

SAPPE SAPPE TB

THAILAND / FOOD & BEVERAGE

BUY
 UNCHANGED

Concerns over recovery remain

- Expect 3Q24 core profit to drop q-q and y-y; a greater slowdown than previously forecast.
- There are ongoing concerns about a 2025 revenue recovery, while SAPPE is also moving forward with the construction of a new factory.
- Revising down 2025 core profit and lowering TP to THB80.

3Q24 profit may be weaker than previously expected

We expect a 3Q24 core profit of THB269m (-33% q-q, -17% y-y); a greater slowdown than previously anticipated due to 1) revenue from Indonesia should decline in line with seasonality and its distributor change management; 2) the Middle East is being affected by prolonged port closures due to the war; 3) weaker revenue in Europe is expected, as customers have stocked up significantly prior to this period, and this year has colder weather than usual; and 4) the appreciation of the Thai baht, leading to an anticipated revenue decrease of 23% q-q and 8% y-y, contrary to earlier expectations of y-y growth.

Expect profit margin to decline in line with revenue

Due to the strong Thai baht, we anticipate the 3Q24 utilization rate to decrease to 65% from 74% in 2Q24, leading to a lower projected gross margin at 45% from 47.1% in 2Q24 and 46.2% in 3Q23. Meanwhile, SG&A should remain high due to global marketing costs starting from 2Q24, and with the projected revenue decline, the SG&A to sales ratio should rise to 27.2% from 25% in 2Q24 and 23.4% in 3Q23. FX gains from forward contracts are also anticipated. We project SAPPE's 3Q24 net profit to be THB281m (-32% q-q, -12% y-y).

There are ongoing concerns about the recovery in 2025

The profit outlook for 3Q24 might be weaker than previously expected, while we expect the 4Q24 core profit to grow q-q, as higher orders, especially from the Middle East, begin to gradually increase. Port operations are expected to resume towards the end of 4Q to facilitate imports ahead of the Ramadan festival in March 2025. However, there are ongoing concerns about Indonesia's recovery due to changes in the management of the exclusive distributor. SAPPE is also moving forward with the construction of a new factory, which is targeted for completion by mid-2025 at a cost of THB1.63b. If depreciation is accounted for six months, it would impact to SAPPE's 2025 gross margin by 0.7%.

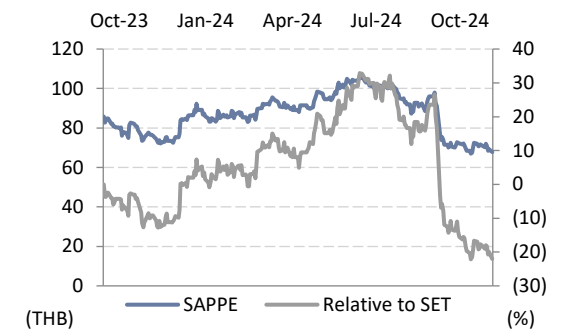
Revising down our profit forecast and target price

We revise down our 2025E profit by 4.4% to THB1.37b, reflecting only 3% y-y growth based on more conservative assumptions regarding revenue recovery, using an exchange rate of THB33/USD and including the depreciation of the new factory. We roll forward our TP to 2025 at THB80, adjusting the P/E ratio to 18x (from 22x), aligning with its historical average and reflecting our lower profit growth expectations. However, there remains an 18% upside, so we maintain our BUY rating, although in the short term, there are no catalysts for the share price.

