

THAI FOODS GROUP

THAILAND / FOOD & BEVERAGE

TFG TB

BUY

UNCHANGED

TARGET PRICE	THB4.80
CLOSE	THB3.94
UP/DOWNSIDE	+21.8%
PRIOR TP	THB4.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+8.7%

Strong profit recovery anticipated

- Expect a stronger 2Q24 profit, supported by higher meat prices and lower raw material costs.
- The outlook for 2H24 remains favorable, hence, we expect 2024E net profit at THB2.1b, rebounding from a loss in 2023.
- Retain BUY call with strong earnings recovery and cheap valuation.

Expected earnings for 2Q24 are strong

We expect a 2Q24 net profit of THB806m (+364% q-q, +12x y-y). Excluding the gain from biological assets from the high prices of Thai and Vietnamese pork, we expect TFG's core profit to be THB726m (+691% q-q, +271% y-y). The strong recovery would be due to the increase in meat prices. We expect TFG's average selling price of Thai pork to increase by 4.2% q-q, chicken by 2.1% q-q, and Vietnamese pork by 20% q-q. Meanwhile, we expect TFG's pork sales volume to remain stable, while chicken sales may grow in line with good export volumes. In addition, we do not expect any new store openings for TFG Fresh Mart by the end of 2Q24, with a total of 350 stores currently.

Gross margin could reach a five-quarter high

Besides the price of livestock adjusting upwards, we expect the cost of raw materials to continue to decline q-q. The price of all types of livestock at TFG is higher than the breakeven price. Therefore, we expect the 2Q24 gross margin to recover to 12.5%, up from 8.6% in 1Q24 and 9.5% in 2Q23. Meanwhile, we expect SG&A to sales to decrease slightly to 6.5%, down from 6.7% in 1Q24. We also expect a small share of loss from Thaifoods Nucleus Genetics, which has just started operating and developing its breeding farm using advanced technology.

Solid growth in 2H24 supported by seasonality and new branches

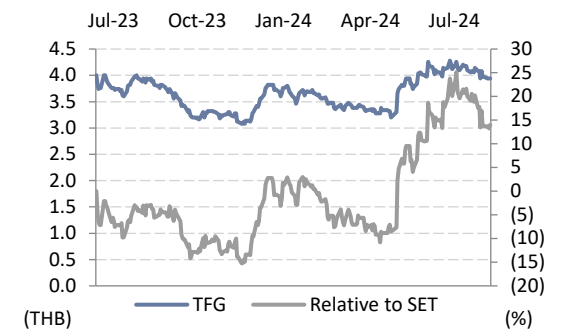
Assuming in-line results, TFG's 1H24 net profit would be THB980m (+98% y-y), accounting for 47% of our 2024E net profit. The outlook for 2H24 profit remains favorable, driven by 1) stable and high prices for livestock such as Thai pork at THB70/kg, Thai chicken at THB44/kg, and Vietnamese pork at VND68,000-69,000/kg; 2) a slight decline in raw material costs q-q; and 3) the resumption of TFG Fresh Mart branch expansions, with approximately 200 new locations planned for 2H24. It would support the growth of retail shop sales in the same period.

Retain BUY call with strong earnings recovery

We maintain our 2024E net profit at THB2.1b, rebounding from a net loss of THB809m in 2023. Similarly, we retain our target price of THB4.8, based on the same P/E of 14x. There is still an upside of 22%. We like TFG's earnings recovery, which would generate solid growth. Aside from that, we expect TFG's financial position to improve as well. Hence, we maintain our BUY recommendation.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	55,871	58,976	60,687	62,419
Net profit	(809)	2,102	2,319	2,546
EPS (THB)	(0.14)	0.34	0.34	0.38
vs Consensus (%)	-	21.4	(8.6)	(7.3)
EBITDA	5,287	8,760	9,254	9,759
Recurring net profit	(496)	2,102	2,319	2,546
Core EPS (THB)	(0.09)	0.34	0.34	0.38
Chg. In EPS est. (%)	nm	-	-	-
EPS growth (%)	nm	nm	0.8	9.8
Core P/E (x)	(46.1)	11.6	11.5	10.4
Dividend yield (%)	0.8	3.9	3.9	4.3
EV/EBITDA (x)	9.0	5.4	5.1	4.6
Price/book (x)	1.7	1.6	1.6	1.4
Net debt/Equity (%)	179.5	148.3	117.8	99.0
ROE (%)	(3.4)	14.5	14.3	14.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.8)	23.1	(2.0)
Relative to country (%)	(5.8)	24.5	14.3
Mkt cap (USD m)	614		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	16		
Major shareholder	New Star Victor Co Ltd (28%)		
12m high/low (THB)	4.36/3.04		
Issued shares (m)	5,810.82		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

