FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - COMPANY REPORT

THAI FOODS GROUP   TFG TB
THAILAND / FOOD & BEVERAGE

BUY
UNCHANGED

TARGET PRICE	THB5.90
CLOSE	THB4.10
UP/DOWNSIDE	+43.9%
PRIOR TP	THB4.80
CHANGE IN TP	+22.9%
TP vs CONSENSUS	+14.7%

Positive view on 2H24 profit

- The trend for meat prices should continue to be positive at least until mid-2025; raw material prices are expected to remain low.
- Expect 3Q24 core profit to rise to THB1.28b (+17% q-q, turning from a loss of THB268m in 3Q23).
- Retain BUY call with higher TP of THB5.9.

Meat prices looking good in 3Q24

We have a positive view from the analyst meeting. Management stated that the trend for meat prices will continue to be positive at least until mid-2025, led by Thai swine, which recently improved to THB72/kg in 3Q24 from THB69/kg in 2Q24. Although supply has increased, the overall demand has rebounded well, partly due to the disappearance of illegal pork. Meanwhile, Thai chicken prices remain stable at THB44/kg due to goods exports, supporting domestic prices. Even though the current price of Vietnamese swine has decreased to VND 65,000-66,000/kg, it is still higher than the average price in 1H24 at VND57,000/kg. TFG expects prices to remain high at VND60,000/kg in 2H24, exceeding the breakeven cost of VND43,000/kg, continuing into 2025 due to ASF.

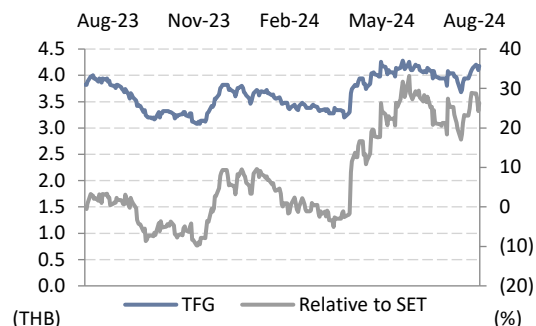## Expect 3Q24 core profit be stronger

We anticipate 3Q24 core profit to rise to THB1.28b (+17% q-q, turning from a loss of THB268m in 3Q23). Besides the strong recovery in meat prices, raw material prices should remain low in 2H24, with a temporary increase in corn prices q-q. Soybean meal prices have decreased and should remain low until mid-2025 due to increased supply. Hence, we expect the 3Q24 gross margin to increase to 16% from 14.4% in 2Q24.

Retail shops are still a key growth driver

TFG plans to open more retail shop branches, increasing to 450 branches by the end of 2024 from 364 branches at the end of 2Q24. The revenue and profit trends continue to rise, with the 2Q24 revenue contribution increasing to 37% of total revenue from 29% in 2Q23. TFG is also preparing for a future spin-off after expanding its branches sufficiently to achieve economies of scale and is increasing its product portfolio for higher and more stable margins. TFG aims to increase the net margin of its retail shops to 3-4%, up from the current 2-2.5%.

Revising up our profit and target price

We raise our 2024E core profit by 45% to THB3b, reflecting the better expected recovery, and increase our TP to THB5.9 (based on a P/E of 12x). The profit outlook remains positive for 2H24, and we maintain our BUY call. However, we will continue to monitor the prices of meat in Thailand and Vietnam, as they are currently above breakeven costs, which could incentivize increased production levels, coupled with low farming costs, potentially leading to price adjustments in the future.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	55,871	62,854	67,526	71,249
Net profit	(809)	3,055	3,211	3,520
EPS (THB)	(0.14)	0.50	0.48	0.52
vs Consensus (%)	-	44.5	17.1	19.5
EBITDA	5,287	9,264	9,719	10,136
Recurring net profit	(496)	3,055	3,211	3,520
Core EPS (THB)	(0.09)	0.50	0.48	0.52
Chg. In EPS est. (%)	nm	45.3	38.4	38.3
EPS growth (%)	nm	nm	(3.9)	9.6
Core P/E (x)	(48.0)	8.3	8.6	7.9
Dividend yield (%)	0.7	5.4	5.2	5.7
EV/EBITDA (x)	9.2	5.2	5.0	4.6
Price/book (x)	1.7	1.6	1.5	1.4
Net debt/Equity (%)	179.5	147.1	116.4	96.3
ROE (%)	(3.4)	20.7	18.9	18.5

Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.1	5.0	10.0
Relative to country (%)	4.2	7.4	26.8

Mkt cap (USD m)	688
3m avg. daily turnover (USD m)	1.3
Free float (%)	16
Major shareholder	New Star Victor Co Ltd (32%)
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 maintain our 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 rising costs. Besides the easing of the illegal pork trade, 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. In 2023, the revenue mix from poultry, swine, retail, and feed was 31%/20%/31%/17%, respectively.