TARGET PRICE	THB80.00
CLOSE	THB67.75
UP/DOWNSIDE	+18.1%
PRIOR TP	THB92.00
CHANGE IN TP	-13.0%
TP vs CONSENSUS	-14.4%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	6,053	6,936	7,261	7,843
Net profit	1,074	1,329	1,369	1,523
EPS (THB)	3.48	4.31	4.44	4.94
vs Consensus (%)	-	(0.2)	(11.0)	(15.4)
EBITDA	1,536	1,895	1,948	2,172
Recurring net profit	1,085	1,329	1,369	1,523
Core EPS (THB)	3.52	4.31	4.44	4.94
Chg. In EPS est. (%)	-	2.1	(4.4)	(4.2)
EPS growth (%)	63.1	22.6	3.0	11.2
Core P/E (x)	19.3	15.7	15.3	13.7
Dividend yield (%)	3.2	4.8	4.9	5.5
EV/EBITDA (x)	12.0	9.9	9.8	8.8
Price/book (x)	5.5	5.0	4.7	4.3
Net debt/Equity (%)	(63.2)	(52.1)	(41.8)	(39.9)
ROE (%)	30.7	33.4	31.7	32.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.2)	(33.6)	(20.5)
Relative to country (%)	(7.8)	(40.0)	(21.3)
Mkt cap (USD m)	625		
3m avg. daily turnover (USD m)	3.7		
Free float (%)	25		
Major shareholder	Ruckariyapong Family (65%)		
12m high/low (THB)	107.50/66.75		
Issued shares (m)	308.29		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

SAPPE is a leader in the Thai functional drink market. It has been exporting to overseas markets over the past ten years with product champions like Mogu Mogu and Aloe Vera. Those products received such favorable responses that it resulted in continued increases in the export sales mix. According to the latest data in 2023, exports stood at 81% of total revenue, with solid growth in all key markets, such as Asia (Indonesia, the Philippines, and South Korea), Europe (France and the UK), the US, and the Middle East. In 2025-26, management set a continued revenue growth target of 20-25% p.a. with a long-term revenue target of THB10b by 2026.

Company profile

SAPPE manufactures and distributes healthy food and beverages, with Mogu Mogu, fruit juice with nata de coco, as its first beverage in 2001. Later, it expanded product lines and brands, including Beauti Drink, Aloe Vera, and Preaw Coffee. In 2016, SAPPE invested in All Coco coconut juice. In 2019, it partnered with Danone to set up Danone Sappe Beverage to introduce beverages under the B'BLUE brand.

www.sappe.com

Principal activities (revenue, 2023)

Activity	Percentage
Domestic revenue	19.1 %
Overseas revenue	80.9 %

Source: Sappe

Major shareholders

Shareholder	Percentage
Ruckariyapong Family	65.4 %
Others	34.6 %

Source: Sappe

Catalysts

Potential catalysts for SAPPE’s earnings growth in 2024-25 include 1) overseas market growth, especially new or low-base markets, such as France, the UK, the US, India, and the Middle East; 2) successful new products; 3) lower plastic pellet costs; and 4) capacity expansion.

Risks to our call

Downside risks to our P/E-based TP include 1) lower purchasing power, 2) higher raw material and packaging costs, 3) Baht strength, and 4) increased competition and product infringement.

Event calendar

Date	Event
14 November 2024	3Q24 results announcement
19 November 2024	3Q24 analyst meeting

Key assumptions

	2024E	2025E	2026E
Domestic revenue (THB m)	1,307	1,415	1,501
Overseas revenue (THB m)	5,629	5,846	6,342
Total revenue (THB m)	6,936	7,261	7,843
Total revenue growth (%)	14.6	4.7	8.0
Gross margin (%)	45.9	45.2	45.7
SG&A to sales (%)	25.7	25.2	25.0

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: Changes in key assumptions for SAPPE

