

R&B FOOD SUPPLY

THAILAND / FOOD & BEVERAGE

RBF TB

HOLD

UNCHANGED

TARGET PRICE	THB8.00
CLOSE	THB8.50
UP/DOWNSIDE	-5.9%
PRIOR TP	THB11.00
CHANGE IN TP	-27.3%
TP vs CONSENSUS	-35.4%

Recovery is slower than expected

- Expect a lackluster profit in 2Q24, dropping q-q and y-y, due to the slowdown in overseas revenue.
- We cut 2024-26E profit by 9-14% to grow only 3.2% y-y in 2024.
- Retain HOLD rating with lower TP of THB8.

2Q24 export revenue has not recovered

We estimate a 2Q24 net profit of THB134m (-22% q-q, -12.7% y-y). If we exclude the FX gain from last quarter, we expect the 2Q24 core profit to decline by 10% q-q and 11% y-y, which would be a lackluster profit. This is due to a slow recovery in export revenue, which we expect to decrease by 6.3% q-q and 16.6% y-y, driven by the slowdown in China and India. India revenue may be affected by the decline in selling prices in line with market prices. On the other hand, we expect revenue from Indonesia and Vietnam to recover, but Thai domestic revenue should increase by 9.8% y-y and slow down q-q due to seasonal factors.

Lower gross margin and higher expenses

Export revenue to China has slowed down, mainly due to revenue from the flavor segment, which has a high profit margin. This may lead to a change in product mix; hence, we expect the 2Q24 gross margin to drop to 37% from 37.3% in 1Q24. However, this is higher than 36.7% in 2Q23. RBF's 1H24 gross margin should be 37.1%, which is still below the company's target range of 39-40%. In addition, we project 2Q24 SG&A to sales to continue rising to 21.5% of sales, an 18-quarter high, due to declining revenue and increasing personnel expenses.

Cut 2024E net profit to grow only 3.2% y-y

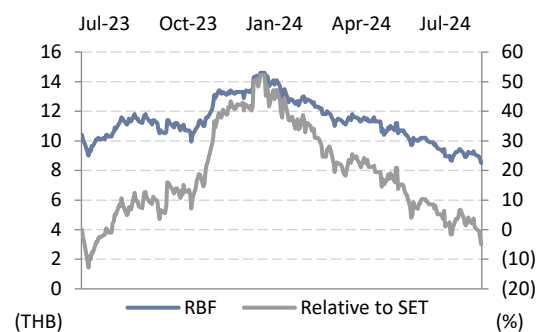
We have reduced our net profit forecasts for 2024-26 by 9-14%, with a projected 2024 net profit of THB670m (+3.2% y-y). This is due to a downward revision of our revenue growth assumption for 2024 to 5.8% from 13.3% y-y, primarily due to a decrease in revenue from China and a lower gross margin assumption to 38% from 38.8%. However, we expect cost savings to support a gross margin recovery in 2H24. Note that we have not included potential new Russian customers, who are currently in the product testing process and are expected to reach a clear conclusion in 3Q24. If successful, we expect to see significant orders in 2025.

Retain HOLD rating with lower TP of THB8

We lower our TP to THB8 from THB11, adjusting the P/E ratio to 23x (in line with the food industry average) from 27x, to reflect the downward growth rate. We maintain our HOLD rating for the short term as the recovery is still slow due to weak consumer demand. We expect a recovery in 2025 on an economic recovery, the operational start of the Indian plant, and new orders from foreign customers.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	4,421	4,676	5,212	5,759
Net profit	649	670	809	910
EPS (THB)	0.32	0.34	0.40	0.45
vs Consensus (%)	-	(15.8)	(14.9)	(12.1)
EBITDA	1,068	1,138	1,383	1,579
Recurring net profit	666	670	809	910
Core EPS (THB)	0.33	0.34	0.40	0.45
Chg. In EPS est. (%)	-	(11.9)	(9.8)	(9.1)
EPS growth (%)	45.0	0.6	20.8	12.4
Core P/E (x)	25.5	25.4	21.0	18.7
Dividend yield (%)	2.1	2.2	2.6	2.9
EV/EBITDA (x)	15.3	14.4	11.8	10.3
Price/book (x)	3.5	3.4	3.1	2.9
Net debt/Equity (%)	(14.8)	(12.9)	(12.2)	(13.0)
ROE (%)	14.5	13.6	15.4	16.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.0)	(19.8)	(19.8)
Relative to country (%)	(6.7)	(16.9)	(7.1)
Mkt cap (USD m)	474		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	28		
Major shareholder	Ratanapoompinyo Family (62%)		
12m high/low (THB)	14.60/8.30		
Issued shares (m)	2,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