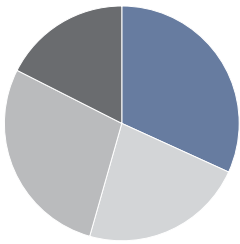www.tfg.co.th

Principal activities (revenue, 2023)

- Poultry - 31.2 %
- Swine - 20.3 %
- Feed - 16.8 %
- Retail Shop and other - 31.7 %
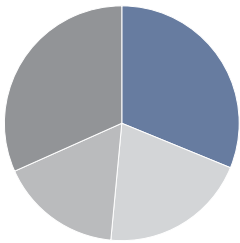
Source: Thai Foods Group

Major shareholders

- New Star Victor Co Ltd - 31.8 %
- Teawsomboonkij Family - 22.6 %
- BNP Paribas Hong Kong Branch - 28.1 %
- Others - 17.5 %

Source: Thai Foods Group

Catalysts

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

Key assumptions

	2024E	2025E	2026E
TFG's chicken ASP (THB/kg)	58.0	58.0	58.0
TFG's swine ASP (THB/kg)	68.0	70.0	70.0
Total sales growth (%)	12.5	7.4	5.5
Gross margin (%)	13.2	13.0	13.0
SG&A to sales (%)	6.9	6.8	6.8

Source: FSSIA estimates

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.

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

Event calendar

Date	Event
November 2024	3Q24 results announcement

Exhibit 1: Changes in key assumptions for TFG

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	62,854	67,526	71,249	58,976	60,687	62,419	6.6	11.3	14.1
Costs	54,558	58,748	61,986	52,075	53,404	54,741	4.8	10.0	13.2
Gross profit	8,297	8,778	9,262	6,900	7,282	7,678	20.2	20.5	20.6
SG&A expenses	4,337	4,592	4,845	3,539	3,641	3,745	22.6	26.1	29.4
Reported net profit	3,055	3,211	3,520	2,102	2,319	2,546	45.3	38.4	38.3
Core profit	3,055	3,211	3,520	2,102	2,319	2,546	45.3	38.4	38.3
Key ratios (%)									
Total revenue growth (%)	12.5	7.4	5.5	5.6	2.9	2.9			
Net profit growth (%)	nm	5.1	9.6	nm	10.3	10.3			
Core profit growth (%)	(715.4)	5.1	9.6	(523.5)	10.3	9.8			
Gross margin	13.2	13.0	13.0	11.7	12.0	12.3	1.5	1.0	0.7
SG&A to sales	6.9	6.8	6.8	6.0	6.0	6.0	0.9	0.8	0.8
Net margin	4.9	4.8	4.9	3.6	3.8	4.1	1.3	0.9	0.9
Core margin	4.9	4.8	4.9	3.6	3.8	4.1	1.3	0.9	0.9
Operating statistics (THB/kg)									
TFG's chicken ASP	58.0	58.0	58.0	58.0	58.0	58.0	0.0	0.0	0.0
TFG's swine ASP	68.0	70.0	70.0	72.0	72.0	72.0	(5.6)	(2.8)	(2.8)
Corn	11.5	11.0	10.5	11.5	11.0	10.5	0.0	0.0	0.0
Soybean meal	21.0	20.0	19.0	21.0	20.0	19.0	0.0	0.0	0.0
Retail shop stores (no.)	450	550	650	450	550	650	0.0	0.0	0.0
Retail shop sales (THB m)	23,394	26,534	28,660	18,216	19,016	19,816	28.4	39.5	44.6

