

T.A.C. CONSUMER

TACC TB

THAILAND / AGRO & FOOD INDUSTRY

BUY

FROM HOLD

ราคาหุ้นสะท้อนข่าวร้ายไปหมดแล้ว

- กำไรสุทธิ 2H24 น่าจะได้รับผลกระทบจากต้นทุนกาแฟที่สูงขึ้น
- ราคาหุ้นของ TACC ปรับตัวลดลงไปแล้ว 10% ในช่วงเดือนที่ผ่านมาซึ่งสะท้อนผลกระทบทั้งหมดไปแล้ว
- ปรับเพิ่มคำแนะนำเป็นซื้อจากผลตอบแทนในรูปเงินปันผลที่สูง (7%) ระดับการประเมิน

TARGET PRICE	THB6.30
CLOSE	THB4.84
UP/DOWNSIDE	+30.2%
PRIOR TP	THB6.30
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-3.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,714	1,893	2,065	2,248
Net profit	207	225	251	280
EPS (THB)	0.34	0.37	0.41	0.46
vs Consensus (%)	-	(0.8)	(0.7)	4.5
EBITDA	308	319	363	410
Recurring net profit	217	225	251	280
Core EPS (THB)	0.36	0.37	0.41	0.46
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(6.1)	3.4	11.8	11.6
Core P/E (x)	13.5	13.1	11.7	10.5
Dividend yield (%)	7.4	7.3	7.7	8.6
EV/EBITDA (x)	7.9	7.5	6.6	5.7
Price/book (x)	4.1	4.1	3.9	3.8
Net debt/Equity (%)	(71.9)	(74.0)	(74.8)	(76.5)
ROE (%)	29.4	31.2	34.0	36.7

คาดการณ์กำไรสุทธิ 2Q24 จะโต q-q และ y-y

เรคาดกำไรสุทธิ 2Q24 ที่ 64 ลบ. (+4.5% q-q, +18% y-y) โดยได้ปัจจัยผลักดันจากรายได้ที่คาดว่าจะโตต่อเนื่องอีก 8.5% y-y โดยได้ปัจจัยหนุนจากปัจจัยด้านฤดูกาลและสภาพอากาศร้อนโดยเฉพาะอย่างยิ่งในเดือน เม.ย. นอกจากนี้ผลิตภัณฑ์โยเกิร์ตพร้อมดื่มใหม่ที่เปิดตัวในเดือน พ.ค. ก็น่าจะช่วยหนุนการเติบโตอีกด้วย ใน 2Q24 เราคาดว่าอัตรากำไรขั้นต้นจะลดลงเล็กน้อย q-q เป็น 33% จากการรับรู้ต้นทุนกาแฟที่สูงขึ้นแต่จะยังสูงกว่า 32.7% ใน 2Q23 ในขณะที่เดียวกันเรคาดว่าสัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายจะลดลงเหลือ 17.5% จาก 18% ใน 1Q24 โดยได้ปัจจัยผลักดันจากรายได้ที่สูงขึ้นและค่าใช้จ่ายล่วงหน้ารายการที่จ่ายใน 1Q24 เพื่อใช้ใน 2Q24

