

# I-TAIL CORPORATION

ITC TB

THAILAND / FOOD &amp; BEVERAGE

# BUY

UNCHANGED

## คาดการณ์กำไรที่ดีในช่วง 2H24

- แนวโน้มกำไร 3Q24 ดูดีกว่าที่เคยคาดการณ์จากการบริหารที่มีประสิทธิภาพเพื่อชดเชยค่าเงินบาทที่กำลังปรับขึ้น
- เรายังมองบวกต่อความต้องการอาหารสัตว์เลี้ยงและแนวโน้มกำไรที่ดีในช่วง 2H24
- ปรับเพิ่มประมาณการกำไรสุทธิและราคาเป้าหมายเป็น 30 บาท

TARGET PRICE	THB30.00
CLOSE	THB23.10
UP/DOWNSIDE	+29.9%
PRIOR TP	THB27.00
CHANGE IN TP	+11.1%
TP vs CONSENSUS	+8.9%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	15,577	18,395	20,327	22,048
Net profit	2,281	3,941	4,180	4,578
EPS (THB)	0.76	1.31	1.39	1.53
vs Consensus (%)	-	9.9	7.0	7.1
EBITDA	2,995	4,961	5,048	5,557
Recurring net profit	2,312	4,191	4,180	4,578
Core EPS (THB)	0.77	1.40	1.39	1.53
Chg. In EPS est. (%)	-	30.3	12.8	9.4
EPS growth (%)	(68.6)	81.2	(0.3)	9.5
Core P/E (x)	30.0	16.5	16.6	15.1
Dividend yield (%)	2.6	4.0	4.2	4.6
EV/EBITDA (x)	20.0	12.0	11.8	10.6
Price/book (x)	3.0	2.9	2.7	2.6
Net debt/Equity (%)	(40.0)	(40.3)	(38.3)	(37.9)
ROE (%)	9.6	17.7	16.8	17.5

## คาดการณ์รายได้รวมจะโตตามเป้าของ ITC

มูลค่าการส่งออกอาหารแมวและสุนัขจากประเทศไทยในช่วงเดือน ก.ค. - ส.ค. อยู่ที่ USD486 ล้าน (+8% q-q, +31% y-y) ทำสถิติสูงสุดรายเดือนใหม่อย่างต่อเนื่อง แม้ว่าค่าเงินบาทจะปรับขึ้น 7.4% q-q และ 3.4% y-y ในช่วงเดียวกันอัตราการแข็งตัวของค่าเงินยังน้อยกว่าการเติบโตของคำสั่งซื้อซึ่งทำให้มูลค่าการส่งออกในรูปเงินบาทยังเติบโตได้ เราคาดว่ารายได้รวมใน 3Q24 จะโต 15% y-y และยังคงทรงตัว q-q โดยได้ปัจจัยผลักดันจากการเติบโตของลูกค้านำเข้าในสหรัฐฯ และสหภาพยุโรป แม้ว่าจะประสบปัญหาในการขนส่งเล็กน้อย บริษัทฯ ได้ส่งมอบสินค้าไปแล้ว 97% ของคำสั่งซื้อพร้อมเลื่อนการส่งมอบในส่วนที่เหลือไปใน 4Q

## อัตรากำไรขั้นต้นอาจสูงกว่าที่เราคาด

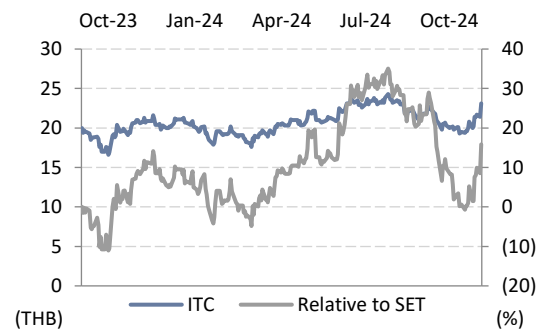
เราคาดว่าอัตรากำไรขั้นต้นใน 3Q24 จะยังทรงตัวที่ 30% ใกล้เคียงกับใน 2Q24 ไปแต่ละระดับสูงสุดใหม่และดีกว่าที่เราคาดไว้ที่ 27% แม้ว่าบริษัทฯ จะเริ่มรับรู้ค่าเสื่อมของสายการผลิตใหม่ และค่าเงินบาทที่แข็งตัวเต็มไตรมาส อย่างไรก็ตามปัจจัยดังกล่าวจะชดเชยได้ด้วยต้นทุนทุนน้ำที่ลดลง (-3% q-q, -23% y-y) สัดส่วนสินค้า Premium น่าจะยังทรงตัวที่ประมาณ 54-55% และจากการปรับตัวของอัตราแลกเปลี่ยนเงินบาทจากสัญญาป้องกันความเสี่ยงล่วงหน้าในสัดส่วน 80% รวมถึงอีก 20% จากการป้องกันความเสี่ยงตามธรรมชาติ จึงคาดว่าช่วยหนุนอัตรากำไรขั้นต้นให้ต่อเนื่อง

## คำสั่งซื้อใน 4Q24 ยังอยู่ในเกณฑ์ดี

แนวโน้มกำไรใน 4Q24 เป็นบวกโดยมีคำสั่งซื้อล่วงหน้าอยู่ที่ประมาณ 50% ของเป้าซึ่งชี้ให้เห็นว่ารายได้ใน 4Q24 อาจเพิ่มต่อเนื่องและแตะระดับสูงสุดของปีนี้ ความเสี่ยงจากการประท้วงของแรงงานที่ทำเรือชายฝั่งตะวันออกในสหรัฐฯ น่าจะมีจำกัดเนื่องจาก ITC ส่งออกไปฝั่งตะวันตกเป็นหลัก นอกจากนี้บริษัทฯ ยังน่าจะได้ประโยชน์จาก FX adjustment ต่อเนื่องใน 4Q24 ซึ่งทำให้ ITC ปรับเพิ่มเป้าอัตรากำไรขั้นต้นในปี 2024 เป็น 26-28% (จาก 24-26%) อย่างไรก็ตามเราเชื่อว่าผลบวกของ FX adjustment จะทยอยลดลงในไตรมาสถัดไป เรายังต้องติดตามแนวโน้มค่าเงินบาทรวมถึงความสามารถในการปรับราคากับลูกค้าต่อไป

## คงคำแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 30 บาท

เราปรับเพิ่มประมาณการกำไรสุทธิปี 2024-25 ขึ้น 23% และ 13% เป็น 3.9 พัน ลบ. (+72.7% y-y) และ 4.18 พัน ลบ. (+6.1% y-y) ตามลำดับ เราปรับราคาเป้าหมายของเราเป็นปี 2025 ที่ 30 บาทโดยปรับลดเป้า P/E เป็น 22x (จาก 25x) ใกล้เคียงกับค่าเฉลี่ย 3 ปี ในภาพรวมเรายังมีมุมมองเชิงบวกเกี่ยวกับความต้องการอาหารสัตว์เลี้ยงและแนวโน้มกำไรที่ดีจากการบริหารความเสี่ยงของบริษัทฯ เราคาดว่า ITC จะให้ผลตอบแทนในรูปเงินปันผลไม่น้อยกว่า 4-5% ในปี 2024



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	13.8	(0.9)	13.8
Relative to country (%)	5.6	(12.0)	14.3
Mkt cap (USD m)	2,126		
3m avg. daily turnover (USD m)	6.8		
Free float (%)	22		
Major shareholder	Thai Union Group (79%)		
12m high/low (THB)	24.70/16.40		
Issued shares (m)	3,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 1 ตุลาคม 2024

### Investment thesis

ITC is a leading global pet food manufacturer. It has cost and innovation advantages due partly to its parent company, Thai Union Group (TU TB), a leading global tuna processor. Also, its management has extensive experience of over 20 years. They help make it possible for ITC to respond to changing customer needs and maintain a good relationship with global pet food brands.

Additionally, increased pet ownership should encourage continued growth in the global pet food market value. In 2024, ITC plans to expand its capacity by 17-18% to cope with pet food growth and develop new value-added products to enhance profitability.

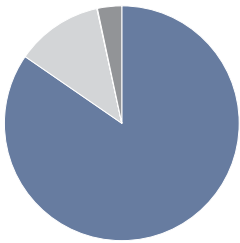
### Company profile

Revenue-wise, ITC is in the world’s top 10 pet food producers and the second largest in Asia. Also, it is a global pet care company of TU, which has been operating a pet food business since 1977. ITC has two factories in Samut Sakhon and Songkhla. It distributes products globally. In 2023, its revenue came mainly from the US (50.3% of total revenue), followed by Asia, Oceania, and others (37.1%), and Europe (12.6%).

[www.i-tail.com](http://www.i-tail.com)

### Principal activities (revenue, 2023)

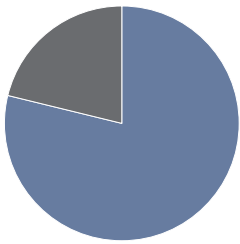
- Pet Food - 84.6 %
- Treats - 12.0 %
- Other - 0.1 %
- Other segment - 3.3 %



Source: i-Tail Corporation

### Major shareholders

- Thai Union Group - 78.8 %
- Others - 21.2 %



Source: i-Tail Corporation

### Catalysts

Potential catalysts for ITC’s earnings growth in 2024-25 are 1) revenue growth from existing customers in line with the industry and new customers; 2) capacity expansion; and 3) lower raw material costs.

### Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power, 2) more fluctuating raw material prices than expected, 3) a stronger-than-expected THB, and 4) labour shortages.

### Event calendar

Date	Event
5 November 2024	3Q24 results announcement
6 November 2024	3Q24 analyst meeting

### Key assumptions

	2024E	2025E	2026E
FX rate (USDTHB)	33.0	33.0	33.0
Tuna price (USD/tonne)	1,449	1,500	1,500
Total sales growth (%)	18.1	10.5	8.5
Gross margin (%)	28.2	25.5	25.7

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 2.9%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2024 net profit to fall by 2.8%, and vice versa, all else being equal.