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

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

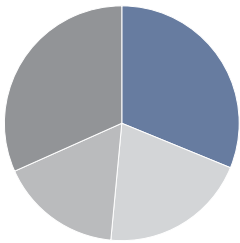
Company profile

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

www.tfg.co.th

Principal activities (revenue, 2023)

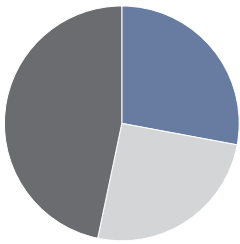
- Poultry - 31.2 %
- Swine - 20.3 %
- Feed - 16.8 %
- Retail Shop and other - 31.7 %



Source: Thai Foods Group

Major shareholders

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



Source: Thai Foods Group

Catalysts

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

Risks to our call

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

Event calendar

Date	Event
August 2024	2Q24 results announcement

Key assumptions

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

Source: FSSIA estimates

Earnings sensitivity

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

Source: FSSIA estimates

Exhibit 1: TFG – 2Q24 earnings preview

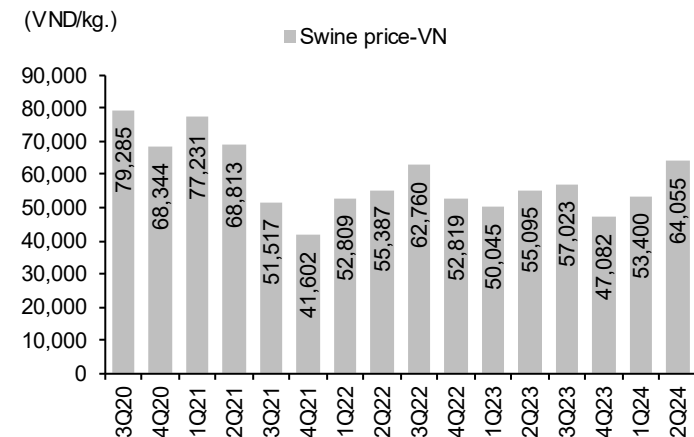
	2Q23	3Q23	4Q23	1Q24	2Q24E	----- Change -----		2023	2024E	Change	% 1H24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	to 2024E
Sales	13,562	14,081	14,550	14,998	16,273	8.5	20.0	55,871	58,976	5.6	53.0
Cost of sales	12,276	13,457	14,427	13,712	14,239	3.8	16.0	52,086	52,075	(0.0)	53.7
Gross profit	1,286	624	123	1,286	2,034	58.1	58.1	3,785	6,900	82.3	48.1
SG&A	853	782	1,182	1,008	1,058	4.9	24.0	3,678	3,539	(3.8)	58.4
Operating profit	434	(157)	(1059)	278	976	250.7	125.2	107	3,362	3038.2	37.3
Interest expense	335	322	178	270	270	(0.1)	(19.4)	1,120	1,354	20.9	39.9
Tax expense	(18)	(112)	(170)	(13)	51	nm	nm	(77)	372	nm	10.1
Other gain (loss)	(160)	(178)	111	82	80	(2.4)	nm	(313)	0	nm	nm
Reported net profit	69	(446)	(861)	174	806	364.1	1071.9	(809)	2,102	nm	46.6
Core profit	229	(268)	(972)	92	726	691.2	217.1	(496)	2,102	nm	38.9

Key ratios (%)						(ppt)	(ppt)				
Gross margin	9.5	4.4	0.8	8.6	12.5	3.9	3.0	6.8	11.7	4.9	
SG&A to sales	6.3	5.6	8.1	6.7	6.5	(0.2)	0.2	6.6	6.0	(0.6)	
Operating margin	3.2	(1.1)	(7.3)	1.9	6.0	4.1	2.8	0.2	5.7	5.5	
Net margin	0.5	(3.2)	(5.9)	1.2	5.0	3.8	4.4	(1.4)	3.6	5.0	
Core margin	1.7	(1.9)	(6.7)	0.6	4.5	3.9	2.8	(0.9)	3.6	4.5	

