

# BETAGRO BTG TB

THAILAND / FOOD & BEVERAGE

## HOLD

FROM BUY

TARGET PRICE	THB23.00
CLOSE	THB22.60
UP/DOWNSIDE	+1.8%
PRIOR TP	THB25.00
CHANGE IN TP	-8.0%
TP vs CONSENSUS	-9.2%

## Potential upside is limited

- 2Q24 turned profitable from a recovery in meat prices; we expect 3Q24 profit to accelerate q-q.
- We believe that the chances of further increases in meat prices in Thailand are quite limited, and our TP has limited upside potential.
- Downgrade to HOLD or Trading Buy based on meat prices.

### Turned profitable in 2Q24

BTG reported a net profit of THB627m in 2Q24, reversing from a loss of THB124m in 1Q24 and a loss of THB351m in 2Q23. This turnaround was mainly from the recovery in meat prices, with Thai swine up 4.5% q-q, Thai chicken up 7.8% q-q, and Cambodian swine up 31% q-q. Although revenue from the farm and pet food businesses decreased in the quarter, this was offset by growth in the food and export sectors, which continued to perform well. Overall, total revenue grew slightly by 0.7% q-q and 2.8% y-y in 2Q24, while raw material costs also decreased, leading to a recovery in the gross margin to 14.1%, up from 10.8% in 1Q24.

### Expect 3Q24 profit to accelerate q-q

Management still targets 2024 revenue growth of 5-10% and a gross margin of 13-15%. They also expect Thai swine and chicken prices to gradually increase in 2H24 due to strong demand and the resolution of the illegal pork issue. We expect 3Q24 net profit to accelerate further, potentially reaching THB1b after recognizing Thai swine prices that exceed the breakeven costs for a full quarter. The average 3QTD Thai swine price is THB70.5/kg (+2% q-q), while chicken prices remain stable at THB44/kg. Although corn prices have risen by 17% q-q, BTG views this as a short-term adjustment and expects prices to decrease once more production enters the market. Therefore, we anticipate that the 3Q24 gross margin should continue to improve from 2Q24.

### Revise down profit to reflect slower-than-expected 1H24

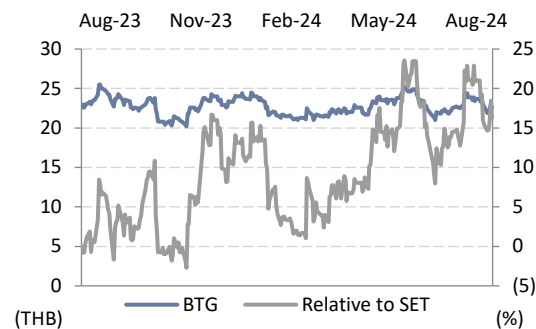
With a net profit of THB503m in 1H24, which accounted for only 18% of our previous full-year estimate, we cut our 2024 net profit forecast by 8% to THB2.5b, resulting in a projected turnaround from a loss in 2024. Similarly, we decrease our 2024 TP to THB23 (from THB25), based on the same target P/E of 17x.

### Downgrade to HOLD due to limited upside

We still like BTG's earnings momentum in 2H24. However, we believe that the chances of further increases in meat prices in Thailand are quite limited, as these prices are already higher than the breakeven costs. This situation encourages operators, especially larger ones, to expand their production volumes. Aside from that, our new TP has limited upside potential, and therefore we downgrade to HOLD or a Trading Buy based on meat prices.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	108,638	111,105	116,281	121,831
Net profit	(1,398)	2,538	3,051	3,466
EPS (THB)	(0.72)	1.32	1.58	1.80
vs Consensus (%)	-	24.2	3.3	(1.9)
EBITDA	4,319	8,618	9,538	10,426
Recurring net profit	(1,310)	2,538	3,051	3,466
Core EPS (THB)	(0.66)	1.27	1.53	1.73
Chg. In EPS est. (%)	nm	(7.8)	(3.4)	(5.2)
EPS growth (%)	nm	nm	20.2	13.6
Core P/E (x)	(34.5)	17.8	14.8	13.0
Dividend yield (%)	1.1	2.3	2.8	3.2
EV/EBITDA (x)	15.5	7.3	6.3	5.7
Price/book (x)	1.7	1.6	1.5	1.4
Net debt/Equity (%)	90.9	70.6	56.7	48.4
ROE (%)	(4.9)	9.8	11.0	11.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.4)	(2.2)	0.0
Relative to country (%)	1.3	3.3	17.8
Mkt cap (USD m)	1,240		
3m avg. daily turnover (USD m)	1.3		
Free float (%)	37		
Major shareholder	Betagro Holding Company Limited (38%)		
12m high/low (THB)	26.00/20.00		
Issued shares (m)	1,934.80		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

BTG operates a fully integrated food business covering the entire production chain from upstream, mid-stream to downstream. Its production and distribution bases are located in every region of Thailand, and it exports its products to overseas markets. BTG also produces in neighbouring countries such as Cambodia, Laos, and Myanmar.

The company has diversified to six distribution channels which consist of Betagro branches, modern trade, traditional trade, food services, industrial customers (OEM business), and the export market (more than 20 countries). The company has strong brand recognition under the well-known BETAGRO brand, S-Pure for hygienic fresh meat, Perfecta, etc.