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

Company profile

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

www.rbfoodsupply.co.th

Principal activities (revenue, 2023)

Activity	Percentage
Domestic	72.6 %
Overseas	27.4 %

Source: R&B Food Supply

Major shareholders

Shareholder	Percentage
Ratanapoompinyo Family	61.6 %
Thai Union Group PCL	10.0 %
Others	28.4 %

Source: R&B Food Supply

Catalysts

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

Risks to our call

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

Event calendar

Date	Event
August 2024	2Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Domestic sales growth (%)	12.0	10.5	10.0
Oversea sales growth (%)	(10.7)	14.6	12.1
Domestic sales proportion (%)	76.9	76.2	75.9
Oversea sales proportion (%)	23.1	23.8	24.1
Total sales growth (%)	5.8	11.4	10.5
Gross margin (%)	38.0	39.0	39.5

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

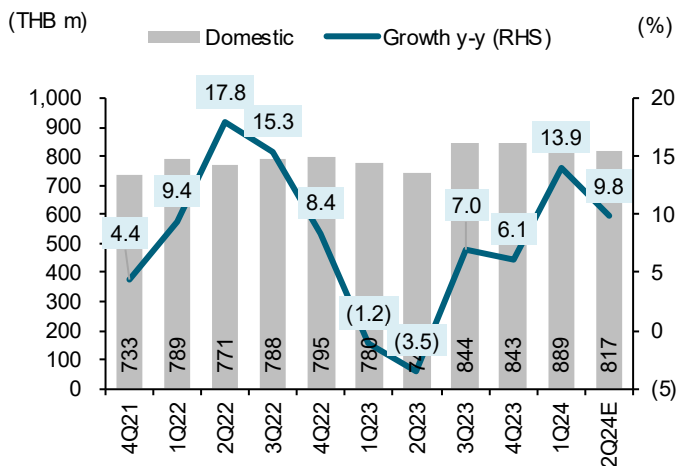
Source: FSSIA estimates

Exhibit 1: RBF – 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
Sales	1,056	1,056	1,159	1,150	1,167	1,077	(7.7)	2.0	4,676	5.8	48.0
Cost of sales	674	668	702	715	732	679	(7.3)	1.5	2,899	5.0	48.6
Gross profit	382	388	457	435	435	399	(8.3)	2.8	1,777	7.0	46.9
SG&A	194	205	212	232	249	232	(7.0)	13.1	945	12.2	50.9
Operating profit	189	188	245	205	188	169	(10.0)	(10.1)	838	1.3	42.6
Interest expense	2.3	2.3	3.5	2.9	2.8	2.9	1.1	25.6	12	9.3	47.3
Tax expense	29	38	52	38	37	33	(10.4)	(13.0)	158	0.7	44.7
Profit (loss) sharing - India	0.96	1.44	3.31	1.34	1.20	1.00	(16.5)	(30.7)	7	(0.5)	31.3
Other gain	(12)	4	17	(26)	23	0	nm	nm	0	nm	nm
Reported net profit	147	153	209	140	172	134	(22.1)	(12.7)	670	3.2	45.6
Core profit	159	150	192	165	149	134	(10.1)	(10.6)	670	0.6	42.2
Key ratios (%)							(ppt)	(ppt)			
Gross margin	36.1	36.7	39.4	37.8	37.3	37.0	(0.3)	0.3	38.0	0.4	
SG&A to sales	18.4	19.4	18.3	20.2	21.3	21.5	0.2	2.1	20.2	1.2	
Operating margin	17.9	17.8	21.1	17.8	16.1	15.7	(0.4)	(2.1)	17.9	(0.8)	
Net margin	13.9	14.5	18.1	12.1	14.7	12.4	(2.3)	(2.1)	14.3	(0.4)	
Core margin	15.0	14.2	16.6	14.4	12.8	12.4	(0.3)	(1.8)	14.3	(0.7)	
Operating statistics (THB m)											
Domestic revenue	780	744	844	843	889	817	(8.1)	9.8	3,596	12.0	47.4
Overseas revenue	276	312	316	307	278	260	(6.3)	(16.6)	1,080	(10.7)	49.8
Domestic contribution (%)	73.9	70.4	72.8	73.3	76.2	75.8	(0.4)	5.4	76.9	4.3	
Overseas contribution (%)	26.1	29.6	27.2	26.7	23.8	24.2	0.4	(5.4)	23.1	(4.3)	