Source: FSSIA estimates

Exhibit 2: TFG – 3Q24 earnings preview

|	3Q23	4Q23	1Q24	2Q24	3Q24E	Change		2023	2024E	Change	% 9M24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	to 2024E
Sales	14,081	14,550	14,998	15,639	16,734	7.0	18.8	55,871	62,854	12.5	75.4
Cost of sales	13,457	14,427	13,712	13,382	14,057	5.0	4.5	52,086	54,558	4.7	75.4
Gross profit	624	123	1,286	2,257	2,677	18.6	329.0	3,785	8,297	119.2	75.0
SG&A	782	1,182	1,008	1,026	1,104	7.7	41.3	3,678	4,337	17.9	72.4
Operating profit	(157)	(1059)	278	1,232	1,573	27.7	nm	107	3,960	3,596.6	77.9
Interest expense	322	178	270	264	275	4.0	(14.5)	1,120	1,132	1.0	71.5
Tax expense	(112)	(170)	(13)	(11)	96	nm	nm	(77)	128	nm	55.9
Other gain (loss)	(178)	111	82	(242)	0	nm	nm	(313)	0	nm	nm
Reported net profit	(446)	(861)	174	855	1,282	49.9	nm	(809)	3,055	nm	75.6
Core profit	(268)	(972)	92	1,097	1,282	16.9	nm	(496)	3,055	nm	80.9
Key ratios (%)						(ppt)	(ppt)				
Gross margin	4.4	0.8	8.6	14.4	16.0	1.6	11.6	6.8	13.2	6.4	
SG&A to sales	5.6	8.1	6.7	6.6	6.6	0.0	1.0	6.6	6.9	0.3	
Operating margin	(1.1)	(7.3)	1.9	7.9	9.4	1.5	10.5	0.2	6.3	6.1	
Net margin	(3.2)	(5.9)	1.2	5.5	7.7	2.2	10.8	(1.4)	4.9	6.3	
Core margin	(1.9)	(6.7)	0.6	7.0	7.7	0.6	9.6	(0.9)	4.9	5.7	
Operating statistics (THB/kg)											
Domestic chicken price - TFG	54.6	53.9	55.5	56.7	58.0	2.3	6.2	56.9	58.0	1.8	
Domestic swine price - TFG	59.5	57.9	59.5	62.0	70.0	12.9	17.6	67.0	68.0	1.5	
Vietnam swine price (VND/kg)	57,023	47,082	53,400	64,055	65,000	1.5	14.0	52,311	60,613	15.9	
Corn price	11.7	10.4	10.4	10.9	12.5	14.4	6.8	12.1	11.5	(5.0)	
Soybean meal price	21.5	22.0	22.7	21.3	20.8	(2.2)	(3.3)	22.7	21.0	(7.5)	
Poultry sales (THB m)	4,340	4,106	4,449	4,191	4,569	9.0	5.3	17,421	17,536	0.7	75.3
Swine sales (THB m)	2,626	2,785	2,969	3,322	3,422	3.0	30.3	11,349	13,054	15.0	74.4
Feed sales (THB m)	2,414	2,143	2,075	2,254	2,276	1.0	(5.7)	9,397	8,641	(8.0)	76.4
Retail shop sale value (THB m)	4,642	5,464	5,438	5,807	6,035	3.9	30.0	17,496	23,394	33.7	73.9

Sources: TFG, FSSIA estimates
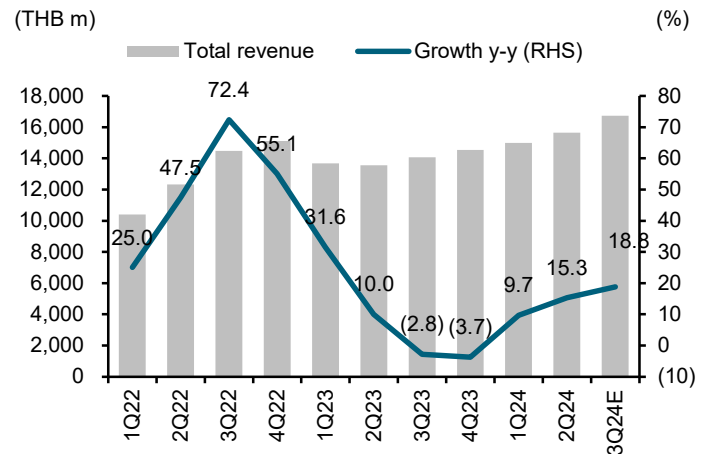
Exhibit 3: TFG's quarterly meat prices
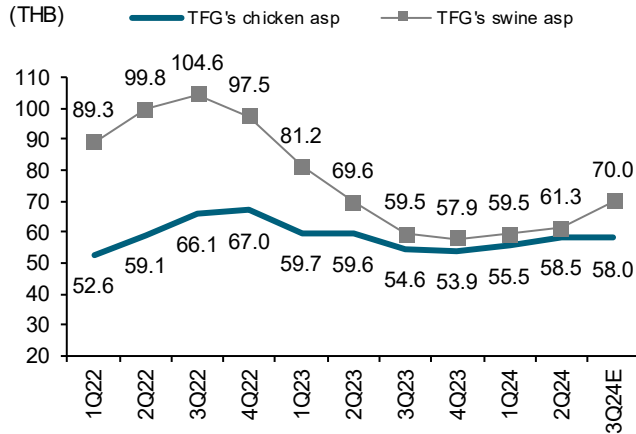
Sources: TFG, FSSIA estimates