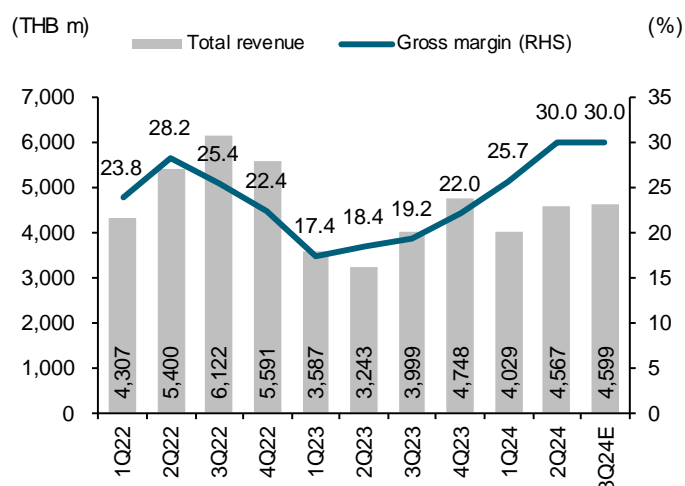
Source: FSSIA estimates

## Exhibit 1: ITC – 3Q24 earnings preview

	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		2024E	Change	%9M24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	3,999	4,748	4,029	4,567	4,599	0.7	15.0	18,395	18.1	71.7
Cost of sales	3,231	3,702	2,994	3,199	3,220	0.7	(0.4)	13,208	5.3	71.3
Gross profit	768	1,046	1,034	1,368	1,380	0.8	79.6	5,187	70.8	72.9
SG&A	266	319	310	390	396	1.5	48.7	1,508	27.5	72.6
Operating profit	685	894	888	1,158	1,134	(2.1)	65.6	4,322	75.9	73.6
Other income	183	166	163	180	150	(16.6)	(17.8)	643	6.7	76.7
Interest expense	2	2	1	1	1	(0.1)	(20.9)	4	(63.7)	102.2
Tax expense	31	80	8	36	34	(6.0)	11.2	125	(4.9)	62.5
Other gain (loss)	(9)	(46)	(57)	(111)	0	(100.0)	(100.0)	(250)	703.7	nm
Reported net profit	645	767	821	1,010	1,099	8.9	70.5	3,941	72.7	74.3
Core profit	653	812	878	1,121	1,099	(2.0)	68.3	4,191	81.2	73.9
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	19.2	22.0	25.7	30.0	30.0	0.0	10.8	28.2	8.7	
SG&A to sales	6.7	6.7	7.7	8.5	8.6	0.1	1.9	8.2	0.6	
Operating margin	17.1	18.8	22.0	25.4	24.7	(0.7)	7.5	23.5	7.7	
Net margin	16.1	16.2	20.4	22.1	23.9	1.8	7.8	21.4	6.8	
Core margin	16.3	17.1	21.8	24.5	23.9	(0.6)	7.6	22.8	7.9	
<b>Operating statistics (THB m)</b>										
THB/USD	35.2	35.7	35.7	36.7	34.0	(7.4)	(3.4)	33.0	(5.2)	
Tuna price (USD/tonne)	1,850	1,533	1,333	1,478	1,425	(3.6)	(23.0)	1,449	(19.5)	
Cat food sales	2,885	3,226	3,041	3,106	3,318	6.8	15.0	13,110	21.7	72.2
Dog food sales	399	849	511	798	582	(27.1)	45.8	2,655	10.4	71.2
Treat sales	487	542	398	548	584	6.6	20.0	2,206	18.2	69.4
Other non-pet sales	226	126	73	91	90	(1.5)	(60.3)	345	(33.6)	73.9
Americas	1,841	2,512	1,819	2,397	2,415	0.7	31.1	10,077	(34.3)	
Europe	456	773	755	691	699	1.2	53.5	2,619	(41.5)	
Asia, Oceania, Others	1,703	1,463	1,454	1,479	1,486	0.5	(12.7)	5,846	(5.9)	

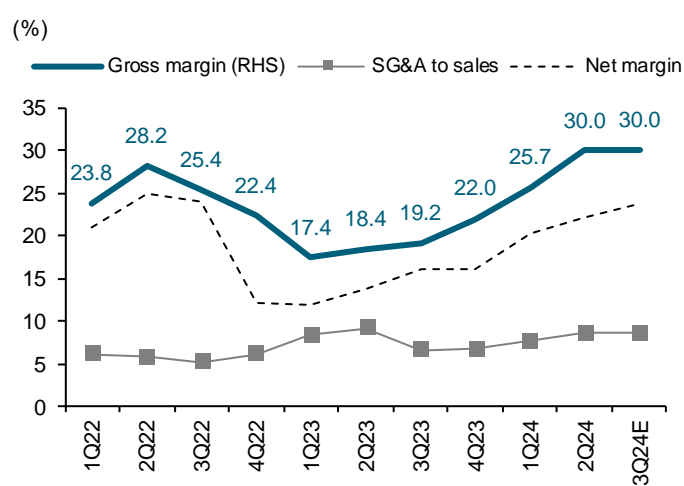
Sources: ITC; FSSIA estimates

## Exhibit 2: Quarterly total revenue and gross margin

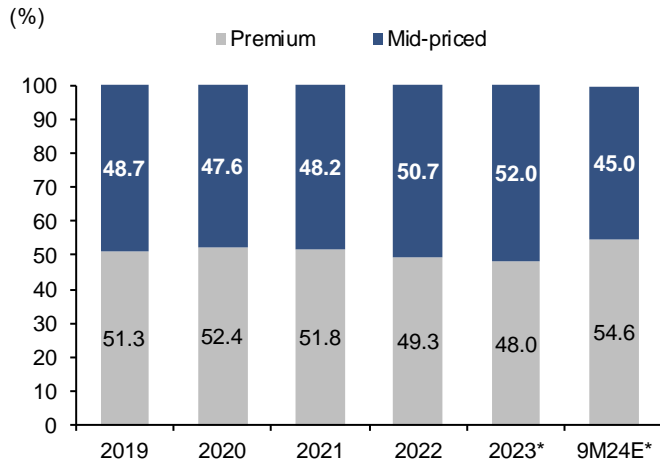


Sources: ITC; FSSIA estimates

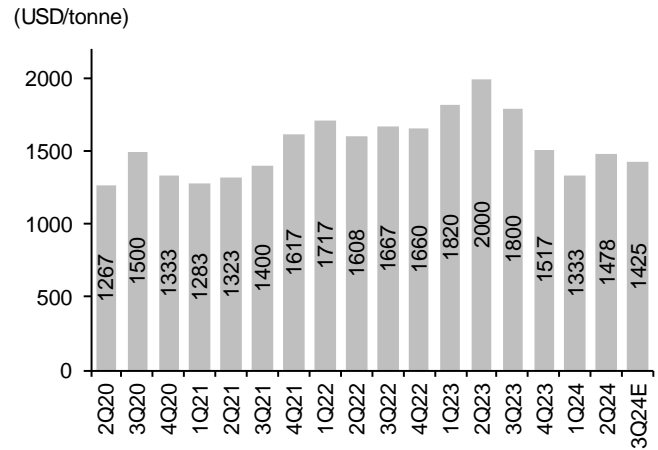
## Exhibit 3: Quarterly gross margin and net margin