แนวโน้มกำไร 2H24 ไม่น่าตื่นเต้น

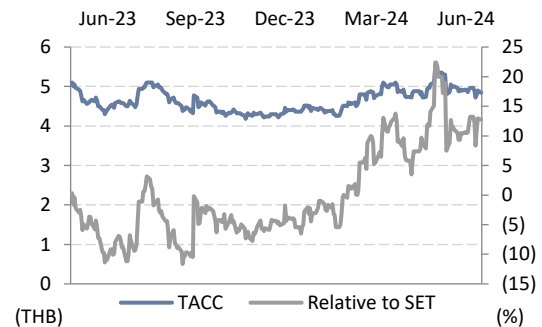
ผู้บริหารตั้งเป้าการเติบโตของรายได้ปี 2024 ไว้ที่ 10% y-y โดยได้ปัจจัยหนุนจากการเติบโตของธุรกิจ B2B (สตูดและ All Café ที่ 7-11) และ B2C (ร้านกาแฟ ธุรกิจต่างประเทศและ Character) อัตรากำไรขั้นต้นที่คาดว่าจะอยู่ที่ 32% ซึ่งต่ำกว่า 32.7% ในปี 2023 แม้ว่าอัตรากำไรขั้นต้น 1Q24 ที่ 33.9% จะสูงกว่าคาด ผู้บริหารคาดว่าต้นทุนวัตถุดิบจะปรับขึ้นใน 2H24 จากราคากาแฟที่สูงขึ้น รวมถึงผลกระทบอย่างมีนัยสำคัญของราคากาแฟในเวียดนามที่มีต่อแหล่งกาแฟสำคัญของ TACC บริษัทฯ ได้พยายามบริหารต้นทุนวัตถุดิบโดยได้ตรึงราคาสำหรับช่วงที่เหลือของปี 2024 อย่างไรก็ตามราคาที่สูงกว่าที่เคยซื้อก่อนหน้านี้

มุ่งลดส่วนแบ่งผลขาดทุนจาก HIP

HIP (บริษัทย่อย) กำลังอยู่ในช่วงปรับโครงสร้างธุรกิจ เปิดตัวสินค้าใหม่และขยายช่องทางการขาย จากประเด็นดังกล่าว TACC จึงมุ่งเน้นการตลาดทั้งในด้านออนไลน์และออฟไลน์โดยตั้งเป้ารายได้ไว้ที่ 40 ลบ. ในปี 2024 เพื่อลดผลขาดทุนจาก HIP ในช่วง 2H24 หลังขาดทุนไปแล้ว 5-6 ลบ. ใน 1Q24

ราคาที่ปรับตัวลดลงสะท้อนต้นทุนกาแฟที่สูงขึ้น

ประมาณการกำไรของเรารวมผลกระทบจากต้นทุนกาแฟที่คาดว่าจะสูงขึ้นในช่วง 2H24 เราคงราคาเป้าหมายของเราไว้ที่ 6.3 บาทโดยมีสมมติฐานจากค่า PE ratio ที่ 17x แม้ว่าแนวโน้มกำไรอาจไม่น่าตื่นเต้น ราคาหุ้นได้ปรับตัวลดลงไปแล้วถึง 10% ในช่วงเดือนที่ผ่านมาซึ่งสะท้อนผลกระทบจากต้นทุนราคากาแฟที่สูงขึ้น นอกจากนี้ตลาดกาแฟโลกก็กำลังเริ่มปรับตัวลดลง เราชอบ TACC โดยมีเหตุผลจาก 1) สถานะทางการเงินที่อยู่ในเกณฑ์ดีโดยมีค่า D/E ratio อยู่ที่ 0.48x และ ROE ที่สูงถึง 30% 2) ผลตอบแทนในรูปเงินปันผลที่คาดว่าจะอยู่ที่ 7% ต่อปี (จ่าย 2 ครั้งต่อปี) และ 3) การประเมินมูลค่าที่อยู่ในระดับต่ำคิดเป็นเพียง 13x ของค่า PE ratio ดังนั้นเราจึงปรับเพิ่มคำแนะนำของเราเป็นซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.8	1.7	(4.2)
Relative to country (%)	4.9	6.9	13.0
Mkt cap (USD m)	79		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	66		
Major shareholder	Mr.Chatchawe Vatanasuk (20%)		
12m high/low (THB)	5.50/4.18		
Issued shares (m)	608.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 12 มิถุนายน 2024

Investment thesis

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

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

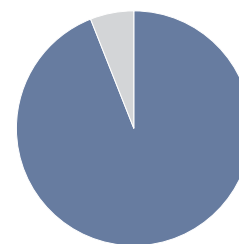
Company profile

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

www.tacconsumer.com

Principal activities (revenue, 2023)

