FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - COMPANY REPORT

SRINANAPORN MARKETING   SNNP TB

THAILAND / FOOD & BEVERAGE

BUY
UNCHANGED

TARGET PRICE	**THB19.00**
CLOSE	**THB15.40**
UP/DOWNSIDE	**+23.4%**
PRIOR TP	**THB22.00**
CHANGE IN TP	**-13.6%**
TP vs CONSENSUS	**-12.4%**

Expect new markets in 2H24

- We have reduced our 2024E net profit by 8.8% and lowered our TP to THB19 to reflect slower-than-expected 1Q24 revenue growth.
- We believe that SNNP's profit has troughed in 1Q24.
- New markets, such as the Philippines, South Korea, and China, could be new growth drivers for SNNP in the future.

Expect 2Q24 profit to turn to grow q-q and y-y

SNNP's 1Q24 net profit grew by a modest 2.3% y-y attributed chiefly to domestic revenue. It declined q-q and y-y due to sluggish domestic demand recovery, while overseas revenue growth was 6.8% y-y. Nevertheless, we expect 2Q24 net profit to improve. It should increase 8% q-q and 9% y-y to THB170m due mainly to seasonal factors and revenue recognition from new products. Also, improved production efficiency and a higher mix of new products would maintain a high gross margin of 29.6%, up from 27.9% in 2Q23, despite expected sales growth in the beverages segment during the hot season.
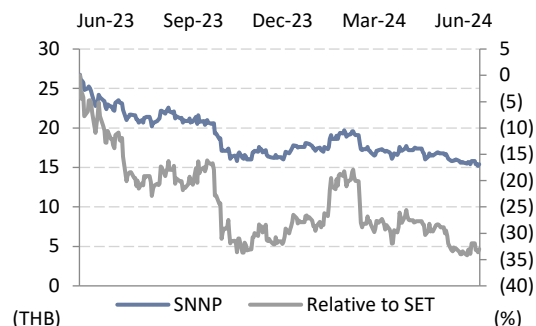
Robust growth forecast in 2H24

Management maintains its 2024 growth targets, which include 1) total revenue growth of 10-15% y-y, with domestic revenue expected to grow 10-15% and overseas revenue to exceed 20%, 2) a gross margin of 29-32%, and 3) an SG&A-to-sales ratio of 15-16%. Management is confident of a strong recovery in 2H24, supported by 1) a rebound in domestic revenue due to seasonal factors and revenue from new products, 2) growth in Vietnam revenue, and 3) increased revenue recognition from non-CLMV countries, which include potential targets, such as South Korea, China, Taiwan, and especially the Philippines, where SNNP is signing additional distributors.

Revise down 2024E profit to reflect slower revenue growth

Due to a slower-than-expected revenue growth trend in 1H24, we have revised our 2024E revenue down by 6.2% and increased our SG&A-to-sales ratio assumption to reflect actual 1Q24 numbers and be closer to SNNP's target. As a result, we have reduced our 2024E net profit by 8.8% to THB716m (+12.6% y-y). However, we believe that SNNP's net profit has troughed in 1Q24 and expect growth in 2Q24, maintaining our view that net profit will reach its peak for 2024 in 4Q24.

Maintain BUY rating with a lower TP of THB19

We have decreased our TP to THB19 from THB22 by lowering our target PE to 25x from 27x to reflect a reduced growth rate projection. In particular, we expect a three-year CAGR of 12.3%. If SNNP succeeds in its new markets, such as the Philippines, South Korea, and China, these could be new growth drivers for SNNP in the future, providing an upside potential to our earnings estimates for 2025-26.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	6,016	6,411	7,088	7,694
Net profit	636	716	819	903
EPS (THB)	0.66	0.75	0.85	0.94
vs Consensus (%)	-	(4.7)	(4.1)	(2.7)
EBITDA	1,002	1,112	1,257	1,384
Recurring net profit	636	716	819	903
Core EPS (THB)	0.66	0.75	0.85	0.94
Chg. In EPS est. (%)	-	(8.8)	(7.5)	(8.1)
EPS growth (%)	23.3	12.6	14.5	10.2
Core P/E (x)	23.3	20.7	18.0	16.4
Dividend yield (%)	3.1	3.4	3.9	4.3
EV/EBITDA (x)	15.4	13.7	12.0	10.9
Price/book (x)	4.6	4.4	4.2	3.9
Net debt/Equity (%)	12.3	5.9	1.5	(1.8)
ROE (%)	20.3	21.7	23.8	24.8

Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.2)	(9.9)	(42.4)
Relative to country (%)	(4.2)	(7.3)	(33.8)

Mkt cap (USD m)	405
3m avg. daily turnover (USD m)	1.0
Free float (%)	34
Major shareholder	Concord I. Capital Limited (8%)
12m high/low (THB)	27.25/15.20
Issued shares (m)	960.00

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

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

We expect 2024-26 profit growth of 12.6%/14.5%/10.2%, respectively. We also have a bullish view of SNNP's mid-to-long-term growth due to its strong brands, well-recognized products at affordable prices, and diversified production bases in CLMV. Aside from that, if the company is successful in new markets such as the Philippines, South Korea, and China, these could be new growth drivers for SNNP in the future, providing upside potential to our earnings estimates for 2025-26.