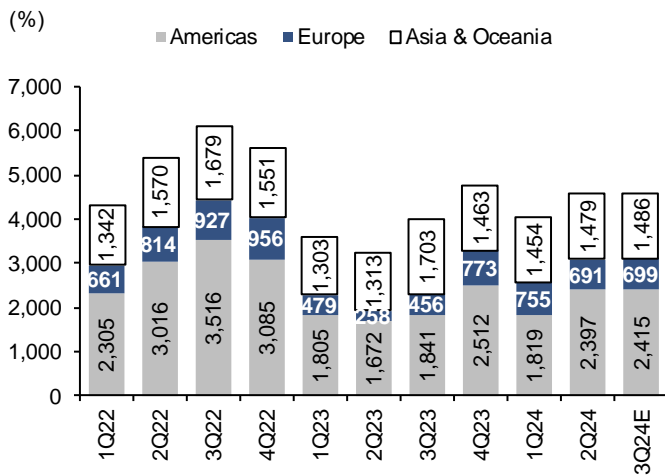
Sources: ITC; FSSIA estimates

**Exhibit 4: Revenue contribution by product segment**

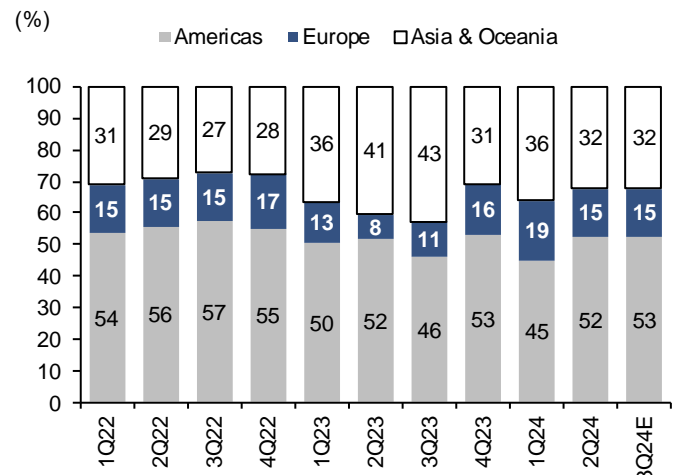
Sources: ITC; FSSIA estimates

**Exhibit 5: Quarterly tuna prices**

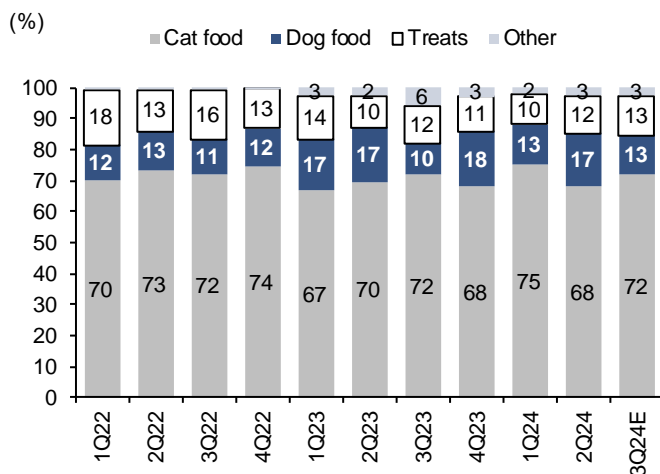
Sources: TU, FSSIA estimates

**Exhibit 6: Revenue by destination**

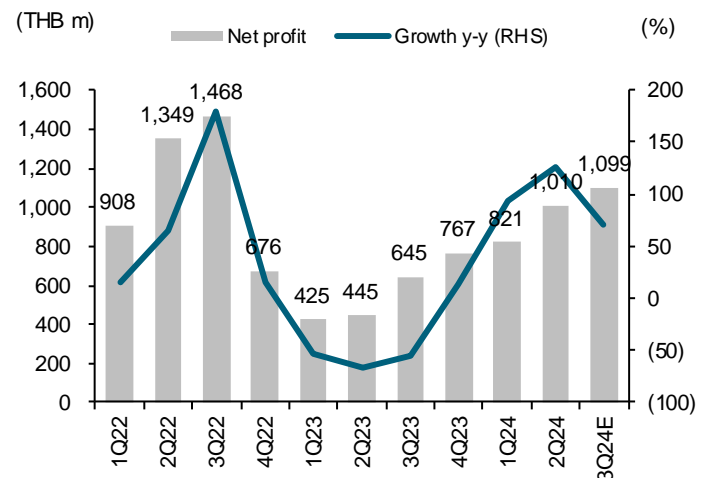
Sources: ITC; FSSIA estimates

**Exhibit 7: Revenue contribution by destination**

Sources: ITC; FSSIA estimates

**Exhibit 8: Revenue contribution by type of product**

Sources: ITC; FSSIA estimates

**Exhibit 9: Quarterly net profit and growth**

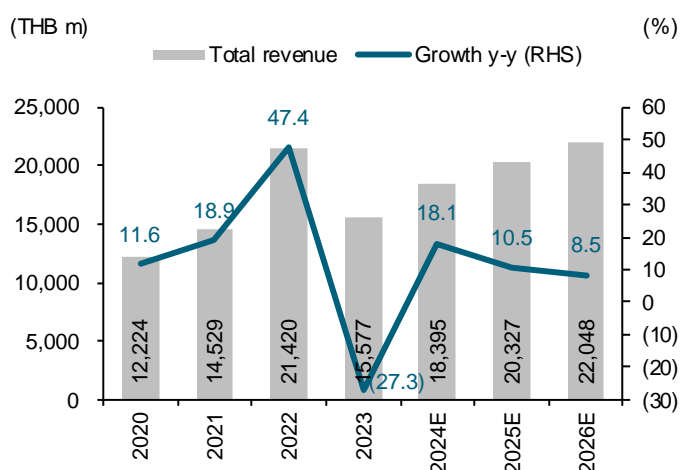
Sources: ITC; FSSIA estimates

## Exhibit 10: Changes in key assumptions for ITC

	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	18,395	20,327	22,048	17,708	19,867	21,819	3.9	2.3	1.0
Cost	13,208	15,144	16,382	13,812	15,397	16,801	(4.4)	(1.6)	(2.5)
Gross profit	5,187	5,183	5,666	3,896	4,470	5,018	33.2	16.0	12.9
SG&A expenses	1,508	1,585	1,720	1,116	1,252	1,375	35.2	26.7	25.1
Reported net profit	3,941	4,180	4,578	3,204	3,690	4,167	23.0	13.3	9.9
Core profit	4,191	4,180	4,578	3,204	3,690	4,167	30.8	13.3	9.9
<b>Key ratios (%)</b>									
Total revenue growth	18.1	10.5	8.5	13.7	12.2	9.8	4.4	(1.7)	(1.4)
Net profit growth	72.7	6.1	9.5	40.5	15.2	12.9	32.3	(9.1)	(3.4)
Core profit growth	81.2	(0.3)	9.5	38.6	15.2	12.9	42.7	(15.4)	(3.4)
Gross margin	28.2	25.5	25.7	22.0	22.5	23.0	(6.2)	(3.0)	(2.7)
SG&A to sales	8.2	7.8	7.8	6.3	6.3	6.3	(1.9)	(1.5)	(1.5)
Net margin	21.4	20.6	20.8	18.1	18.6	19.1	(3.3)	(2.0)	(1.7)
Core margin	22.8	20.6	20.8	18.1	18.6	19.1	(4.7)	(2.0)	(1.7)
<b>Operating statistics</b>									
THB/USD	33.0	33.0	33.0	33.0	33.0	33.0	0.0	0.0	0.0
Tuna price (USD/tonne)	1,449	1,500	1,500	1,600	1,500	1,500	(9.4)	0.0	0.0
<b>Revenue breakdown (THB m)</b>									
Cat food	13,110	14,431	15,742	12,212	13,815	15,348	7.3	4.5	2.6
Dog food	2,655	2,973	3,168	2,725	3,083	3,285	(2.6)	(3.6)	(3.6)
Treats	2,206	2,536	2,752	2,291	2,536	2,752	(3.7)	0.0	0.0