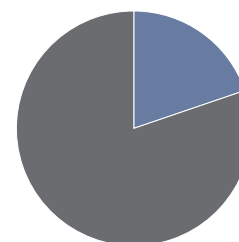
- B2B sales - 94.0 %
- B2C sales - 6.0 %



Source: T.A.C. Consumer

Major shareholders

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



Source: T.A.C. Consumer

Catalysts

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

Risks to our call

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

Event calendar

Date	Event
August 2024	2Q24 result announcement

Key assumptions

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

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every 0.2% increase in GPM, we estimate 2024 net profit to rise by 1.0%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 2.5%, and vice versa, all else being equal.
- For every 10% increase in sugar cost, we estimate 2024 net profit to fall by 1.2%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: TACC - 2Q24E earnings preview

	2Q23	3Q23	4Q23	1Q24	2Q24E	Change		2024E	Change	% 1H24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	447	426	460	458	485	5.9	8.5	1,893	10.5	49.8
Cost	301	285	308	303	325	7.3	8.0	1,287	11.6	48.8
Gross profit	146	142	153	155	160	3.2	9.6	606	8.1	52.0
SG&A	79	76	70	83	85	2.8	7.4	331	14.2	50.5
Operating profit	69	68	90	76	79	4.6	14.7	281	(1.1)	55.1
Profit (-loss) sharing	(2.4)	(2.5)	(2.5)	0.0	0.0	nm	nm	0	(100.0)	nm
Tax expense	14	14	18	15	16	3.2	15.1	57	(1.4)	54.4
Reported net profit	54	52	59	61	64	4.5	18.1	225	8.7	55.4
Core profit	53	52	70	61	64	4.9	19.4	225	3.4	55.3

Key ratios (%)										
Gross margin	32.7	33.3	33.1	33.9	33.0	(0.9)	0.3	32.0	(0.7)	
SG&A / Sales	17.7	17.8	15.3	18.0	17.5	(0.5)	(0.2)	17.5	0.6	
Operating margin	15.4	16.0	19.5	16.5	16.3	(0.2)	0.9	14.9	(1.7)	
Net margin	12.1	12.1	12.7	13.3	13.1	(0.2)	1.1	11.9	(0.2)	
Core margin	11.9	12.1	15.2	13.2	13.1	(0.1)	1.2	11.9	(0.8)	