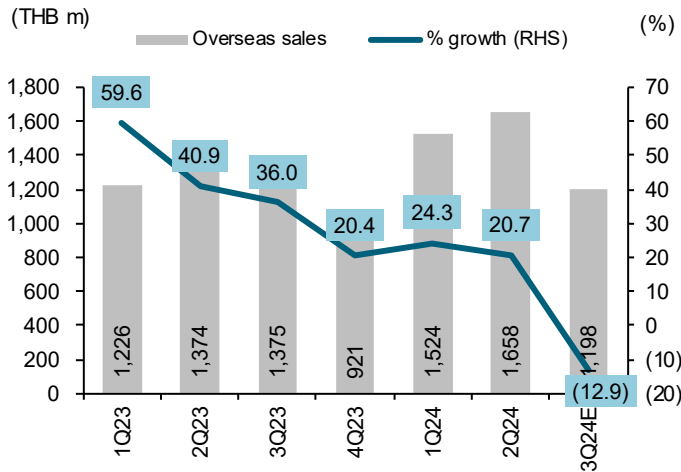
	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total sales value (THB m)	6,936	7,261	7,843	7,041	7,501	8,089	(1.5)	(3.2)	(3.0)
Costs	3,753	3,979	4,259	3,788	4,066	4,368	(0.9)	(2.1)	(2.5)
Gross profit	3,184	3,282	3,584	3,253	3,436	3,721	(2.1)	(4.5)	(3.7)
SG&A expense	1,779	1,830	1,961	1,880	1,913	2,022	(5.4)	(4.3)	(3.0)
Interest expense	2	3	3	3	3	3	0.0	0.0	0.0
Reported net profit	1,329	1,369	1,523	1,302	1,432	1,590	2.0	(4.4)	(4.2)
Core profit	1,329	1,369	1,523	1,302	1,432	1,590	2.1	(4.4)	(4.2)
Key ratios (%)									
Total revenue growth	14.6	4.7	8.0	16.3	6.5	7.8	(1.7)	(1.9)	0.2
Net profit growth	23.7	3.0	11.2	21.2	10.0	11.0	2.5	(7.0)	0.2
Core profit growth	22.6	3.0	11.2	20.1	10.0	11.0	2.5	(7.0)	0.2
Gross margin	45.9	45.2	45.7	46.2	45.8	46.0	(0.3)	(0.6)	(0.3)
SG&A to sales	25.7	25.2	25.0	26.7	25.5	25.0	(1.1)	(0.3)	0.0
Net margin	19.2	18.9	19.4	18.5	19.1	19.7	0.7	(0.2)	(0.2)
Core margin	19.2	18.9	19.4	18.5	19.1	19.7	0.7	(0.2)	(0.2)
Operating statistics (no.)									
Domestic revenue	1,307	1,415	1,501	1,281	1,415	1,538	2.0	0.0	(2.4)
Overseas revenue	5,629	5,846	6,342	5,760	6,086	6,551	(2.3)	(4.0)	(3.2)
Domestic revenue growth	13.1	8.2	6.1	10.8	10.5	8.7	2.3	(2.2)	(2.6)
Overseas revenue growth	15.0	3.8	8.5	17.6	5.7	7.6	(2.7)	(1.8)	0.9
Domestic revenue portion	18.8	19.5	19.1	18.2	18.9	19.0	0.7	0.6	0.1
Overseas revenue portion	81.2	80.5	80.9	81.8	81.1	81.0	(0.7)	0.0	(0.1)

Source: FSSIA estimates

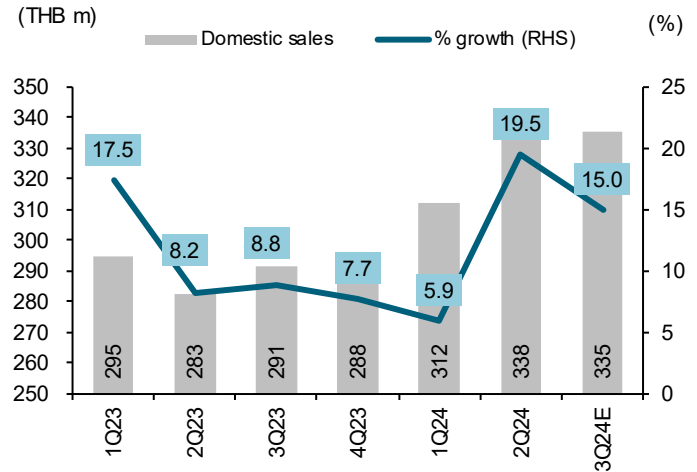
Exhibit 2: SAPPE – 3Q24 earnings preview