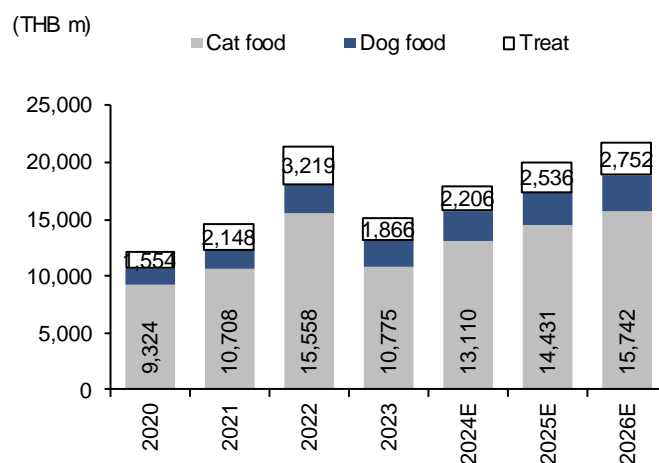
Source: FSSIA estimates

## Exhibit 11: Yearly total revenue and growth



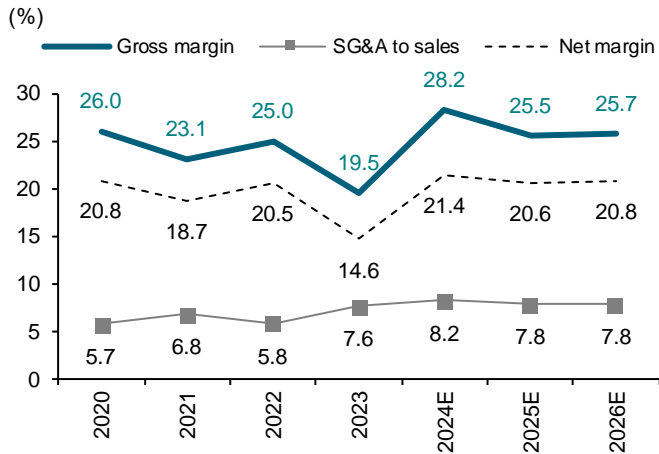
Sources: ITC; FSSIA estimates

## Exhibit 12: Yearly revenue by type of product



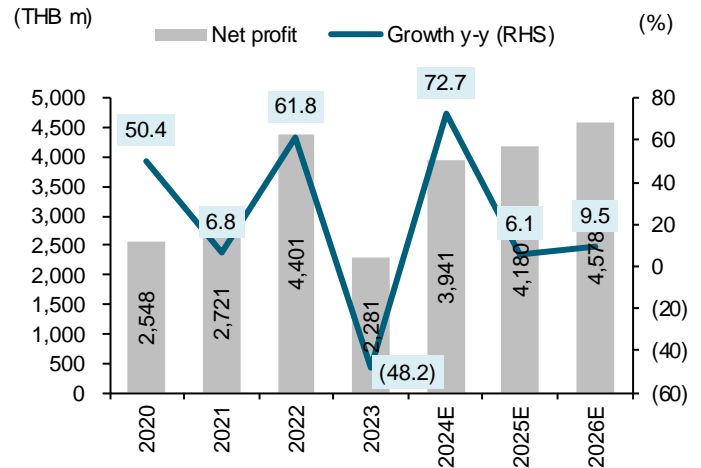
Sources: ITC; FSSIA estimates

Exhibit 13: Yearly gross margin and net margin



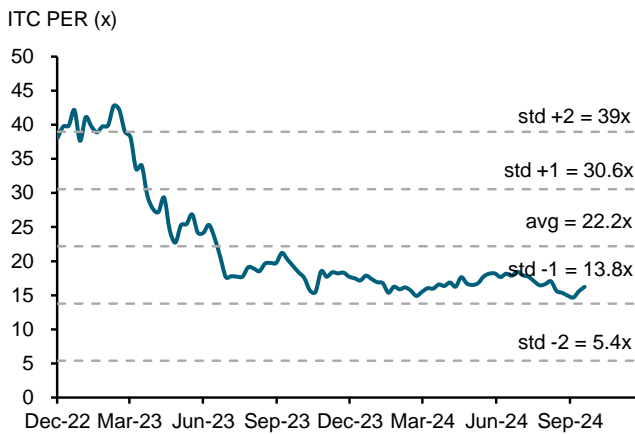
Sources: ITC; FSSIA estimates

Exhibit 14: Yearly net profit and growth



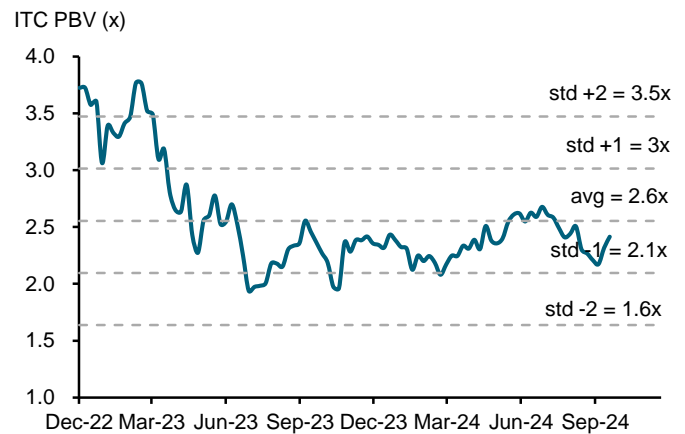
Sources: ITC; FSSIA estimates

Exhibit 15: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 16: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 17: Peers comparison as of 1 October 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Thailand														
I-Tail*	ITC TB	BUY	23.10	30.00	30	2,126	16.5	16.6	17.7	16.8	2.9	2.7	12.0	11.8
Thai union group*	TU TB	BUY	14.90	17.30	16	1,945	13.8	12.4	8.7	9.5	1.2	1.2	10.0	9.5
Asian sea	ASIAN TB	n/a	9.40	n/a	n/a	235	8.9	9.6	13.4	11.6	1.1	1.1	5.0	5.2
Asian Alliance International	AAI TB	n/a	6.20	n/a	n/a	404	13.9	12.4	18.8	19.7	2.5	2.3	9.6	8.4
Thailand average						4,710	13.3	12.7	14.6	14.4	1.9	1.8	9.2	8.7
Regional														
Yantai China pet foods	002891 CH	n/a	24.48	n/a	n/a	1,026	24.4	20.0	12.0	13.1	2.9	2.6	14.4	12.0
Petpal pet nutrition	300673 CH	n/a	14.48	n/a	n/a	513	23.0	18.5	7.9	9.1	1.8	1.7	13.6	11.2
Wenzhou wen toys	001222 CH	n/a	12.44	n/a	n/a	338	14.3	12.7	12.9	13.2	1.7	1.6	10.2	9.1
Nestle	NESN SW	n/a	84.96	n/a	n/a	264,228	17.8	17.0	34.8	34.9	6.4	5.8	14.5	14.2
JM Smucker	SJM US	n/a	121.10	n/a	n/a	12,886	12.6	12.4	13.4	13.0	1.6	1.5	11.8	10.3
General mills	GIS US	n/a	73.85	n/a	n/a	40,998	16.4	16.4	25.9	26.2	4.4	4.2	13.0	13.0
Petco health and wellness	WOOF US	n/a	4.55	n/a	n/a	1,248	56.2	n/a	1.0	(1.2)	0.7	1.1	6.8	8.3
Spectrum brands holdings	SPB US	n/a	95.14	n/a	n/a	2,667	21.6	18.0	5.3	7.8	1.4	1.3	8.5	8.4
Swedencare	SECARE SS	n/a	44.28	n/a	n/a	695	39.2	23.1	2.3	3.8	0.9	0.9	14.1	11.8
Pets at home	PETS LN	n/a	305.40	n/a	n/a	1,878	15.1	13.9	8.5	10.2	1.5	1.5	7.1	6.8
Regional average						326,479	24.1	16.9	12.4	13.0	2.3	2.2	11.4	10.5