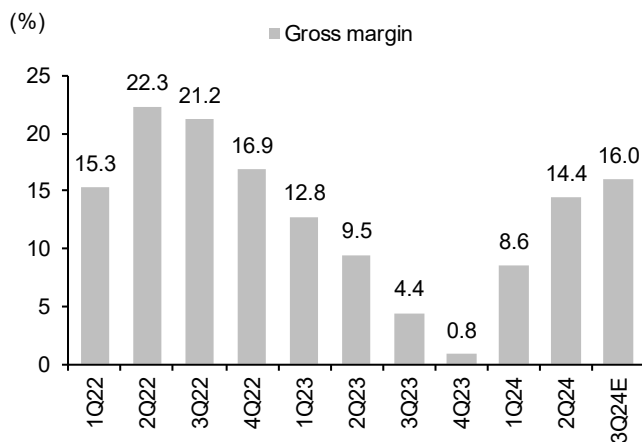**Exhibit 4: Quarterly raw material prices**
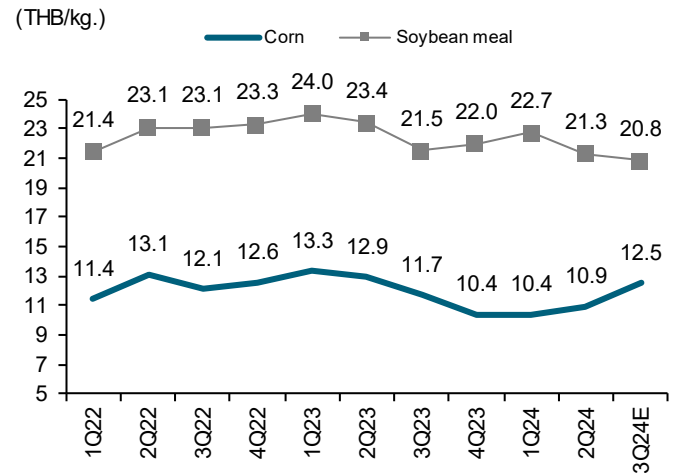
Sources: CPF, FSSIA estimates
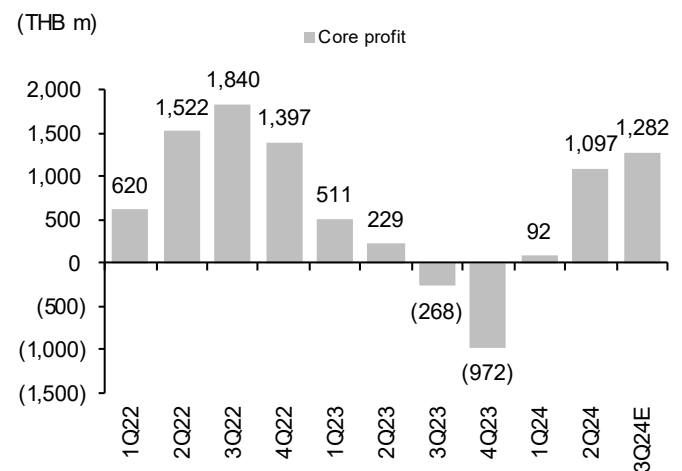
Exhibit 5: Quarterly Vietnam swine price
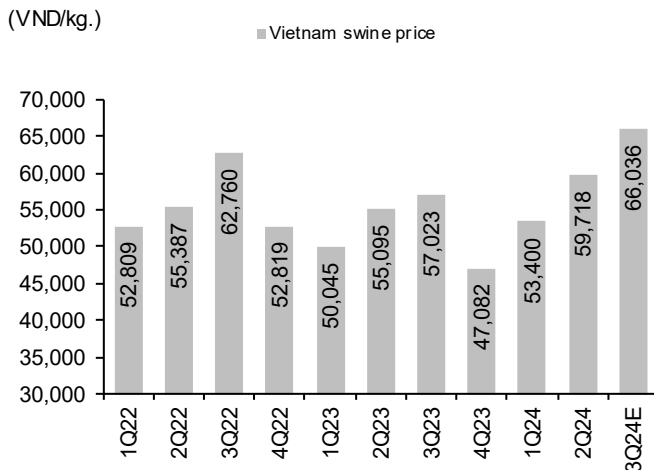
Sources: CPF, FSSIA estimates

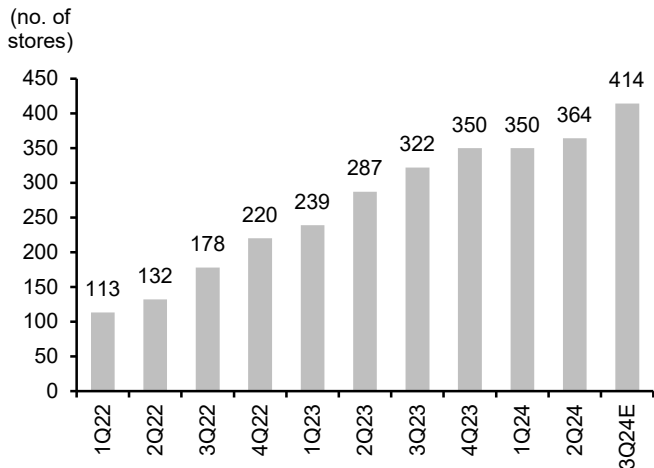**Exhibit 6: Quarterly total revenue and growth**