	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	1,667	1,209	1,836	1,996	1,533	(23.2)	(8.0)	6,053	6,936	14.6	77.4
Cost of sales	897	661	991	1,056	843	(20.2)	(6.0)	3,341	3,753	12.3	77.0
Gross profit	770	548	845	940	690	(26.6)	(10.3)	2,711	3,184	17.4	77.7
SG&A	389	403	459	499	417	(16.4)	7.1	1,499	1,779	18.7	77.3
Operating profit	412	189	455	505	338	(33.1)	(18.1)	1,358	1,667	22.7	77.9
Other income	32	43	68	64	65	1.3	101.7	146	262	79.8	75.2
Interest expense	0.60	0.61	0.57	0.53	0.53	0.2	(12.1)	3	2	(16.9)	76.6
Tax expense	83	43	90	104	67	(35.5)	(18.9)	275	333	21.3	78.4
Reported net profit	319	168	352	411	281	(31.6)	(12.0)	1,074	1,329	23.7	78.6
Core profit	325	151	365	399	269	(32.6)	(17.3)	1,085	1,329	22.6	77.7
Key ratios (%)						(ppt)	(ppt)				
Gross margin	46.2	45.3	46.0	47.1	45.0	(2.1)	(1.2)	44.8	45.9	1.1	
SG&A to sales	23.4	33.3	25.0	25.0	27.2	2.2	3.8	24.8	25.7	0.9	
Operating margin	24.7	15.6	24.8	25.3	22.0	(3.3)	(2.7)	22.4	24.0	1.6	
Net margin	19.1	13.9	19.2	20.6	18.3	(2.3)	(0.8)	17.7	19.2	1.4	
Core margin	19.5	12.5	19.9	20.0	17.5	(2.5)	(2.0)	17.9	19.2	1.2	
Operating statistics (THB m)											
Domestic revenue	291	288	312	338	335	(0.8)	15.0	1,156	1,307	13.1	75.4
Overseas revenue	1,375	921	1,524	1,658	1,198	(27.7)	(12.9)	4,896	5,629	15.0	77.8
Asia	601	489	728	669	511	(23.7)	(15.0)	2,398	2,431	1.4	78.5
Europe	500	246	367	508	440	(13.4)	(12.0)	1,414	1,628	15.2	80.7
America	77	89	90	127	92	(27.6)	20.0	325	412	26.9	75.1
Middle East and others	198	98	338	355	156	(56.0)	(21.4)	759	1,158	52.5	73.3