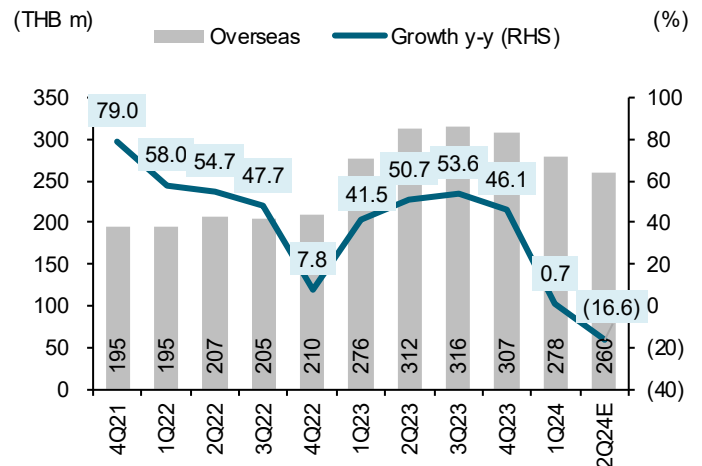
Sources: RBF, FSSIA estimates

Exhibit 2: Quarterly domestic revenue and growth



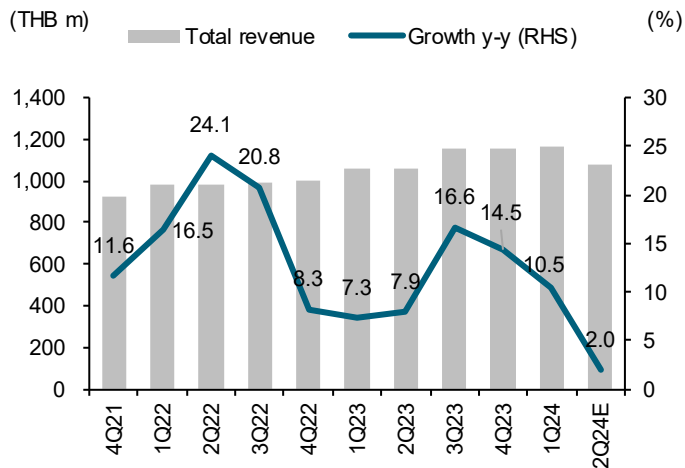
Sources: RBF, FSSIA estimates

Exhibit 3: Quarterly overseas revenue and growth



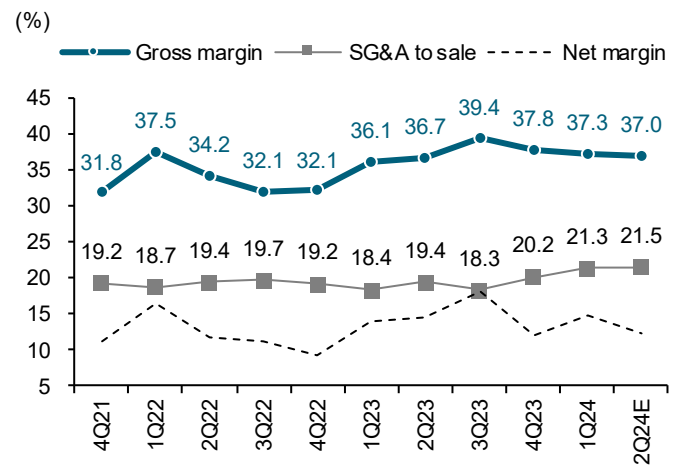
Sources: RBF, FSSIA estimates

Exhibit 4: Quarterly total revenue and growth



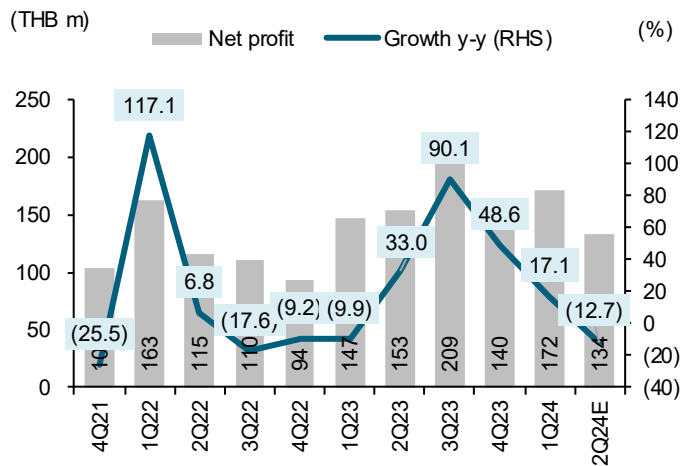
Sources: RBF, FSSIA estimates

Exhibit 5: Quarterly gross margin and SG&A to sales



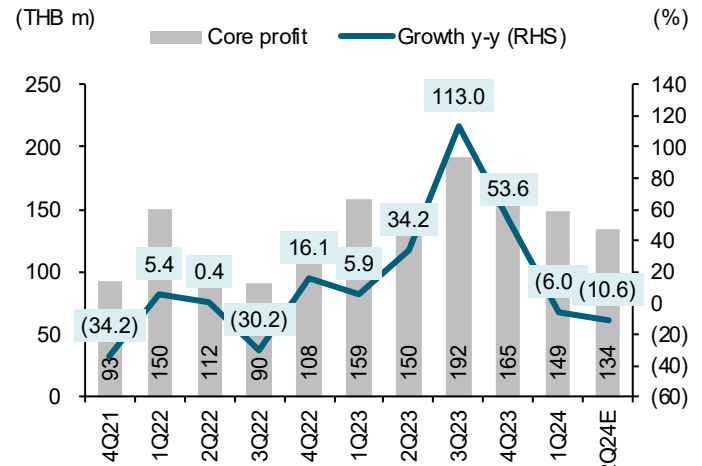
Sources: RBF, FSSIA estimates

Exhibit 6: Quarterly net profit and growth



Sources: RBF, FSSIA estimates

Exhibit 7: Quarterly core profit and growth



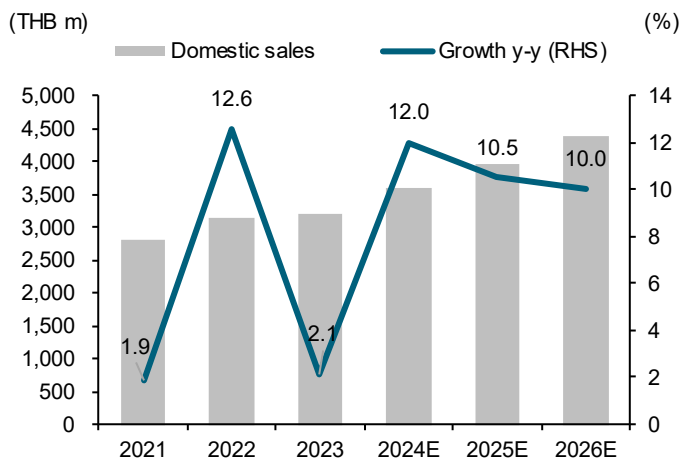
Sources: RBF, FSSIA estimates

Exhibit 8: Changes in key assumptions for RBF

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue (THB m)	4,676	5,212	5,759	5,009	5,621	6,225	(6.6)	(7.3)	(7.5)
Costs	2,899	3,179	3,484	3,065	3,401	3,747	(5.4)	(6.5)	(7.0)
Gross profit	1,777	2,033	2,275	1,943	2,220	2,477	(8.6)	(8.5)	(8.2)