Company profile

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

www.snnp.co.th

Principal activities (revenue, 2023)

- Beverage - 43.4 %
- Snack - 56.6 %

Source: Srinanaporn Marketing

Major shareholders

- Concord I. Capital Limited - 8.2 %
- Ascend I. Holding Company Limited - 14.3 %
- Chaisathaporn family - 26.9 %
- Others - 50.6 %

Source: Srinanaporn Marketing

Catalysts

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

Risks to our call

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

Event calendar

Date	Event
August 2024	2Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Domestic revenue (THB m)	4,634	5,097	5,505
Overseas revenue (THB m)	1,777	1,990	2,189
Total revenue (THB m)	6,411	7,088	7,694
Total revenue growth (%)	6.6	10.6	8.6
Gross margin (%)	29.5	29.6	29.7
SG&A to sale (%)	15.8	15.5	15.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.8%, and vice versa, all else being equal.

- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3.8%, and vice versa, all else being equal.

- For every 0.2% increase in SG&A, we estimate 2024 net profit to fall by 1.6%, and vice versa, all else being equal.
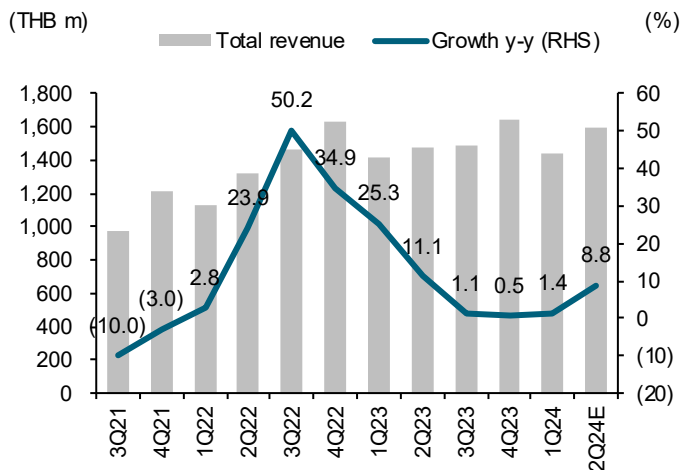
Source: FSSIA estimates

Exhibit 1: SNNP – 2Q24 earnings preview

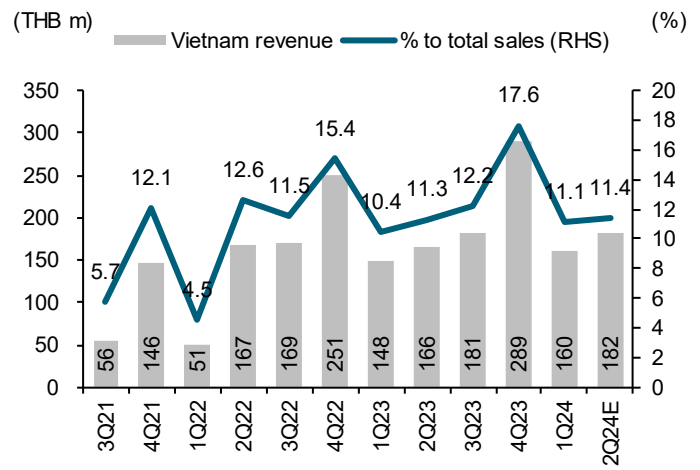| | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24E | ----- Change ----- | | 2024E | Change | % 1H24E |
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Total revenue	1,420	1,470	1,486	1,640	1,440	1,599	11.1	8.8	6,411	6.6	47.4
Cost of sales	1,020	1,060	1,058	1,161	1,015	1,126	10.9	6.2	4,520	5.2	47.4
Gross profit	400	410	428	479	425	473	11.4	15.5	1,891	10.1	47.5
SG&A	207	216	232	271	236	261	10.6	20.9	1,013	9.5	49.0
Operating profit	201	205	208	212	207	221	6.7	7.8	917	10.9	46.6
Interest expense	0.76	1.58	2.25	3.02	1.79	1.80	0.3	13.9	11	49.1	31.6
Tax expense	40	41	38	33	40	42	6.1	4.0	178	17.2	46.1
Profit (loss) sharing	(8)	(7)	(9)	(10)	(9)	(8)	nm	nm	(17)	nm	100.7
Reported net profit	154	157	160	165	158	170	8.1	8.7	716	12.6	45.8
Core profit	154	157	160	165	158	170	8.1	8.7	716	12.6	45.8
Key Ratios (%)							(ppt)	(ppt)			
Gross margin	28.2	27.9	28.8	29.2	29.5	29.6	0.1	1.7	29.5	0.9	
SG&A to sales	14.6	14.7	15.6	16.5	16.4	16.3	(0.1)	1.6	15.8	0.4	
Operating margin	14.2	13.9	14.0	12.9	14.4	13.8	(0.6)	(0.1)	14.3	0.6	
Net margin	10.8	10.7	10.8	10.1	10.9	10.6	(0.3)	(0.0)	11.2	0.6	
Core margin	10.8	10.7	10.8	10.1	10.9	10.6	(0.3)	(0.0)	11.2	0.6	
Operating statistics (THB m)											
Domestic revenue	1,094	1,111	1,078	1,110	1,092	1,203	10.2	8.3	4,634	5.5	49.5
Overseas revenue	326	359	408	530	348	397	13.9	10.5	1,777	9.4	41.9
Vietnam revenue	148	166	181	289	160	182	13.9	9.8	814	3.8	42.0
Snack revenue	812	766	833	992	759	832	9.5	8.6	3,526	3.6	45.1
Beverage revenue	608	704	653	648	681	768	12.8	9.1	2,885	10.4	50.2