Sources: TFG, FSSIA estimates
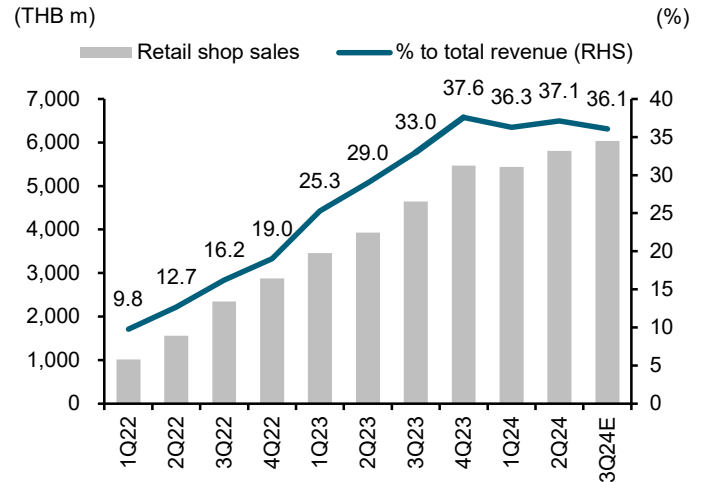
Exhibit 7: Quarterly gross margin

Sources: TFG, FSSIA estimates
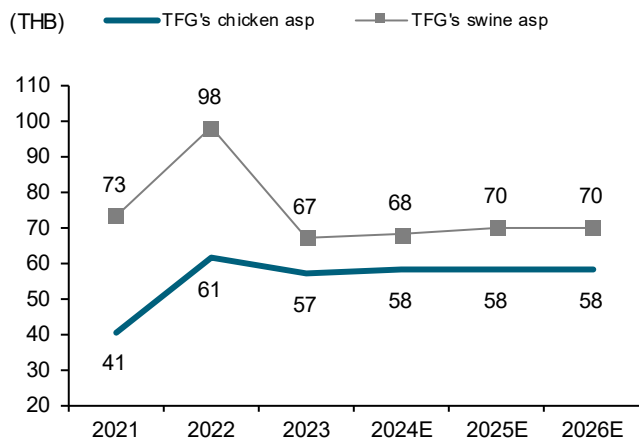
Exhibit 8: Quarterly core profit

Sources: TFG, FSSIA estimates

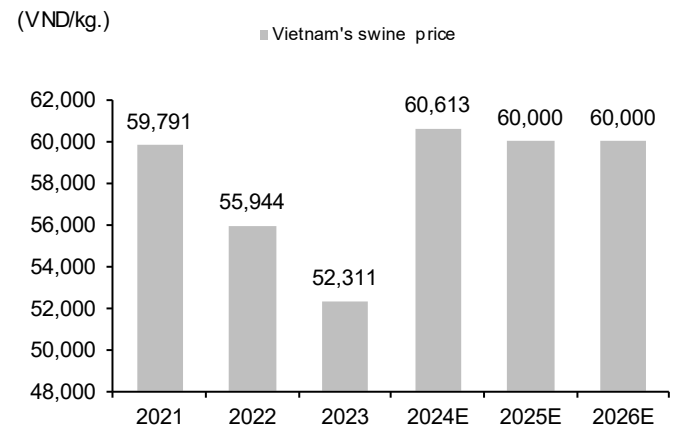**FINANSIA**

Exhibit 9: Number of retail shops

Sources: TFG, FSSIA estimates

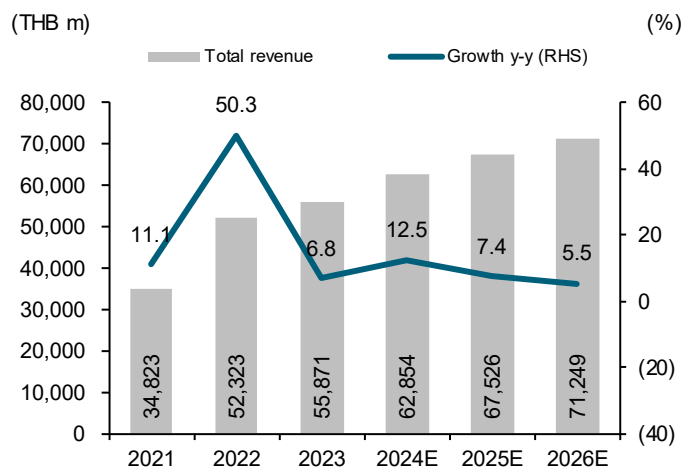**Exhibit 10: Quarterly retail shop revenue**