SG&A expenses	945	1,016	1,123	1,002	1,096	1,214	(5.7)	(7.3)	(7.5)
Interest expense	12	15	17	12	15	17	0.0	0.0	0.0
Tax expense	158	204	243	179	226	268	(11.8)	(9.8)	(9.1)
Reported net profit	670	809	910	783	898	1,000	(14.4)	(9.8)	(9.1)
Core profit	670	809	910	760	898	1,000	(11.9)	(9.8)	(9.1)
Key ratios (%)									
Total revenue growth	5.8	11.4	10.5	13.3	12.2	10.7	(7.5)	(0.8)	(0.2)
Net profit growth	3.2	20.8	12.4	20.7	14.6	11.4	(17.4)	6.2	0.9
Core profit growth	0.6	20.8	12.4	14.2	18.1	11.4	(13.5)	2.7	0.9
Gross margin	38.0	39.0	39.5	38.8	39.5	39.8	(0.8)	(0.5)	(0.3)
SG&A to sales	20.2	19.5	19.5	20.0	19.5	19.5	0.2	0.0	0.0
Net margin	14.3	15.5	15.8	15.6	16.0	16.1	(1.3)	(0.4)	(0.3)
Core margin	14.3	15.5	15.8	15.2	16.0	16.1	(0.8)	(0.4)	(0.3)
Operating statistics (THB m)									
Domestic revenue	3,596	3,974	4,371	3,435	3,607	3,788	4.7	10.2	15.4
Overseas revenue	1,080	1,238	1,388	1,573	2,014	2,437	(31.3)	(38.5)	(43.0)
Domestic revenue proportion (%)	76.9	76.2	75.9	68.6	64.2	60.8	8.3	12.1	15.0
Overseas revenue proportion (%)	23.1	23.8	24.1	31.4	35.8	39.2	(8.3)	(12.1)	(15.0)