Sources: SNNP; FSSIA estimates

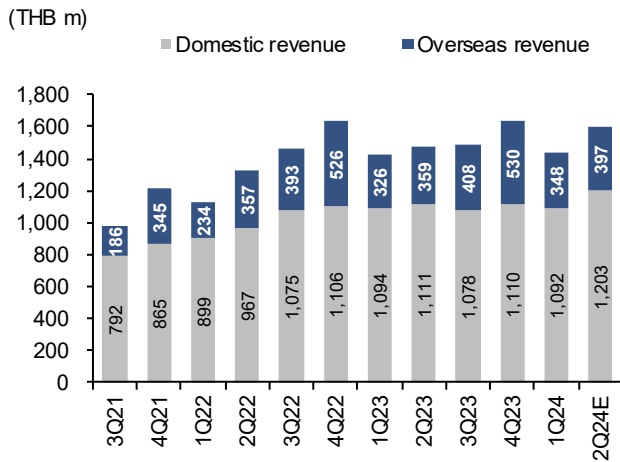**Exhibit 2: Quarterly total revenue and growth**
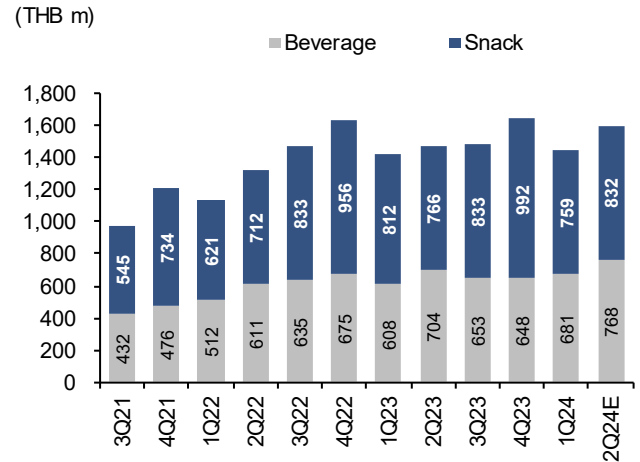

Sources: SNNP, FSSIA estimates

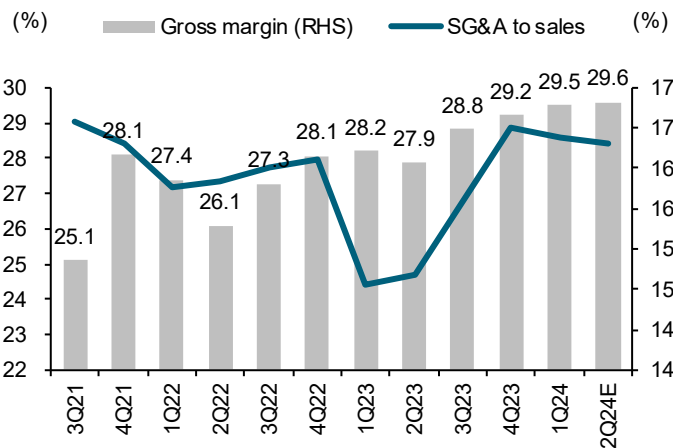**Exhibit 3: Quarterly Vietnam revenue and % to total sales**