Sources: TACC; FSSIA estimates

Exhibit 2: 1H24 B2B's new flavours

1 Cold Beverage Dispenser

Seasonal Flavors



5 Jan **2 May**

2 Non-Coffee Menu at All Café coffee corner

Core Flavor



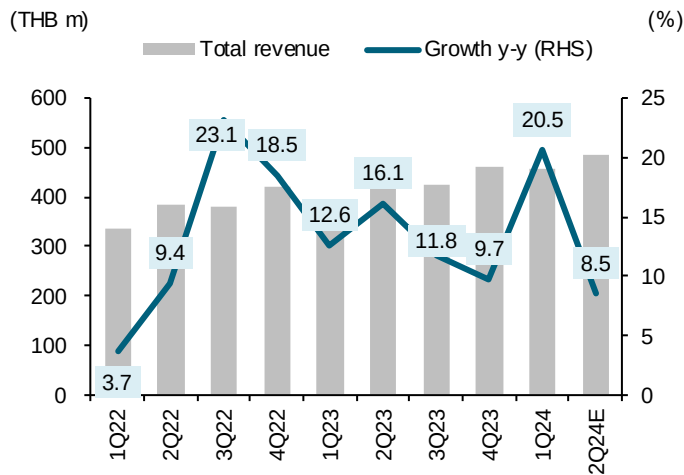
New Flavor



21 Mar

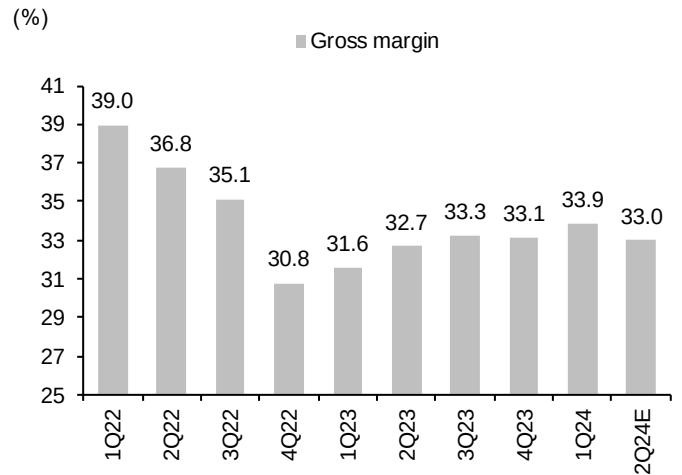
Source: TACC

Exhibit 3: Total revenue and growth



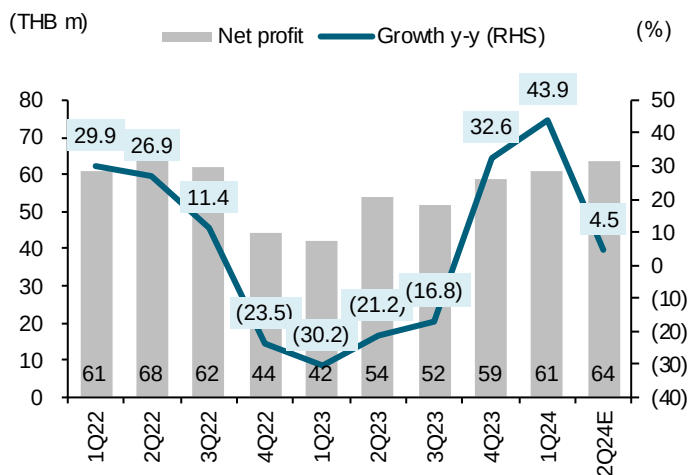
Sources: TACC, FSSIA estimate

Exhibit 4: Gross margin



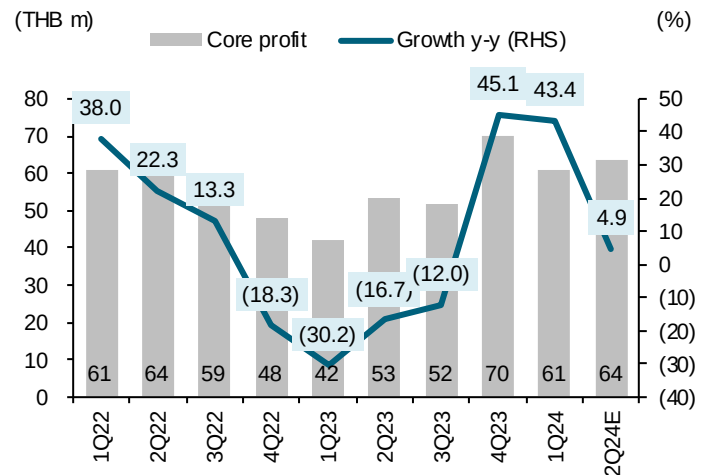
Sources: TACC, FSSIA estimate

Exhibit 5: Net profit and growth



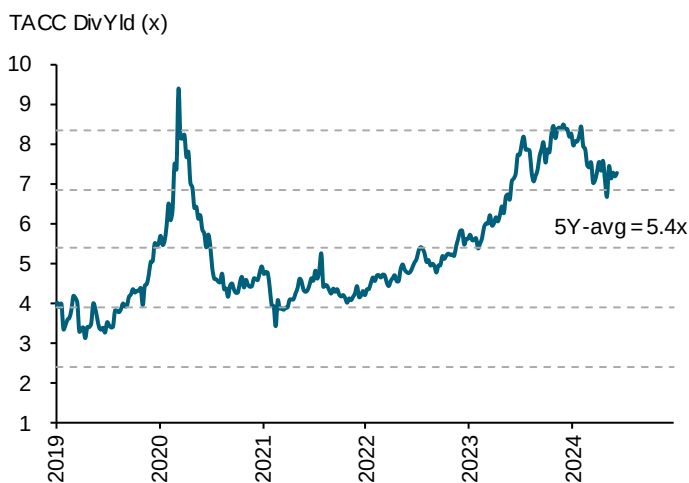
Sources: TACC, FSSIA estimate

Exhibit 6: Core profit and growth



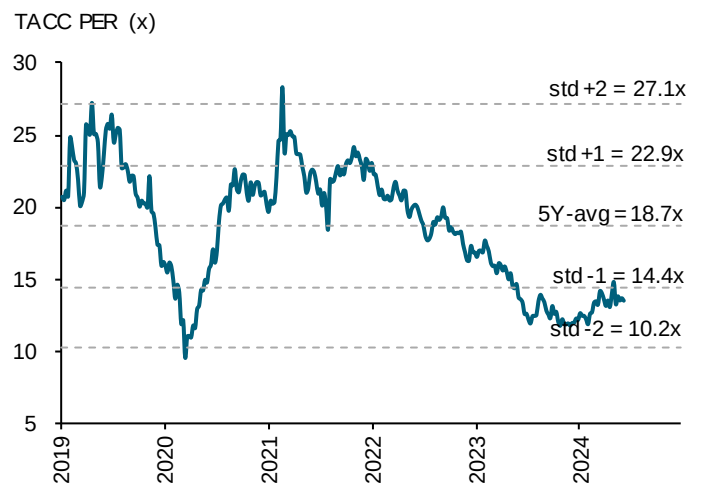
Sources: TACC, FSSIA estimate

Exhibit 7: Historical Dividend Yield



Sources: Bloomberg, FSSIA estimate

Exhibit 8: Historical P/E band



Sources: Bloomberg, FSSIA estimate

Financial Statements

T.A.C. Consumer

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

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

Financial Statements

T.A.C. Consumer

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	231	217	225	251	280
Depreciation	22	24	38	46	54
Associates & minorities	1	10	0	0	0
Other non-cash items	4	4	(4)	0	0
Change in working capital	16	(30)	(7)	(8)	(9)
Cash flow from operations	274	224	252	289	325
Capex - maintenance	(17)	(63)	(52)	(42)	(42)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(17)	(63)	(52)	(42)	(42)
Dividends paid	(215)	(255)	(213)	(226)	(252)
Equity finance	0	0	0	0	0
Debt finance	(2)	(1)	0	(1)	(1)
Other financing cash flows	35	(28)	35	3	3
Cash flow from financing	(182)	(284)	(178)	(224)	(250)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(4)	0	0	0	0