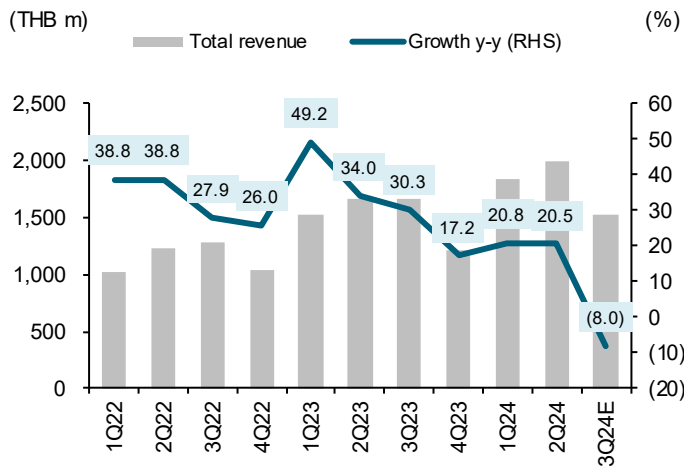
Sources: SAPPE, FSSIA estimates

Exhibit 3: Quarterly overseas revenue and growth


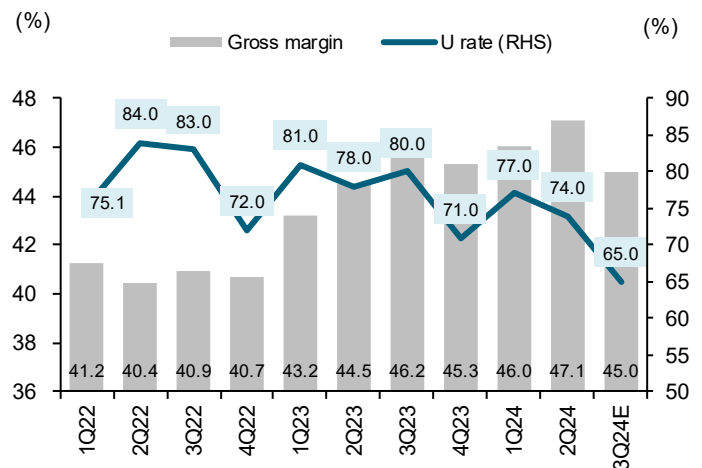
Sources: SAPPE, FSSIA estimates

Exhibit 4: Quarterly domestic revenue and growth


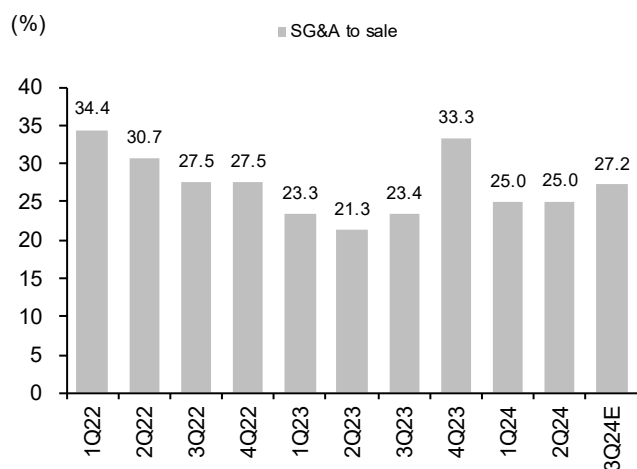
Sources: SAPPE, FSSIA estimates

Exhibit 5: Quarterly total revenue and growth


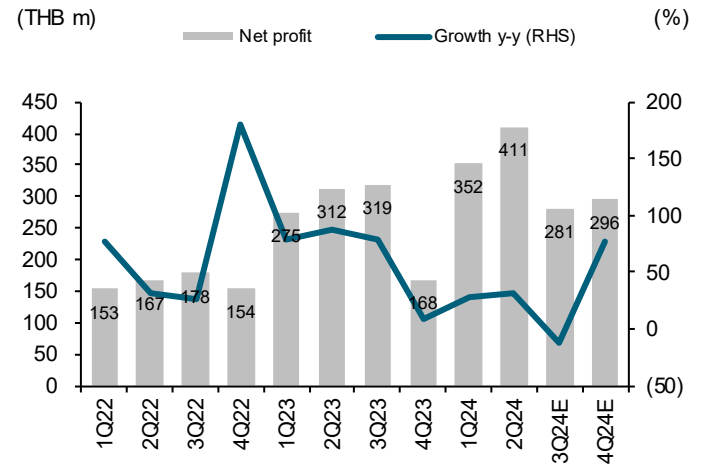
Sources: SAPPE, FSSIA estimates

Exhibit 6: Quarterly gross margin and utilization rate


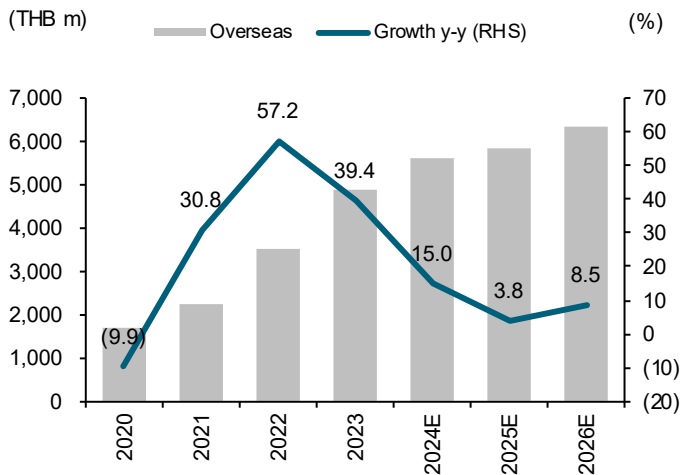
Sources: SAPPE, FSSIA estimates

Exhibit 7: Quarterly SG&A to sales


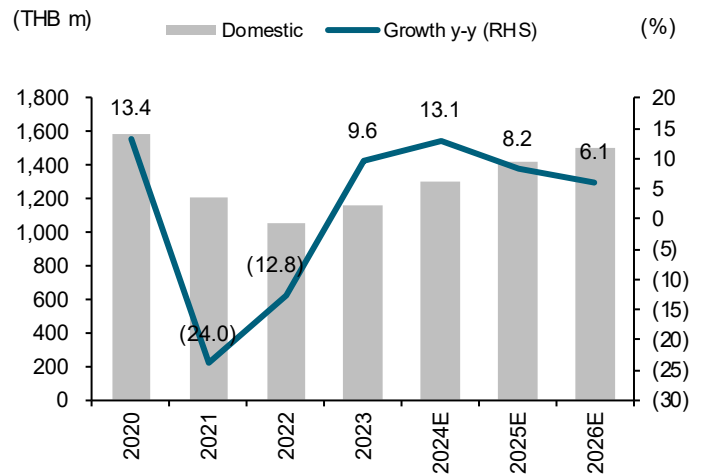
Sources: SAPPE, FSSIA estimates

Exhibit 8: Quarterly net profit and growth


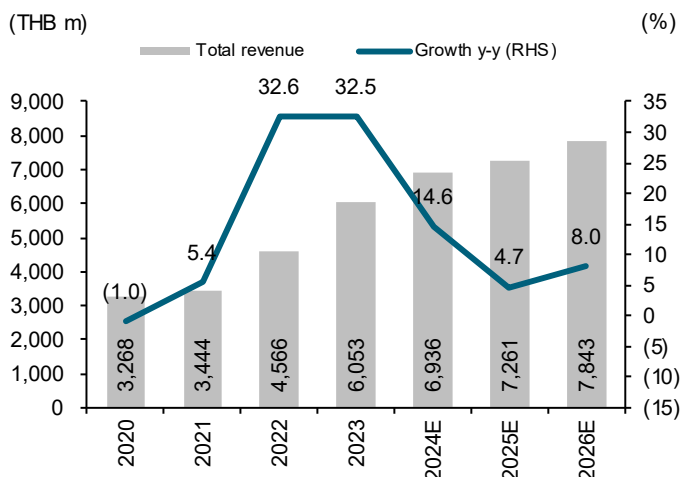
Sources: SAPPE, FSSIA estimates

Exhibit 9: Yearly overseas revenue and growth


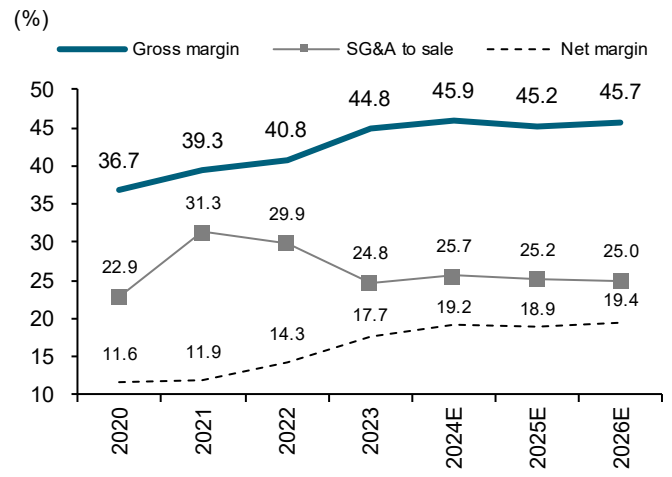
Sources: SAPPE, FSSIA estimates

Exhibit 10: Yearly domestic revenue and growth


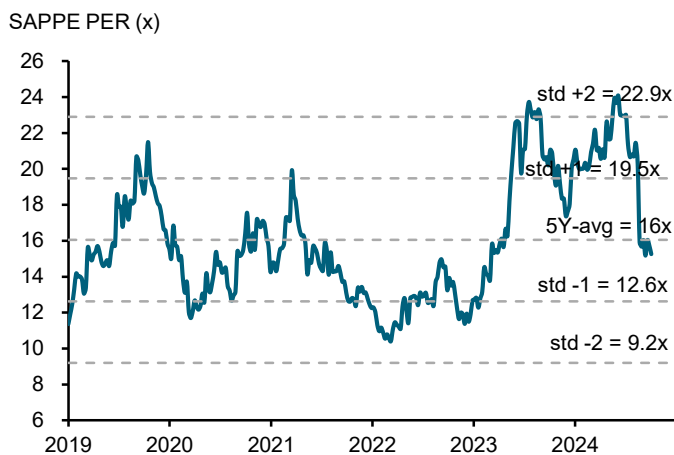
Sources: SAPPE, FSSIA estimates

Exhibit 11: Yearly total revenue and growth


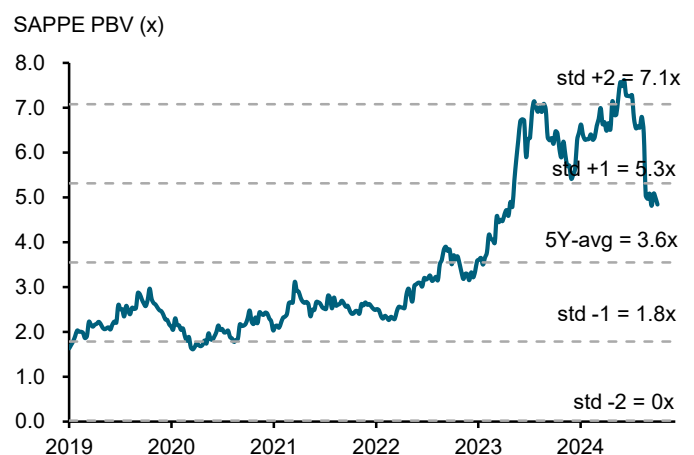
Sources: SAPPE, FSSIA estimates

Exhibit 12: Yearly gross margin and SG&A to sales


Sources: SAPPE, FSSIA estimates

Exhibit 13: Historical P/E band


Sources: Bloomberg; FSSIA estimates