Sources: SNNP, FSSIA estimates

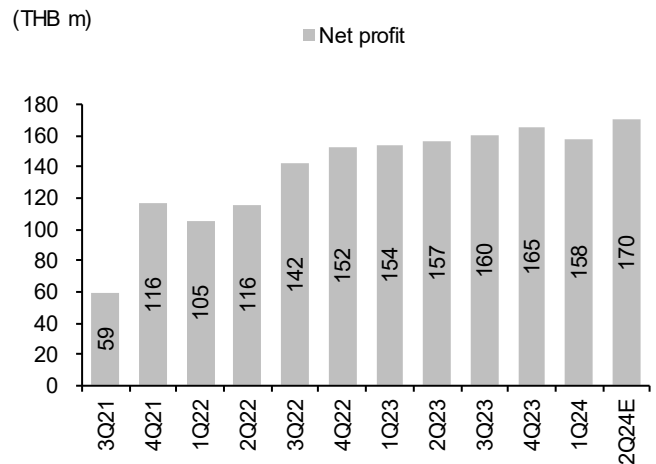**FINANSIA**

Exhibit 4: Quarterly revenue breakdown by destination

(THB m)

Legend: Domestic revenue · Overseas revenue

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E
Overseas	186	345	234	357	393	526	326	359	408	530	348	397
Domestic	792	865	899	967	1,075	1,106	1,094	1,111	1,078	1,110	1,092	1,203

Sources: SNNP, FSSIA estimates

Exhibit 5: Quarterly revenue breakdown by product

(THB m)

Legend: Beverage · Snack

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E
Snack	545	734	621	712	833	956	812	766	833	992	759	832
Beverage	432	476	512	611	635	675	608	704	653	648	681	768

Sources: SNNP, FSSIA estimates

Exhibit 6: Quarterly gross margin and SG&A to sales

(%)

Legend: Gross margin (RHS) · SG&A to sales (%)

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E
Gross margin	25.1	28.1	27.4	26.1	27.3	28.1	28.2	27.9	28.8	29.2	29.5	29.6

Sources: SNNP, FSSIA estimates

Exhibit 7: Quarterly net profit

(THB m)

Legend: Net profit

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E
Net profit	59	116	105	116	142	152	154	157	160	165	158	170

Sources: SNNP, FSSIA estimates

Exhibit 8: Changes in key assumptions for SNNP

|	---------------- Current -----------------			---------------- Previous -----------------			---------------- Change -----------------		
	2024E	2025E	2026E	2024E	2025E	2026E	*2024E*	*2025E*	*2024E*
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	*(%)*	*(%)*	*(%)*
Total sale value (THB m)	6,411	7,088	7,694	6,832	7,554	8,201	*(6.2)*	*(6.2)*	*(6.2)*
Costs	4,520	4,990	5,409	4,830	5,325	5,765	*(6.4)*	*(6.3)*	*(6.2)*
Gross profit	1,891	2,098	2,285	2,002	2,228	2,436	*(5.5)*	*(5.9)*	*(6.2)*
SG&A expense	1,013	1,099	1,193	1,038	1,148	1,247	*(2.5)*	*(4.3)*	*(4.3)*
Profit (loss) sharing	(17)	(14)	(8)	(18)	(15)	(8)	*nm*	*nm*	*nm*
Interest expense	11	9	7	11	9	7	*nm*	*nm*	*nm*
Reported net profit	716	819	903	785	885	982	*(8.8)*	*(7.5)*	*(8.1)*
Core profit	716	819	903	785	885	982	*(8.8)*	*(7.5)*	*(8.1)*
Key ratios (%)									
Total revenue growth	6.6	10.6	8.6	13.6	10.6	8.6	*(7.0)*	*(0.0)*	*(0.0)*
Net profit growth	12.6	14.5	10.2	23.4	12.8	10.9	*(10.9)*	*1.7*	*(0.7)*
Core profit growth	12.6	14.5	10.2	23.4	12.8	10.9	*(10.9)*	*1.7*	*(0.7)*
Gross margin	29.5	29.6	29.7	29.3	29.5	29.7	*0.2*	*0.1*	*0.0*
SG&A to sales	15.8	15.5	15.5	15.2	15.2	15.2	*0.6*	*0.3*	*0.3*
Net margin	11.2	11.6	11.7	11.5	11.7	12.0	*(0.3)*	*(0.2)*	*(0.2)*
Core margin	11.2	11.6	11.7	11.5	11.7	12.0	*(0.3)*	*(0.2)*	*(0.2)*
Operating statistics (THB m)									
Domestic revenue (THB m)	4,634	5,097	5,505	4,919	5,411	5,844	*(5.8)*	*(5.8)*	*(5.8)*
Overseas revenue (THB m)	1,777	1,990	2,189	1,913	2,143	2,357	*(7.1)*	*(7.1)*	*(7.1)*
Vietnam revenue (THB m)	814	936	1,030	902	1,037	1,141	*(9.7)*	*(9.7)*	*(9.7)*