### Company profile

Established in 1967 and listed on the SET in 2022, BTG operates a full range of agro-industry businesses from upstream animal feed, pig and chicken farms, animal health products and supplements, meat processing, and food production to pet products. At the end of 2023, BTG generated revenue from Food & Protein (63% of total revenue), followed by Agro (30%), International (5%) and Pets (2%).

[www.betagro.com](http://www.betagro.com)

### Principal activities (revenue, 2023)

■ Agro - 29.7 %

■ Food and protein - 63.0 %

■ International - 5.4 %

■ Pet segment - 1.9 %

Source: Betagro

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### Major shareholders

■ Betagro Holding Company Limited - 37.7 %

■ TAE HK Investment Limited - 20.7 %

■ Taepaisitphongse Family - 6.5 %

■ Others - 35.1 %

Source: Betagro

### Catalysts

Potential catalysts for BTG’s 2024 earnings growth are 1) sales volume growth in line with a purchasing power and tourism recovery; 2) meat price increases; 3) flat or declining feed costs; and 4) an international business recovery.

### Risks to our call

Downside and upside risks to our PE-based TP include 1) a slower or faster-than-expected purchasing power recovery; 2) a slower or faster-than-expected meat price increase; 3) a slower or faster-than-expected decrease in feed costs; and 4) a stronger or weaker-than-expected THB.

### Event calendar

Date	Event
November 2024	3Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
Broiler price-TH (THB)	41.0	42.0	43.0
Swine price-TH (THB)	72.0	72.0	72.0
Swine price-Cambodia (KHR)	7,500	7,800	8,000
Total revenue growth (%)	2.3	4.7	4.8
Gross margin (%)	13.3	13.6	13.8
SG&A to sales (%)	10.7	10.7	10.7

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 3.1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 4.2%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2024 net profit to fall by 2.9%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: BTG – 2Q24 earnings results

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	---- Change ----		2023	2024E	Change	% 1H24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	to 2024E
Sales	27,736	26,491	27,047	27,365	27,024	27,225	0.7	2.8	108,638	111,105	2.3	48.8
Cost of sales	24,219	23,714	24,836	25,032	24,102	23,388	(3.0)	(1.4)	97,800	96,284	(1.6)	49.3
Gross profit	3,517	2,777	2,211	2,333	2,922	3,836	31.3	38.1	10,838	14,821	36.8	45.6
SG&A	2,955	3,069	2,932	2,623	2,795	2,889	3.4	(5.9)	11,579	11,888	2.7	47.8
Operating profit	729	(138)	(604)	(235)	253	1060	318.8	nm	(248)	3,600	nm	36.5
Interest expense	146	148	170	209	198	199	0.7	34.3	673	712	5.9	55.7
Tax expense	196	(18)	23	256	195	269	37.7	nm	457	450	(1.6)	103.3
Biological gain (loss)	(59)	(20)	(23)	14	10	15	48.3	nm	(88)	0	nm	nm
Other gain (loss)	56	(62)	9	(2)	(4)	(13)	nm	nm	1	0	nm	nm
Reported net profit	393	(351)	(784)	(656)	(124)	627	nm	nm	(1,398)	2,538	nm	19.8
Core profit	395	(268)	(770)	(668)	(130)	626	nm	nm	(1,310)	2,538	nm	19.5

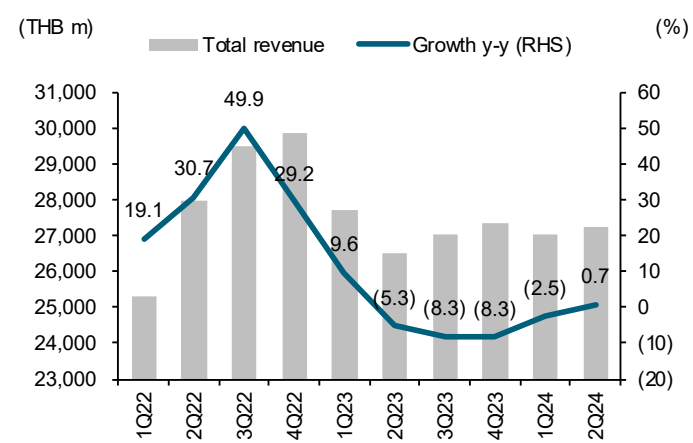
Key ratios (%)						(ppt)	(ppt)					
Gross margin	12.7	10.5	8.2	8.5	10.8	14.1	3.3	3.6	10.0	13.3	3.4	
SG&A to sales	10.7	11.6	10.8	9.6	10.3	10.6	0.3	(1.0)	10.7	10.7	0.0	
Operating margin	2.6	(0.5)	(2.2)	(0.9)	0.9	3.9	3.0	4.4	(0.2)	3.2	3.5	
Net margin	1.4	(1.3)	(2.9)	(2.4)	(0.5)	2.3	2.8	3.6	(1.3)	2.3	3.6	
Core margin	1.4	(1.0)	(2.8)	(2.4)	(0.5)	2.3	2.8	3.3	(1.2)	2.3	3.5	