Exhibit 14: Historical P/BV band


Sources: Bloomberg; FSSIA estimates

Financial Statements

Sappe

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	4,566	6,053	6,936	7,261	7,843
Cost of goods sold	(2,703)	(3,341)	(3,753)	(3,979)	(4,259)
Gross profit	1,863	2,711	3,184	3,282	3,584
Other operating income	333	146	262	218	235
Operating costs	(1,366)	(1,499)	(1,779)	(1,830)	(1,961)
Operating EBITDA	1,018	1,536	1,895	1,948	2,172
Depreciation	(187)	(178)	(228)	(278)	(313)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	830	1,358	1,667	1,670	1,859
Net financing costs	(2)	(3)	(2)	(3)	(3)
Associates	0	(20)	1	7	8
Recurring non-operating income	0	(20)	1	7	8
Non-recurring items	(12)	(10)	0	0	0
Profit before tax	816	1,325	1,666	1,675	1,864
Tax	(162)	(275)	(333)	(335)	(373)
Profit after tax	654	1,051	1,333	1,340	1,491
Minority interests	(1)	24	(3)	29	31
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	653	1,074	1,329	1,369	1,523
Non-recurring items & goodwill (net)	12	10	0	0	0
Recurring net profit	666	1,085	1,329	1,369	1,523
Per share (THB)					
Recurring EPS *	2.16	3.52	4.31	4.44	4.94
Reported EPS	2.12	3.48	4.31	4.44	4.94
DPS	1.65	2.18	3.23	3.33	3.70
Diluted shares (used to calculate per share data)	308	308	308	308	308
Growth					
Revenue (%)	32.6	32.5	14.6	4.7	8.0
Operating EBITDA (%)	36.9	51.0	23.3	2.8	11.5