Sources: TFG, FSSIA estimates
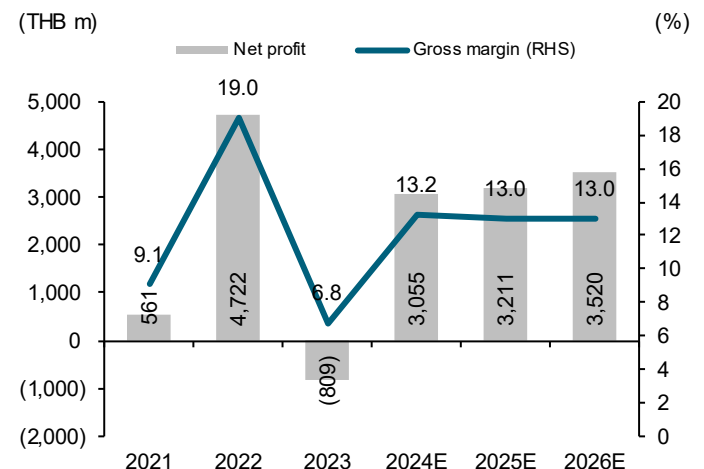
Exhibit 11: TFG's yearly meat prices

Sources: TFG, FSSIA estimates

Exhibit 12: Yearly Vietnam swine price

Sources: TFG, FSSIA estimates

Exhibit 13: Yearly total revenue and growth

Sources: TFG, FSSIA estimates

Exhibit 14: Yearly net profit and gross margin

Sources: TFG, FSSIA estimates

Exhibit 15: Historical P/E band

TFG PER (x)

std +2 = 33.1x
std +1 = 23.2x
5Y-avg = 13.4x
std -1 = 3.5x
std -2 = -6.4x
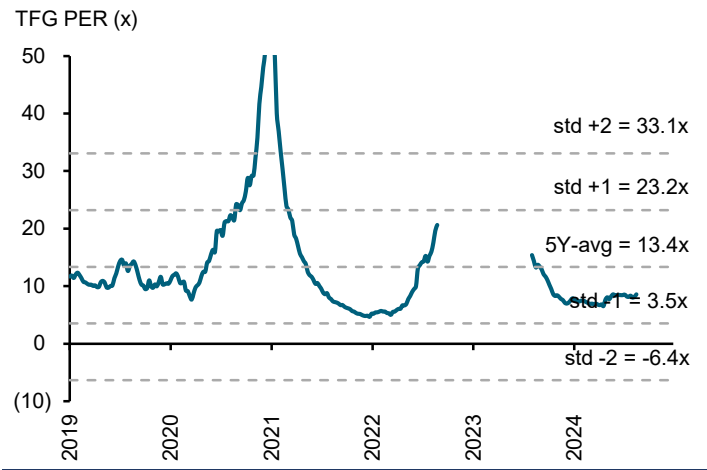
Sources: Bloomberg; FSSIA estimates

Exhibit 16: Historical P/BV band

TFG PBV (x)

std +2 = 2.7x
std +1 = 2.3x
5Y-avg = 1.9x
std -1 = 1.6x
std -2 = 1.2x
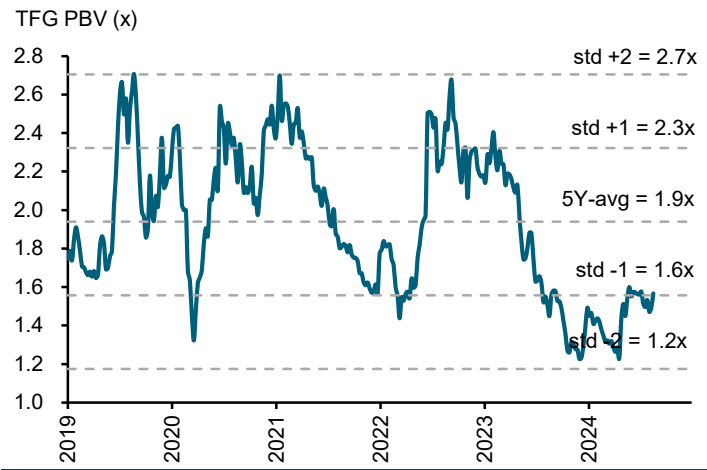
Sources: Bloomberg; FSSIA estimates