Operating statistics												
Broiler price-TH (THB/kg)	39.2	43.8	36.6	37.9	40.8	44.0	7.8	0.5	39.4	41.0	4.1	
Swine price-TH (THB/kg)	84.7	72.5	62.7	62.3	66.3	69.3	4.5	(4.4)	70.5	72.0	2.1	
Swine price-Cambodia (KHR/kg)	8,068	9,395	8,572	7,237	7,287	9,568	31.3	1.8	8,318	7,500	(9.8)	
Swine price-Laos (LAK/kg)	45,212	47,129	46,341	45,912	47,593	48,745	2.4	3.4	46,130	47,000	1.9	
Corn price-TH (THB/kg)	13.3	12.9	11.7	10.4	10.4	10.9	4.8	(15.2)	12.1	10.0	(17.4)	
Soybean meal price-TH (THB/kg)	24.0	23.4	21.5	22.0	22.2	21.3	(4.1)	(9.0)	22.7	20.5	(9.7)	

Revenue by segment (THB m)												
Agri business	7,957	7,799	8,171	8,315	7,819	7,885	0.8	1.1				
Food	8,024	7,692	7,916	7,955	7,852	7,748	(1.3)	0.7				
Export	3,101	2,931	2,994	3,150	3,065	3,320	8.3	13.3				
Meat no packaging	1,875	1,789	1,888	1,934	2,059	2,126	3.3	18.8				
By product and others	3,283	2,957	2,809	2,896	2,978	3,006	0.9	1.7				
Farm	1,511	1,320	1,269	1,123	1,232	1,145	(7.1)	(13.3)				
Overseas	1,443	1,527	1,464	1,453	1,464	1,543	5.4	1.0				
Pet food	542	475	536	538	555	452	(18.6)	(4.8)				