Source: FSSIA estimates

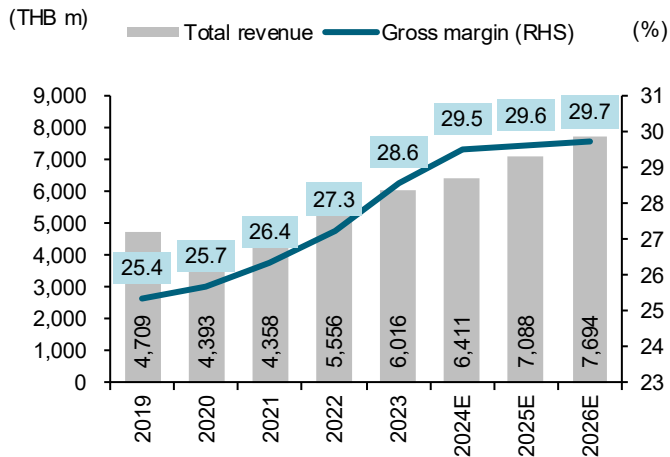**Exhibit 9: Yearly domestic revenue and growth**
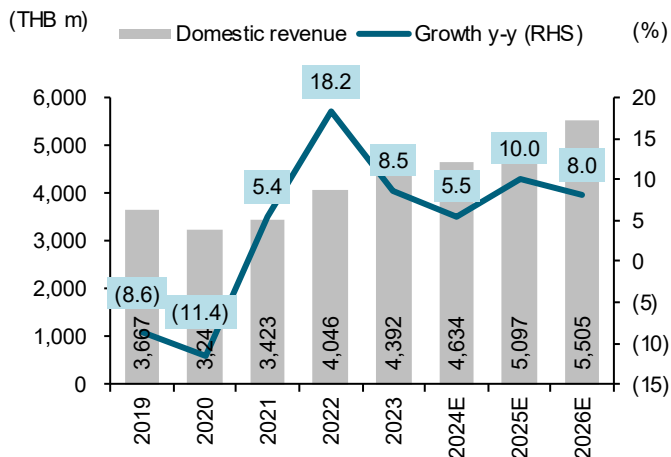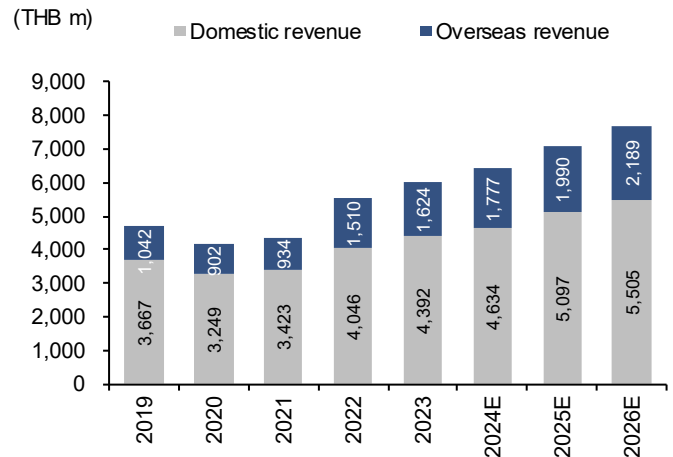

Sources: SNNP; FSSIA estimates

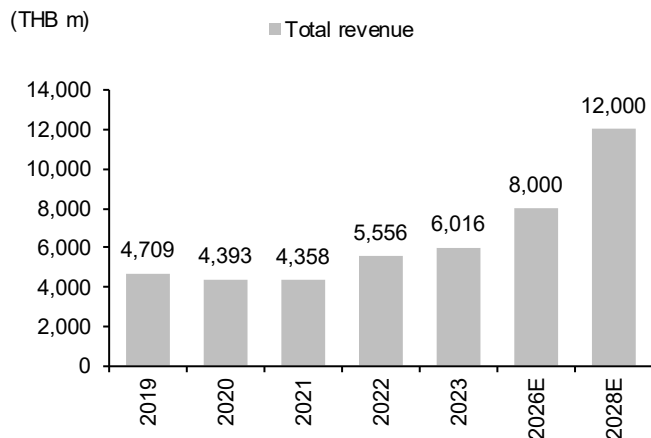**Exhibit 10: Yearly Vietnam revenue and growth**
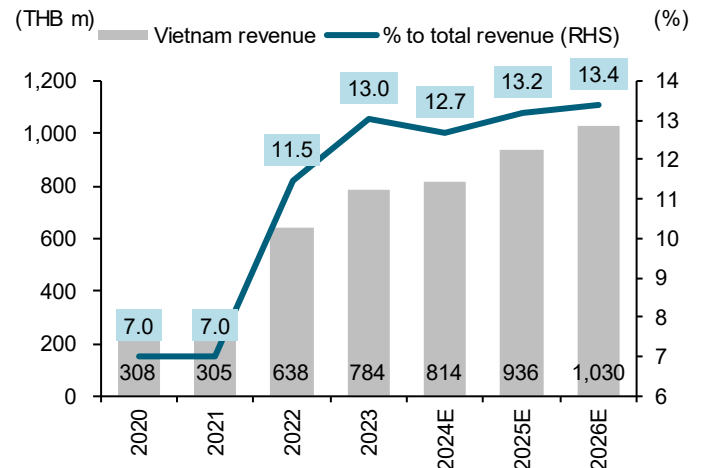
Sources: SNNP; FSSIA estimates