Operating Statistics (THB/kg)											
Domestic chicken price - TFG	59.6	54.6	53.9	55.5	56.7	2.1	(4.9)	56.9	58.0	1.8	
Domestic swine price - TFG	69.6	59.5	57.9	59.5	62.0	4.2	(10.9)	67.0	70.1	4.6	
Vietnam swine price (VND/kg)	55,095	57,023	47,082	53,400	64,055	20.0	16.3	52,311	55,000	5.1	
Corn price	12.9	11.7	10.4	10.4	10.9	0.0	(21.8)	12.1	10.0	(17.4)	
Soybean meal price	23.4	21.5	22.0	22.7	21.3	3.2	(5.4)	22.7	20.5	(9.7)	

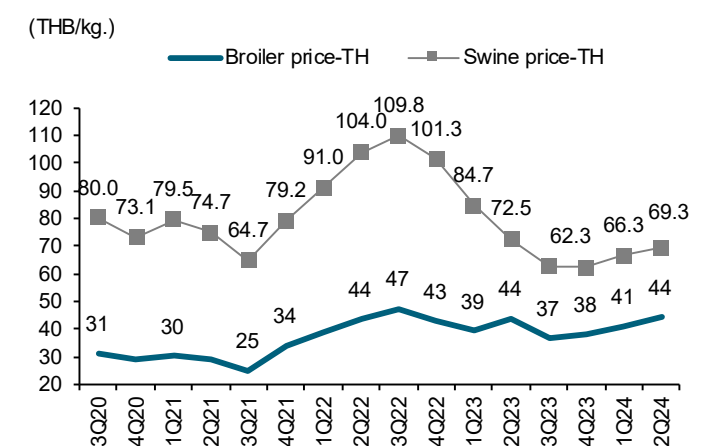
Sources: TFG; FSSIA estimates

Exhibit 2: Vietnam swine price



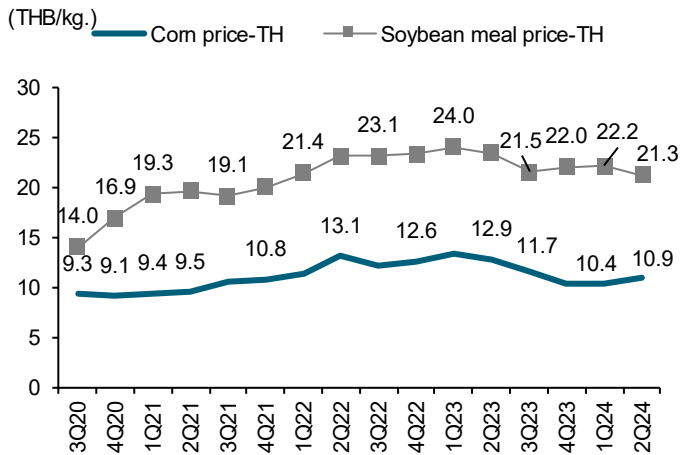
Sources: CPF, FSSIA's compilation

Exhibit 3: Domestic meat prices



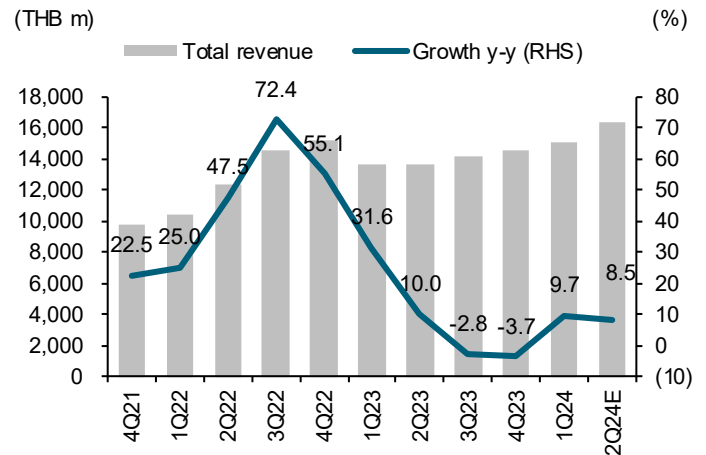
Sources: CPF, FSSIA's compilation

Exhibit 4: Domestic raw material prices



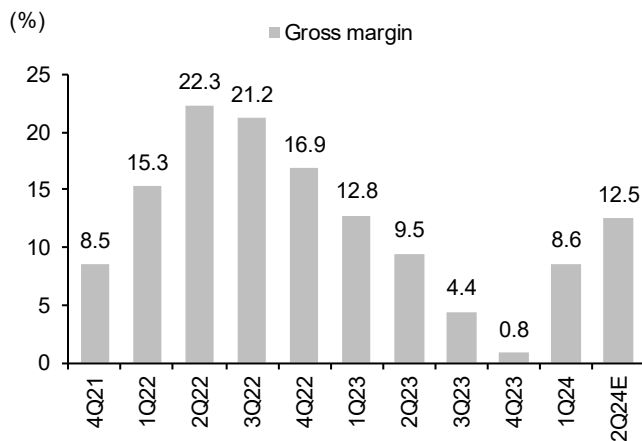