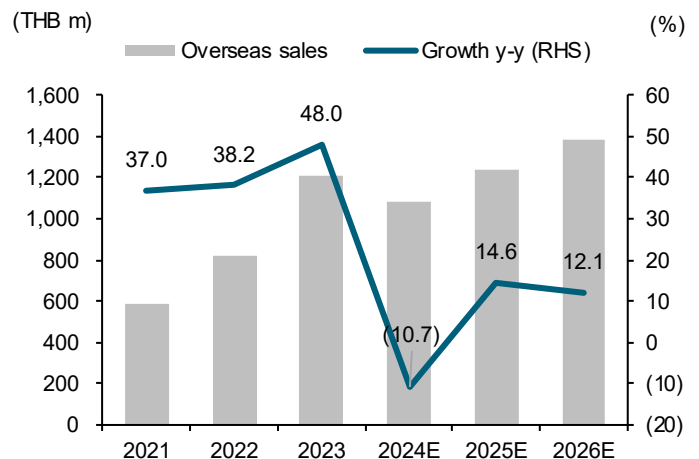
Source: FSSIA estimates

Exhibit 9: Yearly domestic revenue and growth



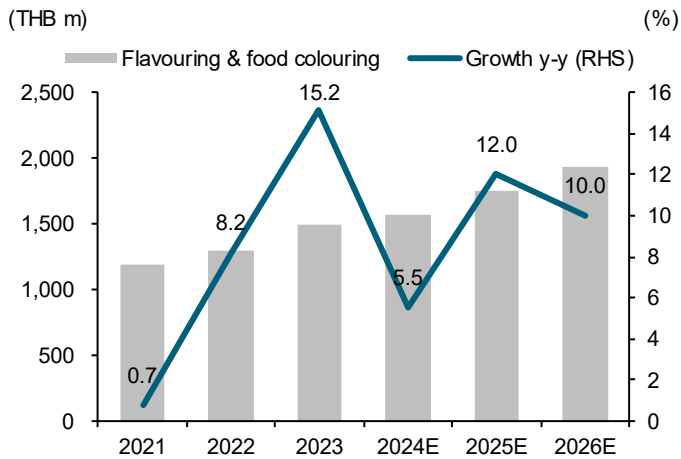
Sources: RBF, FSSIA estimates

Exhibit 10: Yearly overseas revenue and growth



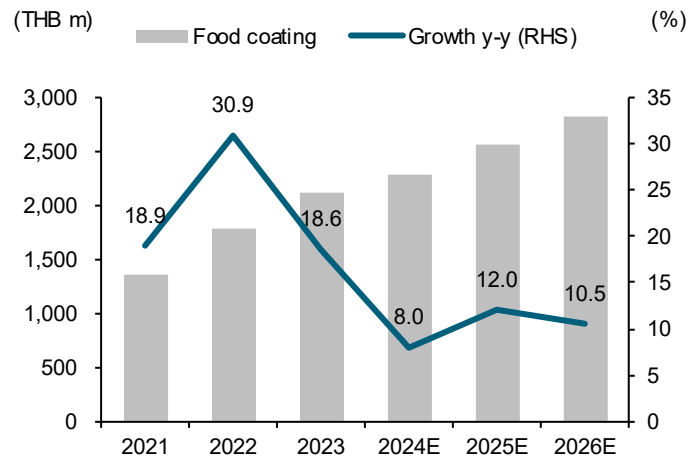
Sources: RBF, FSSIA estimates

Exhibit 11: Yearly flavouring and food colouring



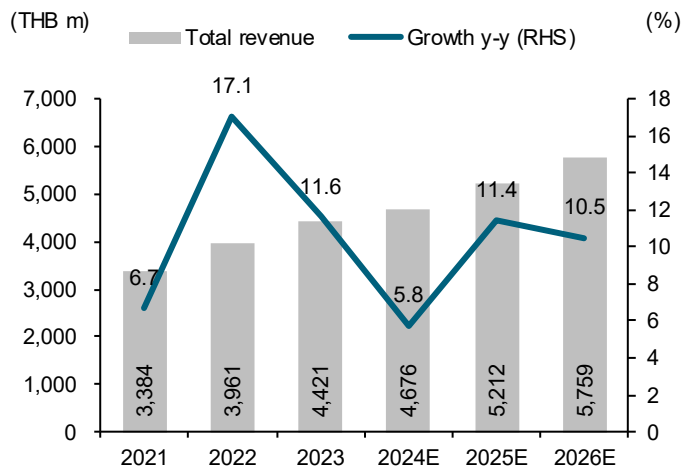