Movement in cash	72	(122)	22	23	33
Free cash flow to firm (FCFF)	258.31	162.44	200.90	248.48	284.64
Free cash flow to equity (FCFE)	286.31	133.14	235.02	249.15	285.56
Per share (THB)					
FCFF per share	0.42	0.27	0.33	0.41	0.47
FCFE per share	0.47	0.22	0.39	0.41	0.47
Recurring cash flow per share	0.42	0.42	0.43	0.49	0.55
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	212	236	255	275	297
Less: Accumulated depreciation	(99)	(102)	(130)	(156)	(192)
Tangible fixed assets (net)	113	134	125	119	105
Intangible fixed assets (net)	0	18	18	18	18
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	27	0	27	27	27
Cash & equivalents	655	533	554	577	611
A/C receivable	310	337	389	424	462
Inventories	50	60	71	76	83
Other current assets	6	11	8	8	9
Current assets	1,021	941	1,021	1,086	1,164
Other assets	17	23	19	21	22
Total assets	1,179	1,116	1,211	1,271	1,337
Common equity	763	714	725	751	779
Minorities etc.	0	4	0	0	0
Total shareholders' equity	763	718	725	751	779
Long term debt	12	9	12	11	10
Other long-term liabilities	27	29	34	37	40
Long-term liabilities	39	38	46	48	50
A/C payable	300	311	353	382	413
Short term debt	6	8	5	5	5
Other current liabilities	71	41	81	86	91
Current liabilities	377	360	439	473	508
Total liabilities and shareholders' equity	1,179	1,116	1,211	1,271	1,337
Net working capital	(4)	56	33	41	50
Invested capital	153	231	222	226	223
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	1.25	1.17	1.19	1.23	1.28
Tangible book value per share	1.25	1.14	1.16	1.20	1.25
Financial strength					
Net debt/equity (%)	(83.4)	(71.9)	(74.0)	(74.8)	(76.5)
Net debt/total assets (%)	(54.0)	(46.2)	(44.4)	(44.2)	(44.6)