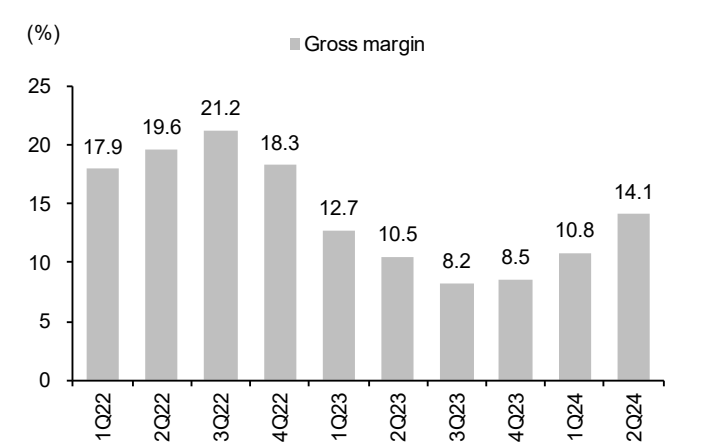
Sources: BTG, FSSIA's compilation

Exhibit 2: Quarterly total revenue and growth

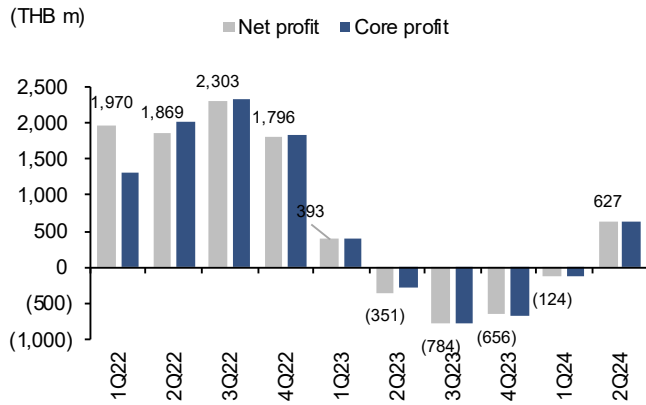


Sources: BTG, FSSIA's compilation

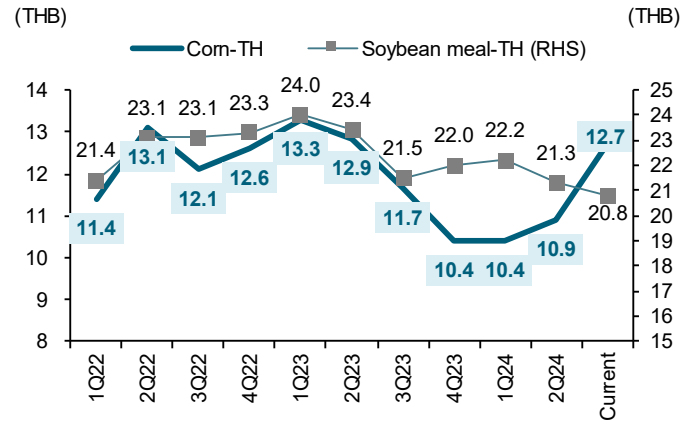
Exhibit 3: Quarterly gross margin



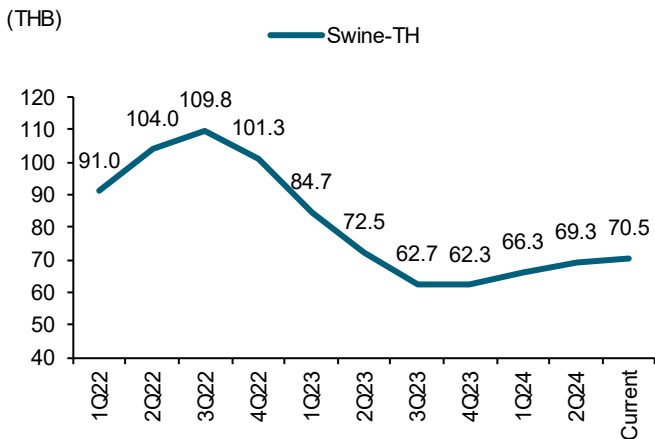
Sources: BTG, FSSIA's compilation

**Exhibit 4: Quarterly net profit and core profit**

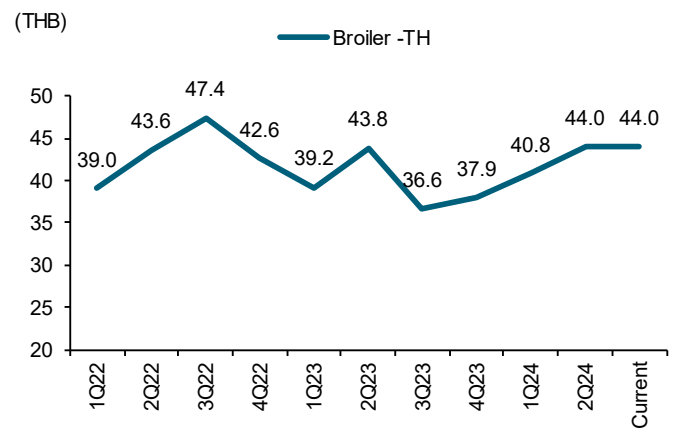
Sources: BTG, FSSIA's compilation

**Exhibit 5: Quarterly raw material prices**

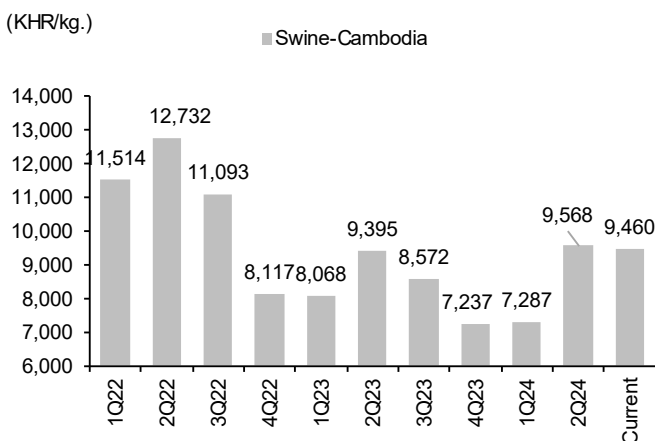
Sources: BTG, FSSIA's compilation

**Exhibit 6: Quarterly Thai swine price**

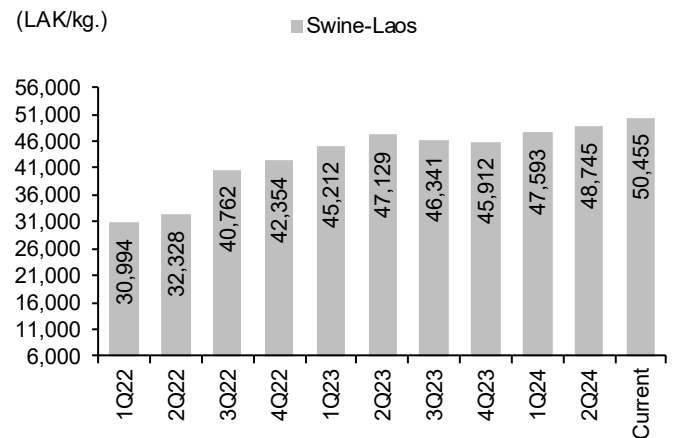
Sources: OAE, CPF, FSSIA's compilation

**Exhibit 7: Quarterly Thai broiler price**

Sources: OAE, CPF, FSSIA's compilation

**Exhibit 8: Quarterly Cambodia swine price**

Sources: CPF, FSSIA's compilation

**Exhibit 9: Quarterly Laos swine price**

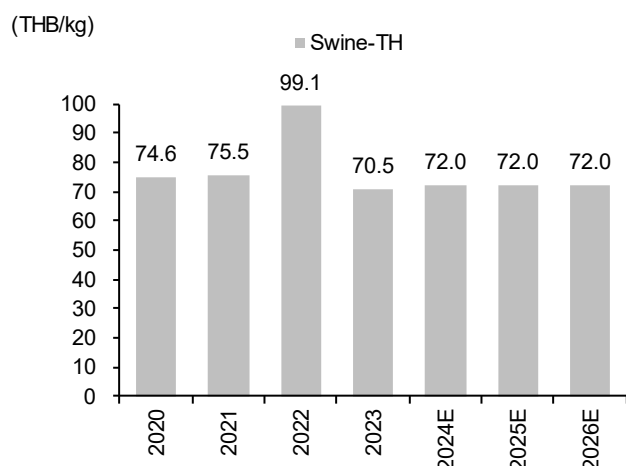
Sources: CPF, FSSIA's compilation

## Exhibit 10: Changes in key assumptions for BTG

	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	111,105	116,281	121,831	113,631	118,932	124,607	(2.2)	(2.2)	(2.2)
Cost of sales	96,284	100,467	105,018	98,291	102,615	107,162	(2.0)	(2.1)	(2.0)
Gross profit	14,821	15,814	16,813	15,340	16,317	17,445	(3.4)	(3.1)	(3.6)
SG&A expenses	11,888	12,442	13,036	12,386	12,964	13,582	(4.0)	(4.0)	(4.0)