Sources: Bloomberg; \*FSSIA estimates

## Financial Statements

### i-Tail Corporation

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	21,420	15,577	18,395	20,327	22,048
Cost of goods sold	(16,071)	(12,539)	(13,208)	(15,144)	(16,382)
<b>Gross profit</b>	<b>5,349</b>	<b>3,038</b>	<b>5,187</b>	<b>5,183</b>	<b>5,666</b>
Other operating income	247	603	643	711	772
Operating costs	(1,239)	(1,183)	(1,508)	(1,585)	(1,720)
<b>Operating EBITDA</b>	<b>4,928</b>	<b>2,995</b>	<b>4,961</b>	<b>5,048</b>	<b>5,557</b>
Depreciation	(571)	(539)	(639)	(739)	(839)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>4,357</b>	<b>2,457</b>	<b>4,322</b>	<b>4,309</b>	<b>4,718</b>
Net financing costs	(83)	(11)	(4)	(5)	(4)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	175	(31)	(250)	0	0
<b>Profit before tax</b>	<b>4,450</b>	<b>2,415</b>	<b>4,068</b>	<b>4,305</b>	<b>4,714</b>
Tax	(48)	(132)	(125)	(121)	(132)
<b>Profit after tax</b>	<b>4,401</b>	<b>2,283</b>	<b>3,943</b>	<b>4,184</b>	<b>4,582</b>
Minority interests	0	(1)	(2)	(4)	(4)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>4,401</b>	<b>2,281</b>	<b>3,941</b>	<b>4,180</b>	<b>4,578</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(175)</b>	<b>31</b>	<b>250</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>4,226</b>	<b>2,312</b>	<b>4,191</b>	<b>4,180</b>	<b>4,578</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.46	0.77	1.40	1.39	1.53
Reported EPS	2.56	0.76	1.31	1.39	1.53
DPS	1.66	0.60	0.92	0.98	1.07
Diluted shares (used to calculate per share data)	1,720	3,000	3,000	3,000	3,000
<b>Growth</b>					
Revenue (%)	47.4	(27.3)	18.1	10.5	8.5
Operating EBITDA (%)	62.6	(39.2)	65.6	1.8	10.1
Operating EBIT (%)	74.6	(43.6)	75.9	(0.3)	9.5
Recurring EPS (%)	(63.7)	(68.6)	81.2	(0.3)	9.5
Reported EPS (%)	(66.1)	(70.3)	72.7	6.1	9.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	25.0	19.5	28.2	25.5	25.7
Gross margin exc. depreciation (%)	27.6	23.0	31.7	29.1	29.5
Operating EBITDA margin (%)	23.0	19.2	27.0	24.8	25.2
Operating EBIT margin (%)	20.3	15.8	23.5	21.2	21.4
Net margin (%)	19.7	14.8	22.8	20.6	20.8
Effective tax rate (%)	1.1	5.5	3.1	2.8	2.8
Dividend payout on recurring profit (%)	67.6	77.8	65.8	70.0	70.0
Interest cover (X)	52.8	223.0	1,080.5	957.6	1,072.4
Inventory days	93.6	117.0	99.6	98.4	101.4
Debtor days	48.8	86.4	78.3	76.2	76.9
Creditor days	46.3	58.9	45.7	44.3	45.6
Operating ROIC (%)	33.7	15.8	25.3	23.1	23.6
ROIC (%)	32.5	14.6	23.6	22.2	22.7
ROE (%)	26.5	9.6	17.7	16.8	17.5
ROA (%)	21.6	8.7	16.2	15.4	15.9

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

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Pet Food	18,119	13,180	15,765	17,404	18,909
Treats	3,219	1,866	2,206	2,536	2,752
Other	82	13	80	14	15
Other segment		519	345	372	372

Sources: i-Tail Corporation; FSSIA estimates



## Financial Statements

### i-Tail Corporation

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	4,226	2,312	4,191	4,180	4,578
Depreciation	571	539	639	739	839
Associates & minorities	16	(15)	1	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(2,972)	(578)	(842)	(966)	(788)
<b>Cash flow from operations</b>	<b>1,841</b>	<b>2,258</b>	<b>3,989</b>	<b>3,953</b>	<b>4,629</b>
Capex - maintenance	(817)	(1,532)	(1,053)	(1,000)	(1,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(222)	(838)	779	(58)	(52)