Sources: RBF, FSSIA estimates

Exhibit 12: Yearly food coating and growth



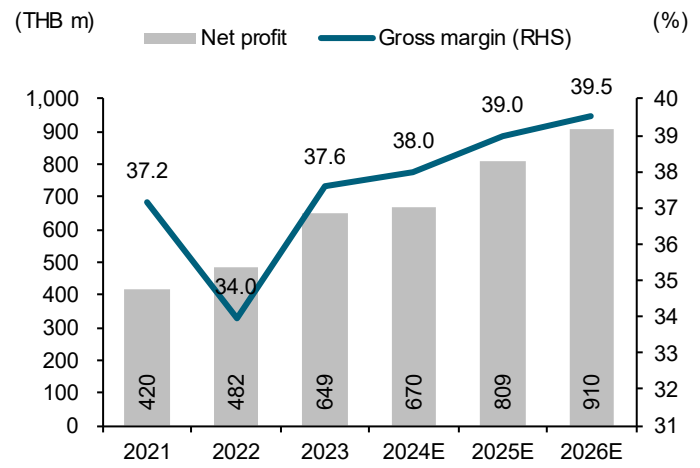
Sources: RBF, FSSIA estimates

Exhibit 13: Yearly total revenue and growth



Sources: RBF, FSSIA estimates

Exhibit 14: Yearly net profit and gross margin



Sources: RBF, FSSIA estimates

Exhibit 15: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 16: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