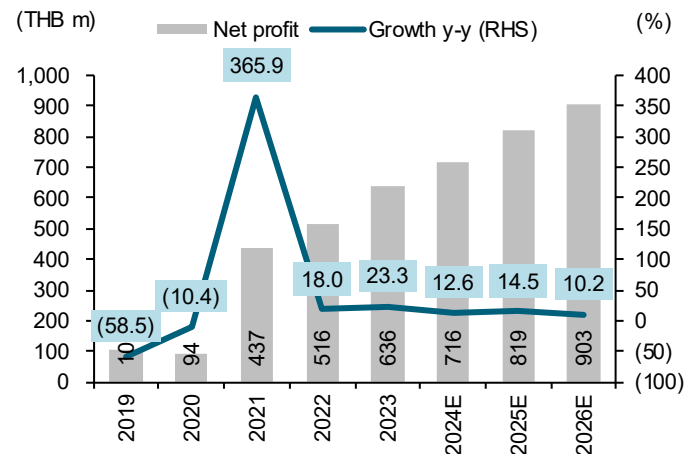**Exhibit 11:   Yearly total revenue and gross margin**

Sources: SNNP; FSSIA estimates
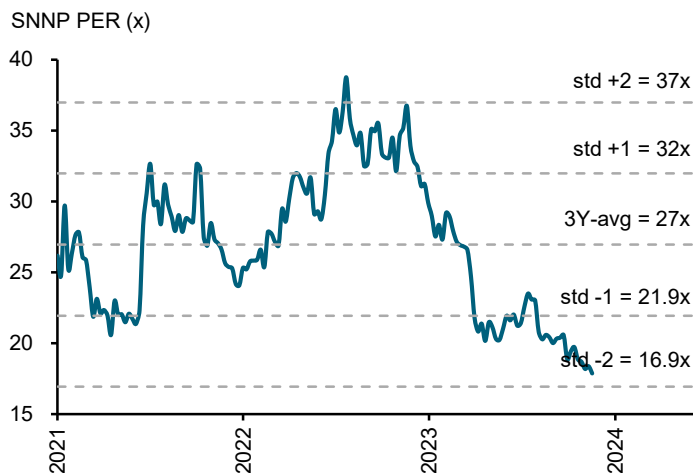
Exhibit 12:   Yearly revenue breakdown by destination

Sources: SNNP; FSSIA estimates
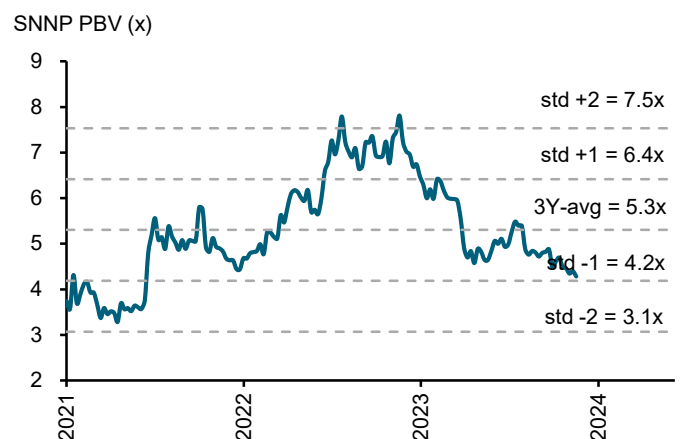
Exhibit 13:   SNNP's revenue target in 2024-2028