Sources: CPF, OAE, FSSIA's compilation

Exhibit 5: Total revenue and growth



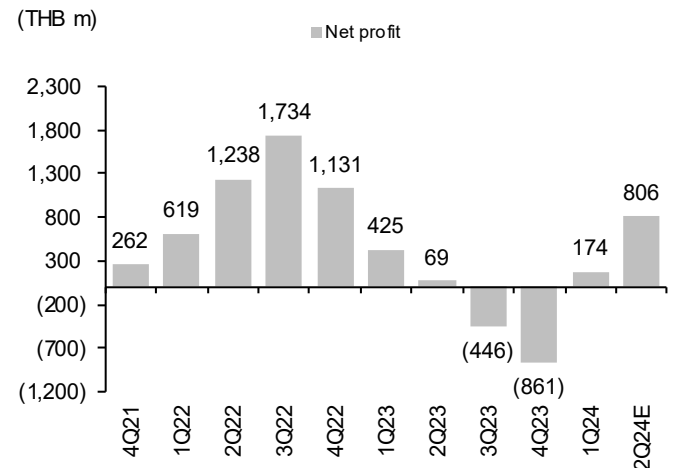
Sources: TFG, FSSIA estimates

Exhibit 6: Gross margin



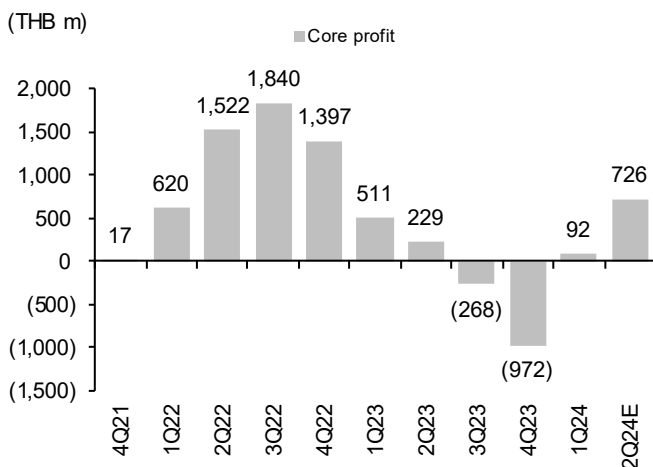
Sources: TFG, FSSIA estimates

Exhibit 7: Net profit



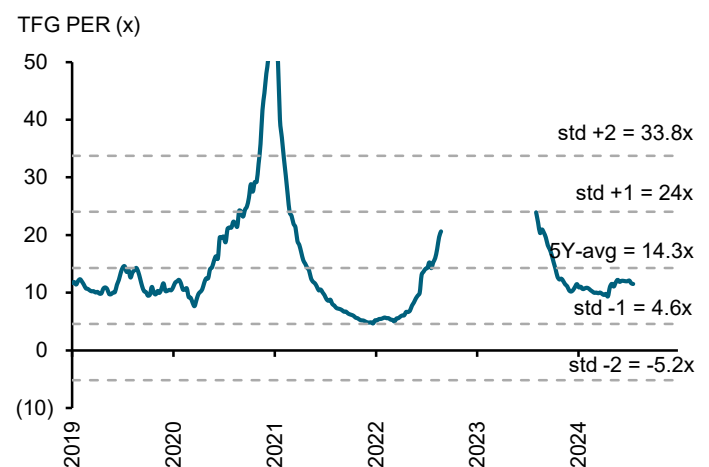
Sources: TFG, FSSIA estimates

Exhibit 8: Core profit



Sources: TFG, FSSIA estimates

Exhibit 9: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Financial Statements

Thai Foods Group

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

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Poultry	23,298	17,421	18,913	19,291	19,677
Swine	12,457	11,349	12,050	12,291	12,536
Feed	8,533	9,397	9,585	9,872	10,168
Retail Shop and other	8,036	17,704	18,428	19,232	20,037