R&B Food Supply

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	3,961	4,421	4,676	5,212	5,759
Cost of goods sold	(2,615)	(2,760)	(2,899)	(3,179)	(3,484)
Gross profit	1,346	1,661	1,777	2,033	2,275
Other operating income	7	8	6	6	7
Operating costs	(763)	(842)	(945)	(1,016)	(1,123)
Operating EBITDA	809	1,068	1,138	1,383	1,579
Depreciation	(219)	(240)	(300)	(360)	(420)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	590	827	838	1,023	1,159
Net financing costs	(9)	(11)	(12)	(15)	(17)
Associates	0	7	7	10	17
Recurring non-operating income	0	7	7	10	17
Non-recurring items	23	(17)	0	0	0
Profit before tax	604	806	833	1,018	1,159
Tax	(113)	(157)	(158)	(204)	(243)
Profit after tax	491	649	675	815	915
Minority interests	(9)	0	(5)	(5)	(6)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	482	649	670	809	910
Non-recurring items & goodwill (net)	(23)	17	0	0	0
Recurring net profit	459	666	670	809	910
Per share (THB)					
Recurring EPS *	0.23	0.33	0.34	0.40	0.45
Reported EPS	0.24	0.32	0.34	0.40	0.45
DPS	0.10	0.18	0.18	0.22	0.25
Diluted shares (used to calculate per share data)	2,000	2,000	2,000	2,000	2,000
Growth					
Revenue (%)	17.1	11.6	5.8	11.4	10.5
Operating EBITDA (%)	(0.1)	32.0	6.6	21.5	14.2
Operating EBIT (%)	(2.0)	40.2	1.3	22.0	13.3
Recurring EPS (%)	(3.3)	45.0	0.6	20.8	12.4
Reported EPS (%)	14.8	34.6	3.2	20.8	12.4
Operating performance					
Gross margin inc. depreciation (%)	34.0	37.6	38.0	39.0	39.5
Gross margin exc. depreciation (%)	39.5	43.0	44.4	45.9	46.8
Operating EBITDA margin (%)	20.4	24.1	24.3	26.5	27.4
Operating EBIT margin (%)	14.9	18.7	17.9	19.6	20.1
Net margin (%)	11.6	15.1	14.3	15.5	15.8
Effective tax rate (%)	18.7	19.5	19.0	20.0	21.0
Dividend payout on recurring profit (%)	43.5	52.6	55.0	55.0	55.0
Interest cover (X)	64.5	76.0	70.4	70.3	67.7
Inventory days	168.0	174.2	178.3	183.3	184.9
Debtor days	85.2	84.3	85.8	85.4	85.7
Creditor days	77.3	79.6	79.2	75.5	76.1
Operating ROIC (%)	13.7	17.4	16.6	(4.8)	(31.7)
ROIC (%)	13.0	16.4	15.6	(4.4)	(28.1)
ROE (%)	10.7	14.5	13.6	15.4	16.2
ROA (%)	9.3	12.3	11.7	13.2	13.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Domestic	3,143	3,211	3,596	3,974	4,371
Overseas	818	1,210	1,080	1,238	1,388