Operating profit	3,600	4,070	4,508	3,636	4,067	4,610	(1.0)	0.1	(2.2)
Interest expense	712	611	580	712	611	580	0.0	0.0	0.0
Reported net profit	2,538	3,051	3,466	2,752	3,158	3,656	(7.8)	(3.4)	(5.2)
Core profit	2,538	3,051	3,466	2,752	3,158	3,656	(7.8)	(3.4)	(5.2)
<b>Key ratios (%)</b>									
Total revenue growth	2.3	4.7	4.8	4.6	4.7	4.8			
Net profit growth	nm	20.2	13.6	nm	14.7	15.8			
Core profit growth	nm	20.2	13.6	nm	14.7	15.8			
Gross margin	13.3	13.6	13.8	13.5	13.7	14.0	(0.2)	(0.1)	(0.2)
SG&A to sales	10.7	10.7	10.7	10.9	10.9	10.9	(0.2)	(0.2)	(0.2)
Operating margin	3.2	3.5	3.7	3.2	3.4	3.7	0.0	0.1	0.0
Net margin	2.3	2.6	2.8	2.4	2.7	2.9	(0.1)	(0.0)	(0.1)
Core margin	2.3	2.6	2.8	2.4	2.7	2.9	(0.1)	(0.0)	(0.1)
<b>Key assumptions</b>									
<b>Revenue breakdown (THB m)</b>									
Agro business	32,887	34,531	36,258	33,854	35,547	37,324	(2.9)	(2.9)	(2.9)
Food & protein business	69,727	72,702	75,811	71,584	74,645	77,845	(2.6)	(2.6)	(2.6)
International business	6,012	6,191	6,471	5,713	5,884	6,147	5.2	5.2	5.3
Pet business	2,415	2,789	3,222	2,415	2,789	3,222	0.0	0.0	0.0
<b>Price</b>									
Broiler price-TH (THB/kg)	41.0	42.0	43.0	41.0	42.0	43.0	0.0	0.0	0.0
Swine price-TH (THB/kg)	72.0	72.0	72.0	72.0	72.0	72.0	0.0	0.0	0.0
Swine price-Cambodia (KHR/kg)	7,500	7,800	8,000	7,500	7,800	8,000	0.0	0.0	0.0
Corn price-TH (THB/kg)	10.0	10.0	10.0	10.0	10.0	10.0	0.0	0.0	0.0
Soybean meal price-TH (THB/kg)	20.5	20.0	19.0	20.5	20.0	19.0	0.0	0.0	0.0

