%)	379.5	(92.1)	584.9	7.7	7.4
Recurring EPS (%)	1,099.8	nm	nm	0.8	9.8
Reported EPS (%)	739.9	nm	nm	0.8	9.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	19.0	6.8	11.7	12.0	12.3
Gross margin exc. depreciation (%)	25.4	15.2	20.1	20.4	20.8
Operating EBITDA margin (%)	19.9	9.5	14.9	15.2	15.6
Operating EBIT margin (%)	13.5	1.0	6.5	6.8	7.1
Net margin (%)	10.3	(0.9)	3.6	3.8	4.1
Effective tax rate (%)	15.2	8.7	15.0	15.0	15.0
Dividend payout on recurring profit (%)	42.0	(35.1)	45.0	45.0	45.0
Interest cover (X)	8.4	0.5	2.8	3.0	3.1
Inventory days	55.3	53.7	54.6	54.6	54.7
Debtor days	22.2	22.6	21.5	21.7	21.7
Creditor days	38.2	43.6	50.3	49.2	49.2
Operating ROIC (%)	18.5	1.4	9.7	10.6	11.8
ROIC (%)	16.0	1.1	7.9	8.6	9.4
ROE (%)	39.7	(3.4)	14.5	14.3	14.3
ROA (%)	14.9	0.8	6.8	7.4	8.0
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
	2022	2023	2024E	2025E	2026E
Poultry	23,298	17,421	18,913	19,291	19,677
Swine	12,457	11,349	12,050	12,291	12,536
Feed	8,533	9,397	9,585	9,872	10,168
Retail Shop and other	8,036	17,704	18,428	19,232	20,037

Sources: Thai Foods Group; FSSIA estimates

## Financial Statements

### Thai Foods Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	5,379	(496)	2,102	2,319	2,546
Depreciation	3,337	4,727	4,927	5,127	5,327
Associates & minorities	9	20	(1)	(1)	(1)
Other non-cash items	343	82	(1)	(1)	(1)
Change in working capital	(1,281)	1,421	(739)	(337)	(341)
<b>Cash flow from operations</b>	<b>7,787</b>	<b>5,754</b>	<b>6,288</b>	<b>7,108</b>	<b>7,530</b>
Capex - maintenance	(8,633)	(4,138)	(4,679)	(3,977)	(4,199)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(34)	(19)	53	0	0
Other investments (net)	(1,854)	(2,266)	660	(170)	(173)
<b>Cash flow from investing</b>	<b>(10,521)</b>	<b>(6,422)</b>	<b>(3,966)</b>	<b>(4,148)</b>	<b>(4,371)</b>
Dividends paid	(797)	(1,815)	(946)	(1,044)	(1,146)
Equity finance	56	862	358	581	0
Debt finance	4,132	1,970	(1,771)	(2,400)	(2,604)
Other financing cash flows	20	78	50	17	17
<b>Cash flow from financing</b>	<b>3,411</b>	<b>1,095</b>	<b>(2,309)</b>	<b>(2,845)</b>	<b>(3,732)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	95	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>95</b>	<b>(22)</b>	<b>(1)</b>
<b>Movement in cash</b>	<b>677</b>	<b>426</b>	<b>108</b>	<b>92</b>	<b>(574)</b>
Free cash flow to firm (FCFF)	(1,888.67)	451.64	3,676.56	4,351.60	4,589.18
Free cash flow to equity (FCFE)	1,418.57	1,379.53	696.56	554.71	571.50

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	(0.33)	0.08	0.63	0.75	0.79
FCFE per share	0.24	0.24	0.12	0.10	0.10
Recurring cash flow per share	1.60	0.75	1.14	1.10	1.17