Operating EBIT (%)	52.2	63.6	22.7	0.2	11.3
Recurring EPS (%)	59.5	63.1	22.6	3.0	11.2
Reported EPS (%)	57.8	64.5	23.7	3.0	11.2
Operating performance					
Gross margin inc. depreciation (%)	40.8	44.8	45.9	45.2	45.7
Gross margin exc. depreciation (%)	44.9	47.7	49.2	49.0	49.7
Operating EBITDA margin (%)	22.3	25.4	27.3	26.8	27.7
Operating EBIT margin (%)	18.2	22.4	24.0	23.0	23.7
Net margin (%)	14.6	17.9	19.2	18.9	19.4
Effective tax rate (%)	19.8	20.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	76.5	62.0	75.0	75.0	75.0
Interest cover (X)	363.6	524.4	786.9	616.6	662.9
Inventory days	53.3	50.9	46.6	47.0	47.0
Debtor days	26.6	19.7	23.6	29.3	28.9
Creditor days	29.8	28.9	32.7	36.6	36.5
Operating ROIC (%)	63.7	96.7	89.7	64.3	58.2
ROIC (%)	48.3	73.7	73.9	55.5	51.4
ROE (%)	21.6	30.7	33.4	31.7	32.5
ROA (%)	15.9	20.8	22.3	20.6	21.3

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Domestic revenue	1,055	1,156	1,307	1,415	1,501
Overseas revenue	3,511	4,896	5,629	5,846	6,342

Sources: Sappe; FSSIA estimates

Financial Statements

Sappe

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	666	1,085	1,329	1,369	1,523
Depreciation	187	178	228	278	313
Associates & minorities	0	20	(1)	(7)	(8)
Other non-cash items	1	(24)	71	12	14
Change in working capital	191	581	3	37	70
Cash flow from operations	1,045	1,840	1,630	1,688	1,911