Sources: R&B Food Supply; FSSIA estimates

Financial Statements

R&B Food Supply

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	459	666	670	809	910
Depreciation	219	240	300	360	420
Associates & minorities	0	(7)	(7)	(10)	(17)
Other non-cash items	11	(6)	7	2	2
Change in working capital	(354)	25	(282)	(207)	(217)
Cash flow from operations	335	918	689	954	1,097
Capex - maintenance	-	-	-	-	-
Capex - new investment	(456)	(459)	(363)	(300)	(300)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(109)	(34)	(25)	(209)	(209)
Cash flow from investing	(565)	(493)	(388)	(509)	(509)
Dividends paid	(295)	(200)	(369)	(445)	(500)
Equity finance	0	0	0	0	0
Debt finance	19	24	(21)	(11)	(11)
Other financing cash flows	(3)	4	7	8	8
Cash flow from financing	(278)	(171)	(382)	(448)	(503)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(508)	254	(82)	(2)	86
Free cash flow to firm (FCFF)	(220.64)	435.73	312.18	460.20	606.09
Free cash flow to equity (FCFE)	(213.05)	453.51	286.82	443.04	585.92
Per share (THB)					
FCFF per share	(0.11)	0.22	0.16	0.23	0.30
FCFE per share	(0.11)	0.23	0.14	0.22	0.29
Recurring cash flow per share	0.34	0.45	0.49	0.58	0.66
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,133	3,525	3,825	4,125	4,425
Less: Accumulated depreciation	(1,092)	(1,269)	(1,569)	(1,930)	(2,350)
Tangible fixed assets (net)	2,041	2,256	2,256	2,196	2,075
Intangible fixed assets (net)	6	5	11	11	11
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	180	214	221	431	649
Cash & equivalents	668	921	839	837	923
A/C receivable	998	1,045	1,153	1,285	1,420
Inventories	1,217	1,188	1,350	1,481	1,623
Other current assets	44	64	51	57	63
Current assets	2,927	3,219	3,394	3,660	4,029
Other assets	51	55	75	83	92
Total assets	5,204	5,750	5,957	6,382	6,856
Common equity	4,373	4,819	5,057	5,421	5,831
Minorities etc.	23	17	24	26	27
Total shareholders' equity	4,397	4,836	5,081	5,447	5,858
Long term debt	157	185	174	163	152
Other long-term liabilities	58	63	70	78	86
Long-term liabilities	215	247	244	241	238
A/C payable	528	571	556	610	668
Short term debt	10	21	11	11	12
Other current liabilities	54	74	65	73	81
Current liabilities	593	666	632	694	760
Total liabilities and shareholders' equity	5,204	5,750	5,957	6,382	6,856
Net working capital	1,676	1,652	1,933	2,140	2,357
Invested capital	3,954	4,183	4,496	4,862	5,185
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.19	2.41	2.53	2.71	2.92
Tangible book value per share	2.18	2.41	2.52	2.70	2.91
Financial strength					
Net debt/equity (%)	(11.4)	(14.8)	(12.9)	(12.2)	(13.0)
Net debt/total assets (%)	(9.6)	(12.4)	(11.0)	(10.4)	(11.1)
Current ratio (x)	4.9	4.8	5.4	5.3	5.3
CF interest cover (x)	27.5	84.1	55.2	51.6	52.0
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	37.0	25.5	25.4	21.0	18.7
Recurring P/E @ target price (x) *	34.8	24.0	23.9	19.8	17.6
Reported P/E (x)	35.2	26.2	25.4	21.0	18.7
Dividend yield (%)	1.2	2.1	2.2	2.6	2.9
Price/book (x)	3.9	3.5	3.4	3.1	2.9
Price/tangible book (x)	3.9	3.5	3.4	3.1	2.9
EV/EBITDA (x) **	20.4	15.3	14.4	11.8	10.3
EV/EBITDA @ target price (x) **	19.2	14.3	13.5	11.1	9.7
EV/invested capital (x)	4.2	3.9	3.6	3.4	3.1
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: R&B Food Supply; FSSIA estimates

Disclaimer for ESG scoring

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

R&B Food Supply (RBF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Mar-2023	BUY	13.50	28-Feb-2024	HOLD	13.00	13-May-2024	HOLD	11.00
16-Jan-2024	HOLD	14.00	19-Mar-2024	BUY	13.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
R&B Food Supply	RBF TB	THB 8.50	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) high or low volatility in raw material costs; 3) a stronger or weaker THB than expected; and 4) a slower or faster-than-expected India expansion.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 17-Jul-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.