<b>Cash flow from investing</b>	<b>(1,039)</b>	<b>(2,370)</b>	<b>(275)</b>	<b>(1,058)</b>	<b>(1,052)</b>
Dividends paid	(7,471)	(3,791)	(2,759)	(2,926)	(3,205)
Equity finance	20,795	0	0	0	0
Debt finance	(1,559)	4	(264)	(5)	(19)
Other financing cash flows	(16)	(50)	(201)	39	34
<b>Cash flow from financing</b>	<b>11,749</b>	<b>(3,837)</b>	<b>(3,223)</b>	<b>(2,893)</b>	<b>(3,190)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>12,551</b>	<b>(3,949)</b>	<b>491</b>	<b>2</b>	<b>388</b>
Free cash flow to firm (FCFF)	884.37	(101.04)	3,718.59	2,899.36	3,581.79
Free cash flow to equity (FCFE)	(773.10)	(157.69)	3,249.72	2,928.50	3,592.33
<b>Per share (THB)</b>					
FCFF per share	0.29	(0.03)	1.24	0.97	1.19
FCFE per share	(0.26)	(0.05)	1.08	0.98	1.20
Recurring cash flow per share	2.80	0.95	1.61	1.64	1.81
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	7,968	8,905	9,449	9,853	10,162
Less: Accumulated depreciation	(3,075)	(3,423)	(3,560)	(3,703)	(3,851)
<b>Tangible fixed assets (net)</b>	<b>4,893</b>	<b>5,482</b>	<b>5,889</b>	<b>6,150</b>	<b>6,312</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	42	923	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	13,254	9,305	9,796	9,799	10,186
A/C receivable	3,517	3,860	4,032	4,455	4,833
Inventories	4,454	3,243	3,619	4,149	4,488
Other current assets	1,526	2,165	2,575	2,846	3,087
<b>Current assets</b>	<b>22,750</b>	<b>18,573</b>	<b>20,022</b>	<b>21,248</b>	<b>22,594</b>
Other assets	493	452	552	610	661
<b>Total assets</b>	<b>28,178</b>	<b>25,431</b>	<b>26,462</b>	<b>28,008</b>	<b>29,567</b>
Common equity	25,029	23,118	24,247	25,502	26,875
Minorities etc.	16	1	2	2	2
<b>Total shareholders' equity</b>	<b>25,045</b>	<b>23,119</b>	<b>24,249</b>	<b>25,504</b>	<b>26,877</b>
Long term debt	29	33	28	23	4
Other long-term liabilities	588	569	368	407	441
<b>Long-term liabilities</b>	<b>617</b>	<b>602</b>	<b>396</b>	<b>430</b>	<b>444</b>
A/C payable	2,353	1,520	1,628	1,867	2,020
Short term debt	14	14	5	5	5
Other current liabilities	150	177	184	203	220
<b>Current liabilities</b>	<b>2,517</b>	<b>1,710</b>	<b>1,817</b>	<b>2,075</b>	<b>2,245</b>
<b>Total liabilities and shareholders' equity</b>	<b>28,178</b>	<b>25,431</b>	<b>26,462</b>	<b>28,008</b>	<b>29,567</b>
Net working capital	6,994	7,572	8,413	9,380	10,167
Invested capital	12,422	14,429	14,854	16,140	17,140
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	8.34	7.71	8.08	8.50	8.96
Tangible book value per share	8.34	7.71	8.08	8.50	8.96
<b>Financial strength</b>					
Net debt/equity (%)	(52.8)	(40.0)	(40.3)	(38.3)	(37.9)
Net debt/total assets (%)	(46.9)	(36.4)	(36.9)	(34.9)	(34.4)
Current ratio (x)	9.0	10.9	11.0	10.2	10.1
CF interest cover (x)	(8.4)	(13.3)	813.4	651.8	817.4
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>9.4</b>	<b>30.0</b>	<b>16.5</b>	<b>16.6</b>	<b>15.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>12.2</b>	<b>38.9</b>	<b>21.5</b>	<b>21.5</b>	<b>19.7</b>
Reported P/E (x)	9.0	30.4	17.6	16.6	15.1
Dividend yield (%)	7.2	2.6	4.0	4.2	4.6
Price/book (x)	2.8	3.0	2.9	2.7	2.6
Price/tangible book (x)	2.8	3.0	2.9	2.7	2.6
EV/EBITDA (x) **	11.4	20.0	12.0	11.8	10.6
EV/EBITDA @ target price (x) **	15.6	27.0	16.2	15.9	14.4
EV/invested capital (x)	4.5	4.2	4.0	3.7	3.4
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: i-Tail Corporation; 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