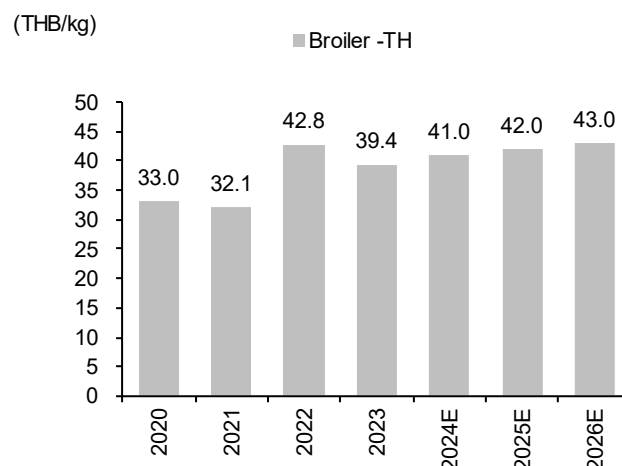
Source: FSSIA estimates

## Exhibit 11: Yearly Thai swine price



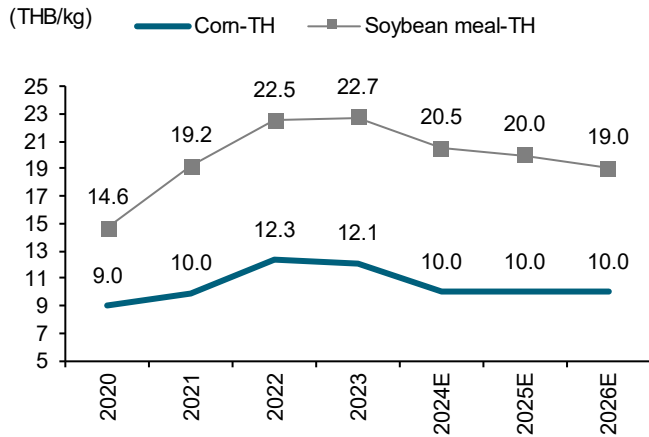
Sources: BTG; FSSIA estimates

## Exhibit 12: Yearly Thai broiler price



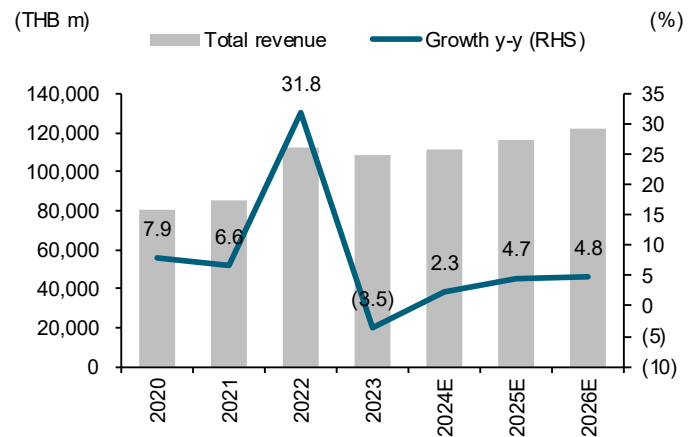
Sources: BTG; FSSIA estimates

Exhibit 13: Yearly raw material prices



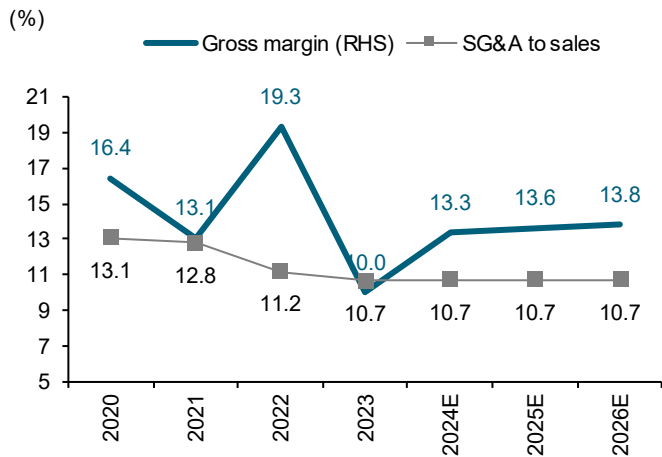
Sources: BTG; FSSIA estimates

Exhibit 14: Yearly total revenue and growth



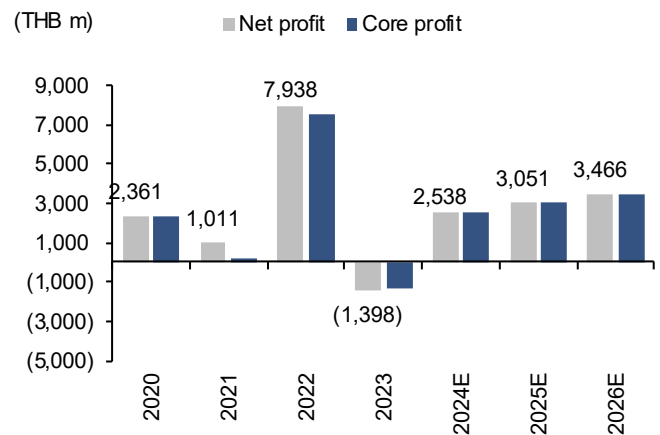
Sources: BTG; FSSIA estimates

Exhibit 15: Yearly gross margin and SG&amp;A to sales



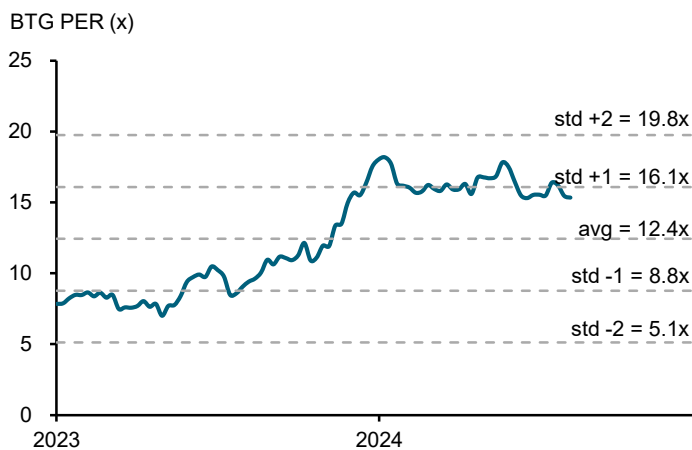
Sources: BTG; FSSIA estimates

Exhibit 16: Yearly net profit and core profit



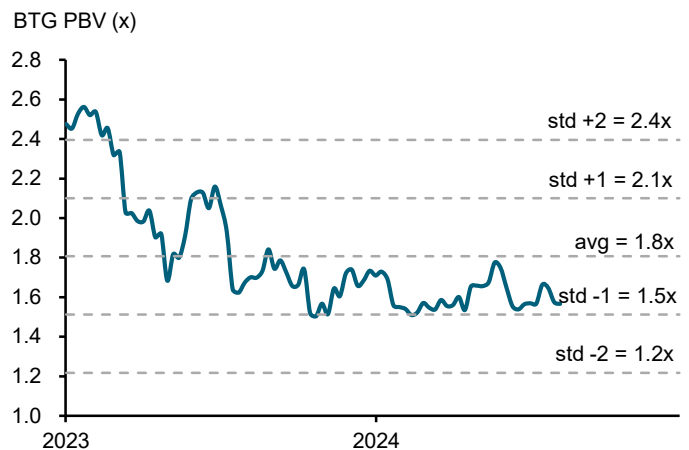
Sources: BTG; FSSIA estimates

Exhibit 17: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Betagro

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	112,626	108,638	111,105	116,281	121,831
Cost of goods sold	(90,894)	(97,800)	(96,284)	(100,467)	(105,018)
<b>Gross profit</b>	<b>21,731</b>	<b>10,838</b>	<b>14,821</b>	<b>15,814</b>	<b>16,813</b>
Other operating income	637	493	667	698	731
Operating costs	(12,594)	(11,579)	(11,888)	(12,442)	(13,036)
<b>Operating EBITDA</b>	<b>14,018</b>	<b>4,319</b>	<b>8,618</b>	<b>9,538</b>	<b>10,426</b>
Depreciation	(4,243)	(4,568)	(5,018)	(5,468)	(5,918)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>9,775</b>	<b>(248)</b>	<b>3,600</b>	<b>4,070</b>	<b>4,508</b>
Net financing costs	(619)	(673)	(712)	(611)	(580)
Associates	37	102	111	116	122
Recurring non-operating income	37	102	111	116	122
Non-recurring items	460	(88)	0	0	0
<b>Profit before tax</b>	<b>9,654</b>	<b>(906)</b>	<b>2,999</b>	<b>3,575</b>	<b>4,049</b>
Tax	(1,549)	(457)	(450)	(536)	(607)