Sources: SNNP; FSSIA estimates

Exhibit 14:   Yearly net profit and growth

Sources: SNNP; FSSIA estimates

Exhibit 15:   Historical P/E band

Sources: Bloomberg; FSSIA estimates

Exhibit 16:   Historical P/BV band

Sources: Bloomberg; FSSIA estimates

Financial Statements
Srinanaporn Marketing

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	5,556	6,016	6,411	7,088	7,694
Cost of goods sold	(4,042)	(4,298)	(4,520)	(4,990)	(5,409)
Gross profit	**1,514**	**1,718**	**1,891**	**2,098**	**2,285**
Other operating income	48	34	38	43	46
Operating costs	(886)	(925)	(1,013)	(1,099)	(1,193)
Operating EBITDA	**835**	**1,002**	**1,112**	**1,257**	**1,384**
Depreciation	(159)	(175)	(195)	(215)	(245)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**676**	**826**	**917**	**1,042**	**1,139**
Net financing costs	(2)	(8)	(11)	(9)	(7)
Associates	(25)	(35)	(17)	(14)	(8)
Recurring non-operating income	(25)	(35)	(17)	(14)	(8)
Non-recurring items	0	0	0	0	0
Profit before tax	**649**	**784**	**888**	**1,019**	**1,124**
Tax	(137)	(152)	(178)	(204)	(225)
Profit after tax	**512**	**632**	**710**	**815**	**899**
Minority interests	4	4	5	4	4
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	**516**	**636**	**716**	**819**	**903**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**516**	**636**	**716**	**819**	**903**
Per share (THB)					
Recurring EPS *	0.54	0.66	0.75	0.85	0.94
Reported EPS	0.54	0.66	0.75	0.85	0.94
DPS	0.41	0.48	0.52	0.60	0.66
Diluted shares (used to calculate per share data)	960	960	960	960	960
Growth					
Revenue (%)	27.5	8.3	6.6	10.6	8.6
Operating EBITDA (%)	35.1	20.0	11.0	13.0	10.1
Operating EBIT (%)	51.9	22.2	10.9	13.6	9.3
Recurring EPS (%)	67.2	23.3	12.6	14.5	10.2
Reported EPS (%)	18.0	23.3	12.6	14.5	10.2
Operating performance					
Gross margin inc. depreciation (%)	27.3	28.6	29.5	29.6	29.7
Gross margin exc. depreciation (%)	30.1	31.5	32.5	32.6	32.9
Operating EBITDA margin (%)	15.0	16.7	17.3	17.7	18.0
Operating EBIT margin (%)	12.2	13.7	14.3	14.7	14.8
Net margin (%)	9.3	10.6	11.2	11.6	11.7
Effective tax rate (%)	21.1	19.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	76.3	72.8	70.0	70.0	70.0
Interest cover (X)	389.1	103.9	79.2	118.7	155.9
Inventory days	51.4	56.8	54.1	54.8	55.4
Debtor days	89.1	105.6	103.9	92.7	91.3
Creditor days	100.3	103.0	92.2	89.6	90.6
Operating ROIC (%)	17.9	19.1	20.1	23.0	24.5
ROIC (%)	15.6	16.6	18.0	20.5	21.9
ROE (%)	17.5	20.3	21.7	23.8	24.8
ROA (%)	11.1	12.4	13.6	15.1	15.8
* Pre-exceptional, pre-goodwill and fully diluted					

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Beverage	2,434	2,613	2,885	3,197	3,474
Snack	3,123	3,403	3,526	3,891	4,220
Distribution other product					

Sources: Srinanaporn Marketing; FSSIA estimates

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Financial Statements
Srinanaporn Marketing

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	516	636	716	819	903
Depreciation	159	175	195	215	245
Associates & minorities	25	35	17	14	8
Other non-cash items	4	(12)	18	28	25
Change in working capital	(307)	(428)	97	(37)	(112)
Cash flow from operations	**397**	**406**	**1,044**	**1,039**	**1,068**
Capex - maintenance	-	-	-	-	-
Capex - new investment	(227)	(262)	(270)	(300)	(300)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(171)	45	(95)	(28)	(20)
Cash flow from investing	**(398)**	**(217)**	**(364)**	**(328)**	**(320)**
Dividends paid	(307)	(444)	(501)	(574)	(632)
Equity finance	0	0	0	0	0
Debt finance	276	192	(130)	(87)	(45)
Other financing cash flows	4	2	32	17	15
Cash flow from financing	**(28)**	**(250)**	**(598)**	**(644)**	**(662)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(29)**	**(61)**	**81**	**68**	**86**
Free cash flow to firm (FCFF)	0.16	196.67	691.06	720.36	755.63
Free cash flow to equity (FCFE)	277.89	382.65	582.46	641.62	718.16

Per share (THB)					
FCFF per share	0.00	0.20	0.72	0.75	0.79
FCFE per share	0.29	0.40	0.61	0.67	0.75
Recurring cash flow per share	0.73	0.87	0.99	1.12	1.23