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Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

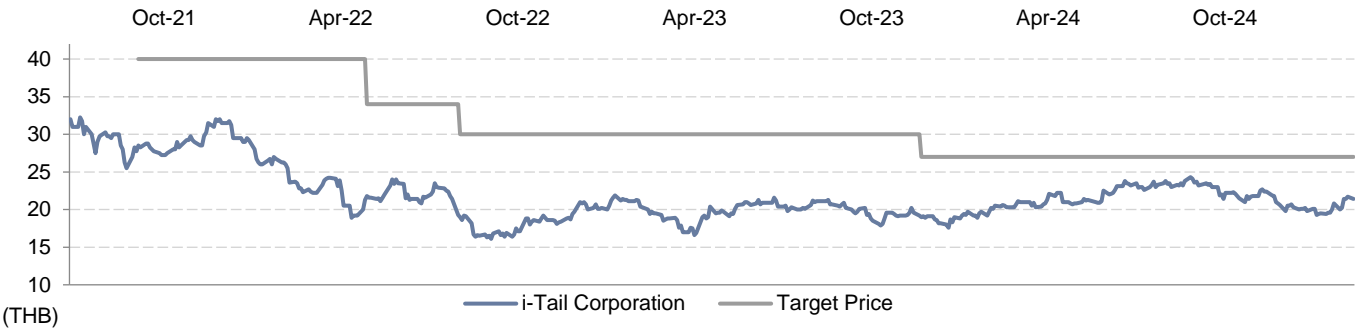
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History of change in investment rating and/or target price

i-Tail Corporation (ITC TB)



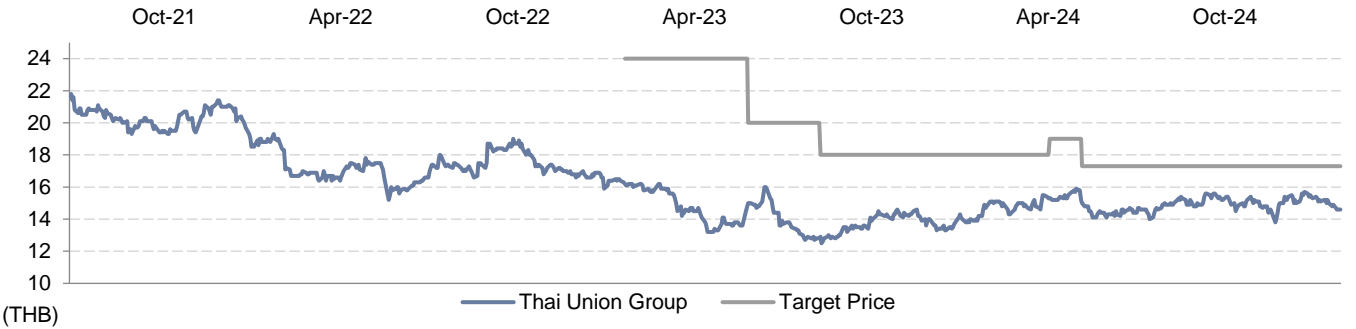
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Jan-2023	BUY	40.00	26-Jun-2023	BUY	30.00	-	-	-
09-May-2023	BUY	34.00	19-Feb-2024	BUY	27.00			

Sureeporn Teewasuwet started covering this stock from 11-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Thai Union Group (TU TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Jan-2023	BUY	24.00	10-Jul-2023	BUY	18.00	20-Feb-2024	BUY	17.30
09-May-2023	BUY	20.00	23-Jan-2024	BUY	19.00			

Sureeporn Teewasuwet started covering this stock from 23-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
i-Tail Corporation	ITC TB	THB 23.10	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power, 2) more fluctuating raw material prices than expected, 3) a stronger-than-expected THB, and 4) labour shortages.
Thai Union Group	TU TB	THB 14.90	BUY	Downside risks to our SoTP-based 2024 TP include 1) a slower-than-expected revenue recovery; 2) a disruption on shipping routes, resulting in higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) stronger Baht than expected.

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 01-Oct-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.