Financial Statements
Thai Foods Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	52,323	55,871	62,854	67,526	71,249
Cost of goods sold	(42,367)	(52,086)	(54,558)	(58,748)	(61,986)
Gross profit	**9,956**	**3,785**	**8,297**	**8,778**	**9,262**
Other operating income	369	453	377	405	392
Operating costs	(3,243)	(3,678)	(4,337)	(4,592)	(4,845)
Operating EBITDA	**10,419**	**5,287**	**9,264**	**9,719**	**10,136**
Depreciation	(3,337)	(4,727)	(4,927)	(5,127)	(5,327)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**7,082**	**560**	**4,337**	**4,592**	**4,809**
Net financing costs	(845)	(1,117)	(1,132)	(1,032)	(915)
Associates	(9)	(20)	(35)	(7)	1
Recurring non-operating income	(9)	(20)	(35)	(7)	1
Non-recurring items	(657)	(313)	0	0	0
Profit before tax	**5,571**	**(890)**	**3,170**	**3,553**	**3,895**
Tax	(845)	77	(128)	(356)	(389)
Profit after tax	**4,726**	**(813)**	**3,042**	**3,197**	**3,506**
Minority interests	(4)	3	13	14	14
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	**4,722**	**(809)**	**3,055**	**3,211**	**3,520**
Non-recurring items & goodwill (net)	**657**	**313**	**0**	**0**	**0**
Recurring net profit	**5,379**	**(496)**	**3,055**	**3,211**	**3,520**
Per share (THB)					
Recurring EPS *	0.95	(0.09)	0.50	0.48	0.52
Reported EPS	0.84	(0.14)	0.50	0.48	0.52
DPS	0.40	0.03	0.22	0.21	0.23
Diluted shares (used to calculate per share data)	5,654	5,811	6,168	6,749	6,749
Growth					
Revenue (%)	50.3	6.8	12.5	7.4	5.5
Operating EBITDA (%)	167.0	(49.3)	75.2	4.9	4.3
Operating EBIT (%)	379.5	(92.1)	674.9	5.9	4.7
Recurring EPS (%)	1,099.8	nm	nm	(3.9)	9.6
Reported EPS (%)	739.9	nm	nm	(3.9)	9.6
Operating performance					
Gross margin inc. depreciation (%)	19.0	6.8	13.2	13.0	13.0
Gross margin exc. depreciation (%)	25.4	15.2	21.0	20.6	20.5
Operating EBITDA margin (%)	19.9	9.5	14.7	14.4	14.2
Operating EBIT margin (%)	13.5	1.0	6.9	6.8	6.8
Net margin (%)	10.3	(0.9)	4.9	4.8	4.9
Effective tax rate (%)	15.2	8.7	4.0	10.0	10.0
Dividend payout on recurring profit (%)	42.0	(35.1)	45.0	45.0	45.0
Interest cover (X)	8.4	0.5	3.8	4.4	5.3
Inventory days	55.3	53.7	53.1	52.8	53.3
Debtor days	22.2	22.6	20.9	21.2	21.4
Creditor days	38.2	43.6	48.9	47.5	47.9
Operating ROIC (%)	18.5	1.4	10.9	11.4	12.1
ROIC (%)	16.0	1.1	8.8	9.2	9.6
ROE (%)	39.7	(3.4)	20.7	18.9	18.5
ROA (%)	14.9	0.8	8.3	8.3	8.7
* Pre-exceptional, pre-goodwill and fully diluted					

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Poultry	23,298	17,421	17,536	18,413	19,333
Swine	12,457	11,349	13,054	13,445	13,849
Feed	8,533	9,397	8,641	8,900	9,167
Retail Shop and other	8,036	17,704	23,624	26,768	28,899

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)	3,055	3,211	3,520
Depreciation	3,337	4,727	4,927	5,127	5,327
Associates & minorities	9	20	35	7	(1)
Other non-cash items	343	82	34	6	(1)
Change in working capital	(1,281)	1,421	(1,496)	(928)	(738)
Cash flow from operations	**7,787**	**5,754**	**6,555**	**7,423**	**8,108**
Capex - maintenance	(8,633)	(4,138)	(5,102)	(4,281)	(4,398)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(34)	(19)	53	0	0
Other investments (net)	(1,854)	(2,266)	237	(474)	(372)
Cash flow from investing	**(10,521)**	**(6,422)**	**(4,812)**	**(4,755)**	**(4,769)**
Dividends paid	(797)	(1,815)	(1,375)	(1,445)	(1,584)
Equity finance	56	862	358	581	0
Debt finance	4,132	1,970	(1,496)	(2,175)	(2,104)
Other financing cash flows	20	78	89	47	37
Cash flow from financing	**3,411**	**1,095**	**(2,424)**	**(2,992)**	**(3,651)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	483	274	198
Net other adjustments	**0**	**0**	**483**	**274**	**198**
Movement in cash	**677**	**426**	**(199)**	**(50)**	**(114)**
Free cash flow to firm (FCFF)	(1,888.67)	451.64	2,874.81	3,700.32	4,253.29
Free cash flow to equity (FCFE)	1,418.57	1,379.53	818.63	814.12	1,469.71

Per share (THB)					
FCFF per share	(0.33)	0.08	0.49	0.64	0.73
FCFE per share	0.24	0.24	0.14	0.14	0.25
Recurring cash flow per share	1.60	0.75	1.31	1.24	1.31