<b>Profit after tax</b>	<b>8,104</b>	<b>(1,364)</b>	<b>2,549</b>	<b>3,039</b>	<b>3,442</b>
Minority interests	(167)	(35)	(11)	12	24
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>7,938</b>	<b>(1,398)</b>	<b>2,538</b>	<b>3,051</b>	<b>3,466</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(460)</b>	<b>88</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>7,477</b>	<b>(1,310)</b>	<b>2,538</b>	<b>3,051</b>	<b>3,466</b>
<b>Per share (THB)</b>					
Recurring EPS *	3.74	(0.66)	1.27	1.53	1.73
Reported EPS	4.11	(0.72)	1.32	1.58	1.80
DPS	2.52	0.25	0.53	0.63	0.72
Diluted shares (used to calculate per share data)	2,000	2,000	2,000	2,000	2,000
<b>Growth</b>					
Revenue (%)	31.8	(3.5)	2.3	4.7	4.8
Operating EBITDA (%)	188.2	(69.2)	99.5	10.7	9.3
Operating EBIT (%)	1,125.0	nm	nm	13.1	10.8
Recurring EPS (%)	416.1	nm	nm	20.2	13.6
Reported EPS (%)	34.4	nm	nm	20.2	13.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	19.3	10.0	13.3	13.6	13.8
Gross margin exc. depreciation (%)	23.1	14.2	17.9	18.3	18.7
Operating EBITDA margin (%)	12.4	4.0	7.8	8.2	8.6
Operating EBIT margin (%)	8.7	(0.2)	3.2	3.5	3.7
Net margin (%)	6.6	(1.2)	2.3	2.6	2.8
Effective tax rate (%)	16.0	-50.4	15.0	15.0	15.0
Dividend payout on recurring profit (%)	67.4	(38.2)	41.5	41.5	41.5
Interest cover (X)	15.9	(0.2)	5.2	6.9	8.0
Inventory days	60.7	52.5	48.0	46.6	46.7
Debtor days	18.4	21.0	20.7	19.6	19.5
Creditor days	23.2	22.0	23.7	25.9	25.9
Operating ROIC (%)	18.1	(0.4)	6.5	7.6	8.5
ROIC (%)	16.1	(0.2)	6.0	7.0	7.7
ROE (%)	33.8	(4.9)	9.8	11.0	11.6
ROA (%)	13.3	(1.2)	5.0	5.8	6.3

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Agro	28,403	32,242	32,887	34,531	36,258
Food and protein	75,758	68,417	69,727	72,702	75,811
International	6,236	5,887	6,012	6,191	6,471
Pet segment	2,211	2,091	2,415	2,789	3,222