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,600	3,600	3,800	4,000	4,300
Less: Accumulated depreciation	(1,324)	(1,260)	(1,456)	(1,671)	(1,917)
Tangible fixed assets (net)	**2,276**	**2,339**	**2,344**	**2,328**	**2,383**
Intangible fixed assets (net)	**21**	**18**	**18**	**18**	**18**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	275	242	242	242	242
Cash & equivalents	133	72	153	221	308
A/C receivable	1,587	1,894	1,756	1,845	2,003
Inventories	681	602	681	752	815
Other current assets	1	8	8	9	10
Current assets	**2,402**	**2,575**	**2,599**	**2,827**	**3,136**
Other assets	96	51	128	142	154
Total assets	**5,069**	**5,225**	**5,331**	**5,557**	**5,932**
Common equity	3,049	3,218	3,363	3,509	3,780
Minorities etc.	257	244	263	291	315
Total shareholders' equity	**3,306**	**3,463**	**3,626**	**3,800**	**4,095**
Long term debt	242	264	184	104	97
Other long-term liabilities	126	128	160	177	192
Long-term liabilities	**368**	**392**	**345**	**282**	**289**
A/C payable	1,256	1,070	1,114	1,230	1,334
Short term debt	62	232	182	175	137
Other current liabilities	76	69	64	71	77
Current liabilities	**1,395**	**1,370**	**1,361**	**1,476**	**1,548**
Total liabilities and shareholders' equity	**5,069**	**5,225**	**5,331**	**5,557**	**5,932**
Net working capital	936	1,364	1,267	1,305	1,417
Invested capital	3,604	4,015	3,999	4,035	4,214
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	3.18	3.35	3.50	3.66	3.94
Tangible book value per share	3.15	3.33	3.48	3.64	3.92
Financial strength					
Net debt/equity (%)	5.2	12.3	5.9	1.5	(1.8)
Net debt/total assets (%)	3.4	8.1	4.0	1.0	(1.2)
Current ratio (x)	1.7	1.9	1.9	1.9	2.0
CF interest cover (x)	303.0	85.6	76.0	109.7	141.4

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**28.7**	**23.3**	**20.7**	**18.0**	**16.4**
Recurring P/E @ target price (x) *	**35.4**	**28.7**	**25.5**	**22.3**	**20.2**
Reported P/E (x)	28.7	23.3	20.7	18.0	16.4
Dividend yield (%)	2.7	3.1	3.4	3.9	4.3
Price/book (x)	4.8	4.6	4.4	4.2	3.9
Price/tangible book (x)	4.9	4.6	4.4	4.2	3.9
EV/EBITDA (x) **	18.2	15.4	13.7	12.0	10.9
EV/EBITDA @ target price (x) **	22.4	18.9	16.8	14.8	13.4
EV/invested capital (x)	4.2	3.8	3.8	3.8	3.6
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Srinanaporn Marketing; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.*)	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (*Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.*)	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.
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.

Morningstar Sustainalytics rating:

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

ESG score	Methodology		Rating
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.		

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

ESG score	Methodology	Rating
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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

Source: FSSIA's compilation

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History of change in investment rating and/or target price

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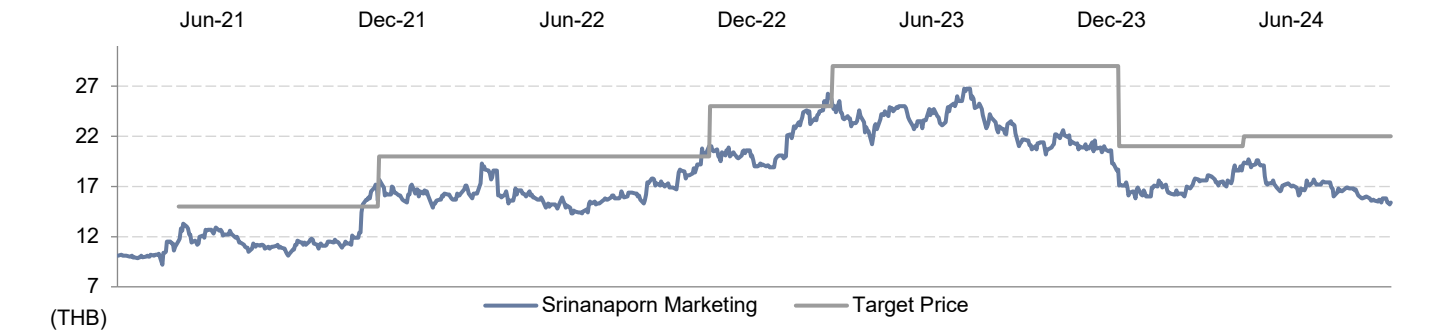
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jul-2021	BUY	15.00	31-Oct-2022	BUY	25.00	17-Oct-2023	BUY	21.00
20-Jan-2022	BUY	20.00	13-Feb-2023	BUY	29.00	01-Feb-2024	BUY	22.00

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Srinanaporn Marketing	SNNP TB	THB 15.40	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; 3) a slower-than-expected capacity expansion; and 4) unsuccessful new products.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 07-Jun-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.