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	24,693	27,597	29,182	32,182	35,182
Less: Accumulated depreciation	(3,391)	(6,934)	(9,445)	(13,572)	(17,899)
<b>Tangible fixed assets (net)</b>	<b>21,302</b>	<b>20,663</b>	<b>19,736</b>	<b>18,609</b>	<b>17,282</b>
<b>Intangible fixed assets (net)</b>	<b>213</b>	<b>232</b>	<b>179</b>	<b>179</b>	<b>179</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	605	1,092	1,092	1,092	1,092
Cash & equivalents	1,093	1,518	1,626	1,719	1,145
A/C receivable	3,531	3,398	3,555	3,658	3,762
Inventories	6,963	6,971	7,134	7,316	7,499
Other current assets	7,177	7,396	7,667	7,889	8,114
<b>Current assets</b>	<b>18,764</b>	<b>19,284</b>	<b>19,982</b>	<b>20,581</b>	<b>20,520</b>
Other assets	4,786	5,875	5,898	6,069	6,242
<b>Total assets</b>	<b>45,670</b>	<b>47,146</b>	<b>46,886</b>	<b>46,530</b>	<b>45,315</b>
Common equity	15,568	13,681	15,292	17,149	18,349
Minorities etc.	18	15	15	14	14
<b>Total shareholders' equity</b>	<b>15,587</b>	<b>13,696</b>	<b>15,307</b>	<b>17,163</b>	<b>18,363</b>
Long term debt	11,960	10,106	10,957	9,767	8,577
Other long-term liabilities	462	540	590	607	624
<b>Long-term liabilities</b>	<b>12,422</b>	<b>10,646</b>	<b>11,547</b>	<b>10,374</b>	<b>9,201</b>
A/C payable	4,733	6,584	6,420	6,584	6,749
Short term debt	12,370	15,998	13,376	12,166	10,752
Other current liabilities	557	222	236	243	250
<b>Current liabilities</b>	<b>17,661</b>	<b>22,804</b>	<b>20,032</b>	<b>18,993</b>	<b>17,751</b>
<b>Total liabilities and shareholders' equity</b>	<b>45,670</b>	<b>47,146</b>	<b>46,886</b>	<b>46,530</b>	<b>45,315</b>
Net working capital	12,381	10,960	11,699	12,036	12,377
Invested capital	39,287	38,821	38,603	37,984	37,172

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	2.75	2.35	2.48	2.54	2.72
Tangible book value per share	2.72	2.31	2.45	2.51	2.69

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	149.1	179.5	148.3	117.8	99.0
Net debt/total assets (%)	50.9	52.1	48.4	43.4	40.1
Current ratio (x)	1.1	0.8	1.0	1.1	1.2
CF interest cover (x)	2.7	2.2	1.5	1.4	1.4

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>4.5</b>	<b>(49.9)</b>	<b>12.5</b>	<b>12.4</b>	<b>11.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>5.0</b>	<b>(56.2)</b>	<b>14.1</b>	<b>14.0</b>	<b>12.7</b>
Reported P/E (x)	5.1	(30.6)	12.5	12.4	11.3
Dividend yield (%)	9.4	0.7	3.6	3.6	4.0
Price/book (x)	1.5	1.8	1.7	1.7	1.6
Price/tangible book (x)	1.6	1.8	1.7	1.7	1.6
EV/EBITDA (x) **	4.5	9.3	5.6	5.3	4.8
EV/EBITDA @ target price (x) **	4.8	9.9	6.0	5.7	5.2
EV/invested capital (x)	1.2	1.3	1.3	1.3	1.3

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

Sources: Thai Foods Group; 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.																			
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&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.																			
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 &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+									
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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><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
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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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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**

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

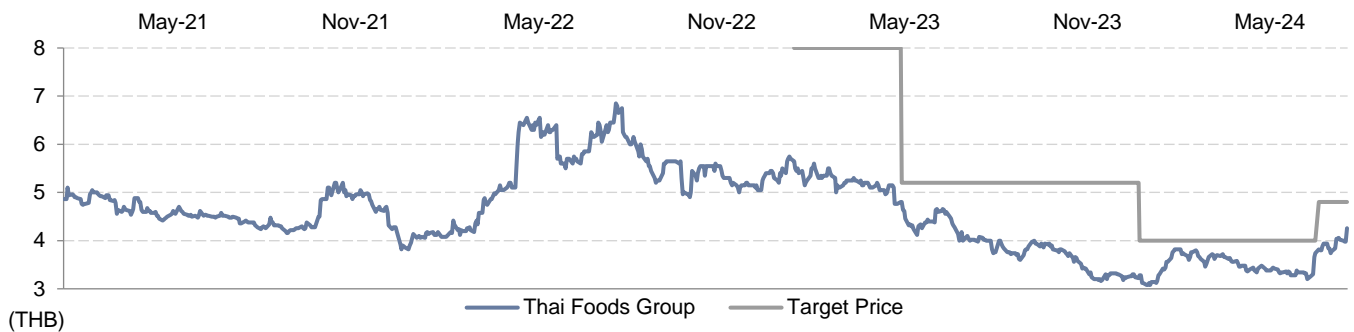
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**History of change in investment rating and/or target price**

**Thai Foods Group (TFG TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	8.00	27-Nov-2023	HOLD	4.00	-	-	-
08-May-2023	HOLD	5.20	26-Apr-2024	BUY	4.80			

Sureeporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Foods Group	TFG TB	THB 4.26	BUY	Downside risks to our P/E-based TP are 1) a slower-than-expected consumption recovery; 2) a potential rise in meat and raw material prices; 3) a stronger-than-expected THB against USD.

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 23-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.