Sources: Thai Foods Group; FSSIA estimates

Financial Statements

Thai Foods Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	5,379	(496)	2,102	2,319	2,546
Depreciation	3,337	4,727	4,927	5,127	5,327
Associates & minorities	9	20	(1)	(1)	(1)
Other non-cash items	343	82	(1)	(1)	(1)
Change in working capital	(1,281)	1,421	(739)	(337)	(341)
Cash flow from operations	7,787	5,754	6,288	7,108	7,530
Capex - maintenance	(8,633)	(4,138)	(4,679)	(3,977)	(4,199)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(34)	(19)	53	0	0
Other investments (net)	(1,854)	(2,266)	660	(170)	(173)
Cash flow from investing	(10,521)	(6,422)	(3,966)	(4,148)	(4,371)
Dividends paid	(797)	(1,815)	(946)	(1,044)	(1,146)
Equity finance	56	862	358	581	0
Debt finance	4,132	1,970	(1,771)	(2,400)	(2,604)
Other financing cash flows	20	78	50	17	17
Cash flow from financing	3,411	1,095	(2,309)	(2,845)	(3,732)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	95	0	0
Net other adjustments	0	0	95	(22)	(1)
Movement in cash	677	426	108	92	(574)
Free cash flow to firm (FCFF)	(1,888.67)	451.64	3,676.56	4,351.60	4,589.18
Free cash flow to equity (FCFE)	1,418.57	1,379.53	696.56	554.71	571.50
Per share (THB)					
FCFF per share	(0.33)	0.08	0.63	0.75	0.79
FCFE per share	0.24	0.24	0.12	0.10	0.10
Recurring cash flow per share	1.60	0.75	1.14	1.10	1.17
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	24,693	27,597	29,182	32,182	35,182
Less: Accumulated depreciation	(3,391)	(6,934)	(9,445)	(13,572)	(17,899)
Tangible fixed assets (net)	21,302	20,663	19,736	18,609	17,282
Intangible fixed assets (net)	213	232	179	179	179
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	605	1,092	1,092	1,092	1,092
Cash & equivalents	1,093	1,518	1,626	1,719	1,145
A/C receivable	3,531	3,398	3,555	3,658	3,762
Inventories	6,963	6,971	7,134	7,316	7,499
Other current assets	7,177	7,396	7,667	7,889	8,114
Current assets	18,764	19,284	19,982	20,581	20,520
Other assets	4,786	5,875	5,898	6,069	6,242
Total assets	45,670	47,146	46,886	46,530	45,315
Common equity	15,568	13,681	15,292	17,149	18,349
Minorities etc.	18	15	15	14	14
Total shareholders' equity	15,587	13,696	15,307	17,163	18,363
Long term debt	11,960	10,106	10,957	9,767	8,577
Other long-term liabilities	462	540	590	607	624
Long-term liabilities	12,422	10,646	11,547	10,374	9,201
A/C payable	4,733	6,584	6,420	6,584	6,749
Short term debt	12,370	15,998	13,376	12,166	10,752
Other current liabilities	557	222	236	243	250
Current liabilities	17,661	22,804	20,032	18,993	17,751
Total liabilities and shareholders' equity	45,670	47,146	46,886	46,530	45,315
Net working capital	12,381	10,960	11,699	12,036	12,377
Invested capital	39,287	38,821	38,603	37,984	37,172
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.75	2.35	2.48	2.54	2.72
Tangible book value per share	2.72	2.31	2.45	2.51	2.69
Financial strength					
Net debt/equity (%)	149.1	179.5	148.3	117.8	99.0
Net debt/total assets (%)	50.9	52.1	48.4	43.4	40.1
Current ratio (x)	1.1	0.8	1.0	1.1	1.2
CF interest cover (x)	2.7	2.2	1.5	1.4	1.4
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	4.1	(46.1)	11.6	11.5	10.4
Recurring P/E @ target price (x) *	5.0	(56.2)	14.1	14.0	12.7
Reported P/E (x)	4.7	(28.3)	11.6	11.5	10.4
Dividend yield (%)	10.2	0.8	3.9	3.9	4.3
Price/book (x)	1.4	1.7	1.6	1.6	1.4
Price/tangible book (x)	1.5	1.7	1.6	1.6	1.5
EV/EBITDA (x) **	4.4	9.0	5.4	5.1	4.6
EV/EBITDA @ target price (x) **	4.8	9.9	6.0	5.7	5.2
EV/invested capital (x)	1.2	1.2	1.2	1.2	1.2
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Thai Foods Group; FSSIA estimates

Disclaimer for ESG scoring

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

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History of change in investment rating and/or target price

Thai Foods Group (TFG TB)



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

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Foods Group	TFG TB	THB 3.94	BUY	Downside risks to our P/E-based TP are 1) a slower-than-expected consumption recovery; 2) a potential rise in meat and raw material prices; 3) a stronger-than-expected THB against USD.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 19-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.