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	1,320	1,270	1,156
A/C receivable	3,531	3,398	3,788	4,070	4,294
Inventories	6,963	6,971	7,474	8,048	8,491
Other current assets	7,177	7,396	8,171	8,778	9,262
Current assets	**18,764**	**19,284**	**20,753**	**22,166**	**23,204**
Other assets	4,786	5,875	6,285	6,753	7,125
Total assets	**45,670**	**47,146**	**48,045**	**48,799**	**48,882**
Common equity	15,568	13,681	15,816	18,163	19,899
Minorities etc.	18	15	15	14	14
Total shareholders' equity	**15,587**	**13,696**	**15,831**	**18,178**	**19,913**
Long term debt	11,960	10,106	10,957	9,767	8,577
Other long-term liabilities	462	540	629	675	712
Long-term liabilities	**12,422**	**10,646**	**11,586**	**10,442**	**9,289**
A/C payable	4,733	6,584	6,726	7,243	7,642
Short term debt	12,370	15,998	13,651	12,666	11,752
Other current liabilities	557	222	251	270	285
Current liabilities	**17,661**	**22,804**	**20,629**	**20,179**	**19,679**
Total liabilities and shareholders' equity	**45,670**	**47,146**	**48,045**	**48,799**	**48,882**
Net working capital	12,381	10,960	12,456	13,383	14,121
Invested capital	39,287	38,821	39,748	40,016	39,799
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	2.75	2.35	2.56	2.69	2.95
Tangible book value per share	2.72	2.31	2.54	2.66	2.92
Financial strength					
Net debt/equity (%)	149.1	179.5	147.1	116.4	96.3
Net debt/total assets (%)	50.9	52.1	48.5	43.4	39.2
Current ratio (x)	1.1	0.8	1.0	1.1	1.2
CF interest cover (x)	2.7	2.2	1.7	1.8	2.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**4.3**	**(48.0)**	**8.3**	**8.6**	**7.9**
Recurring P/E @ target price (x) *	**6.2**	**(69.1)**	**11.9**	**12.4**	**11.3**
Reported P/E (x)	4.9	(29.4)	8.3	8.6	7.9
Dividend yield (%)	9.8	0.7	5.4	5.2	5.7
Price/book (x)	1.5	1.7	1.6	1.5	1.4
Price/tangible book (x)	1.5	1.8	1.6	1.5	1.4
EV/EBITDA (x) **	4.5	9.2	5.2	5.0	4.6
EV/EBITDA @ target price (x) **	5.4	11.1	6.4	6.3	5.8
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%). *(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)*	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
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.	
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

Morningstar Sustainalytics rating:

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

MSCI ratings:

AAA	8.571-10.000		
AA	7.143-8.570	**Leader:**	leading its industry in managing the most significant ESG risks and opportunities
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	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

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

Source: FSSIA's compilation

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History of change in investment rating and/or target price

Thai Foods Group (TFG TB)
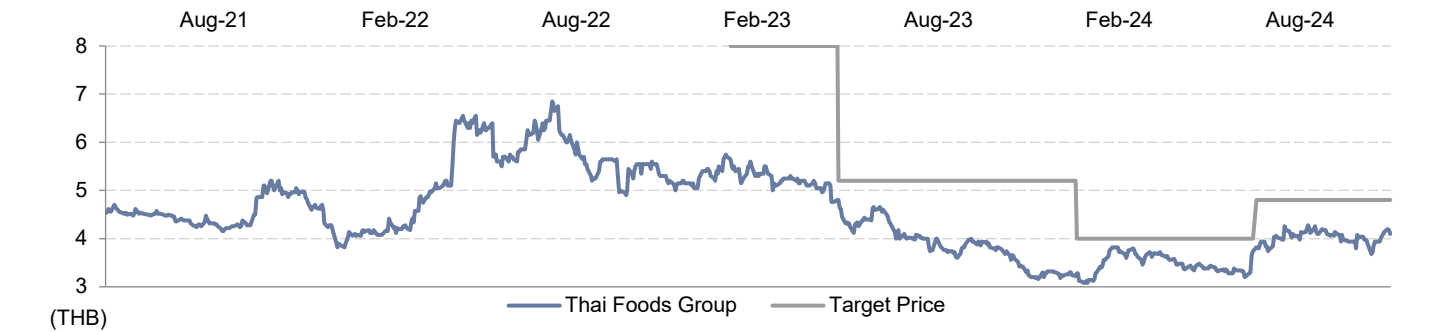
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	8.00	27-Nov-2023	HOLD	4.00	-	-	-
08-May-2023	HOLD	5.20	26-Apr-2024	BUY	4.80			

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 4.10	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 21-Aug-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.
HOLD (H). The upside or downside is less than 10%.
REDUCE (R). The downside is 10% or more.
Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.
Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.
Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.