Current ratio (x)	2.7	2.6	2.3	2.3	2.3
CF interest cover (x)	249.5	122.6	199.6	217.3	255.9
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	12.7	13.5	13.1	11.7	10.5
Recurring P/E @ target price (x) *	16.6	17.6	17.1	15.2	13.7
Reported P/E (x)	12.5	14.2	13.1	11.7	10.5
Dividend yield (%)	7.4	7.4	7.3	7.7	8.6
Price/book (x)	3.9	4.1	4.1	3.9	3.8
Price/tangible book (x)	3.9	4.2	4.2	4.0	3.9
EV/EBITDA (x) **	7.3	7.9	7.5	6.6	5.7
EV/EBITDA @ target price (x) **	10.1	10.8	10.3	9.0	7.9
EV/invested capital (x)	15.1	10.5	10.8	10.5	10.5
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

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

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainabilitys	The Sustainabilitys' 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</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></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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

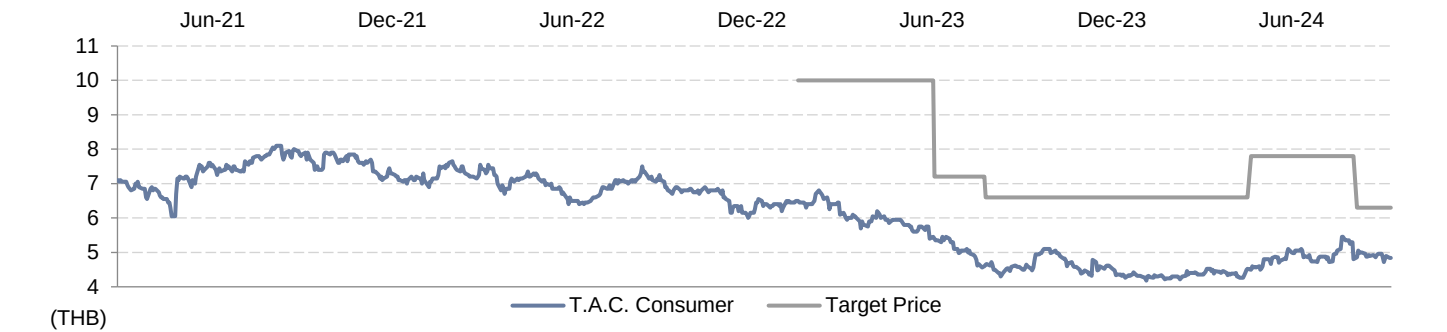
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

T.A.C. Consumer (TACC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	10.00	28-Jun-2023	BUY	6.60	10-May-2024	HOLD	6.30
15-May-2023	BUY	7.20	09-Feb-2024	BUY	7.80			

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
T.A.C. Consumer	TACC TB	THB 4.84	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power, 2) unusually cold weather, 3) lower new product launches than planned, 4) a slower-than-expected decrease in raw material prices, and 5) changes in laws and regulations.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 11-Jun-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.