Sources: Betagro; FSSIA estimates



## Financial Statements

### Betagro

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	7,477	(1,310)	2,538	3,051	3,466
Depreciation	4,243	4,568	5,018	5,468	5,918
Associates & minorities	362	(87)	(67)	(106)	(111)
Other non-cash items	91	(88)	0	0	0
Change in working capital	(1,479)	1,271	2,519	(660)	(1,197)
<b>Cash flow from operations</b>	<b>10,694</b>	<b>4,353</b>	<b>10,008</b>	<b>7,752</b>	<b>8,077</b>
Capex - maintenance	(5,576)	(7,586)	(4,414)	(4,500)	(4,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	1,436	(237)	186	559	(1,658)
<b>Cash flow from investing</b>	<b>(4,140)</b>	<b>(7,823)</b>	<b>(4,229)</b>	<b>(3,941)</b>	<b>(5,658)</b>
Dividends paid	(11,250)	(1,924)	(1,015)	(1,220)	(1,387)
Equity finance	16,929	0	0	0	0
Debt finance	(3,487)	880	(3,622)	(2,980)	(899)
Other financing cash flows	81	134	(782)	104	111
<b>Cash flow from financing</b>	<b>2,274</b>	<b>(910)</b>	<b>(5,420)</b>	<b>(4,097)</b>	<b>(2,174)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(3,430)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>5,398</b>	<b>(4,380)</b>	<b>360</b>	<b>(285)</b>	<b>245</b>
Free cash flow to firm (FCFF)	7,173.00	(2,796.77)	6,491.24	4,422.24	2,999.56
Free cash flow to equity (FCFE)	(281.29)	(2,456.03)	1,374.67	934.92	1,631.64
<b>Per share (THB)</b>					
FCFF per share	3.71	(1.45)	3.35	2.29	1.55
FCFE per share	(0.15)	(1.27)	0.71	0.48	0.84
Recurring cash flow per share	6.31	1.60	3.88	4.36	4.81
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	49,403	53,417	53,982	54,141	53,894
Less: Accumulated depreciation	(26,031)	(27,072)	(28,155)	(29,281)	(30,453)
<b>Tangible fixed assets (net)</b>	<b>23,372</b>	<b>26,345</b>	<b>25,827</b>	<b>24,859</b>	<b>23,442</b>
<b>Intangible fixed assets (net)</b>	<b>882</b>	<b>786</b>	<b>786</b>	<b>786</b>	<b>786</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,346	1,454	1,459	1,464	1,469
Cash & equivalents	5,940	1,561	1,920	1,635	1,880
A/C receivable	6,652	7,480	6,643	6,953	7,285
Inventories	14,711	12,115	11,871	12,386	12,947
Other current assets	9,477	9,570	9,555	9,884	10,721
<b>Current assets</b>	<b>36,781</b>	<b>30,726</b>	<b>29,989</b>	<b>30,858</b>	<b>32,833</b>
Other assets	2,852	3,190	3,111	2,663	4,437
<b>Total assets</b>	<b>65,234</b>	<b>62,501</b>	<b>61,172</b>	<b>60,629</b>	<b>62,966</b>
Common equity	28,502	25,134	26,743	28,573	31,153
Minorities etc.	163	178	222	233	244
<b>Total shareholders' equity</b>	<b>28,664</b>	<b>25,312</b>	<b>26,965</b>	<b>28,806</b>	<b>31,397</b>
Long term debt	8,064	9,690	7,690	6,690	5,811
Other long-term liabilities	2,871	3,004	2,222	2,326	2,437
<b>Long-term liabilities</b>	<b>10,934</b>	<b>12,694</b>	<b>9,912</b>	<b>9,015</b>	<b>8,248</b>
A/C payable	9,852	9,293	10,706	11,184	11,701
Short term debt	15,615	14,878	13,256	11,276	11,256
Other current liabilities	168	324	333	349	365
<b>Current liabilities</b>	<b>25,636</b>	<b>24,494</b>	<b>24,295</b>	<b>22,809</b>	<b>23,322</b>
<b>Total liabilities and shareholders' equity</b>	<b>65,234</b>	<b>62,501</b>	<b>61,172</b>	<b>60,629</b>	<b>62,966</b>
Net working capital	20,821	19,549	17,030	17,691	18,887
Invested capital	49,274	51,324	48,213	47,462	49,020
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	14.77	13.03	13.86	14.81	16.15
Tangible book value per share	14.32	12.62	13.45	14.40	15.74
<b>Financial strength</b>					
Net debt/equity (%)	61.9	90.9	70.6	56.7	48.4
Net debt/total assets (%)	27.2	36.8	31.1	26.9	24.1
Current ratio (x)	1.4	1.3	1.2	1.4	1.4
CF interest cover (x)	0.5	(2.7)	2.9	2.5	3.8
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>6.0</b>	<b>(34.5)</b>	<b>17.8</b>	<b>14.8</b>	<b>13.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>6.2</b>	<b>(35.1)</b>	<b>18.1</b>	<b>15.1</b>	<b>13.3</b>
Reported P/E (x)	5.5	(31.2)	17.2	14.3	12.6
Dividend yield (%)	11.2	1.1	2.3	2.8	3.2
Price/book (x)	1.5	1.7	1.6	1.5	1.4
Price/tangible book (x)	1.6	1.8	1.7	1.6	1.4
EV/EBITDA (x) **	4.4	15.5	7.3	6.3	5.7
EV/EBITDA @ target price (x) **	4.4	15.6	7.4	6.4	5.7
EV/invested capital (x)	1.2	1.3	1.3	1.3	1.2
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Betagro; FSSIA estimates



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <a href="#">THSI inclusion</a> , 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. <a href="#">SETTHSI Index</a> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainabilitys</a>	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 &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><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+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="2"><b>Average:</b></td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td><td rowspan="2"><b>Laggard:</b></td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	<b>CCC</b>	0.000-1.428
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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	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.																					
<b>Bloomberg</b>	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

Betagro (BTG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-May-2023	BUY	25.30	19-Oct-2023	HOLD	23.00	-	-	-
15-May-2023	HOLD	25.30	28-Feb-2024	BUY	25.00			

Sureeporn Teewasuwet started covering this stock from 08-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Betagro	BTG TB	THB 22.60	HOLD	Downside and upside risks to our PE-based TP include 1) a slower or faster-than-expected purchasing power recovery, 2) a lower or faster-than-expected meat price increase, 3) a slower or faster-than-expected decrease in feed costs, and 4) a stronger or weaker-than-expected THB.

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 09-Aug-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.