Capex - maintenance	-	-	-	-	-
Capex - new investment	(376)	(935)	(776)	(955)	(700)
Net acquisitions & disposals	6	4	0	0	0
Other investments (net)	(41)	(1)	(26)	(3)	(6)
Cash flow from investing	(411)	(931)	(802)	(958)	(706)
Dividends paid	(348)	(521)	(997)	(1,027)	(1,142)
Equity finance	63	0	0	0	0
Debt finance	0	(2)	12	3	3
Other financing cash flows	25	18	(53)	2	3
Cash flow from financing	(259)	(506)	(1,038)	(1,022)	(1,136)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	375	403	(210)	(292)	69
Free cash flow to firm (FCFF)	636.44	911.11	829.85	732.90	1,207.90
Free cash flow to equity (FCFE)	659.23	924.28	786.52	734.80	1,211.00
Per share (THB)					
FCFF per share	2.06	2.96	2.69	2.38	3.92
FCFE per share	2.14	3.00	2.55	2.38	3.93
Recurring cash flow per share	2.77	4.08	5.28	5.36	5.97
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	2,530	3,121	4,121	5,121	5,821
Less: Accumulated depreciation	(1,398)	(1,403)	(1,631)	(1,909)	(2,222)
Tangible fixed assets (net)	1,132	1,718	2,490	3,212	3,599
Intangible fixed assets (net)	128	124	124	124	124
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	186	140	141	148	156
Cash & equivalents	2,129	2,532	2,321	2,030	2,099
A/C receivable	459	642	655	637	685
Inventories	444	438	463	491	525
Other current assets	47	45	35	36	39
Current assets	3,079	3,656	3,474	3,193	3,348
Other assets	36	43	69	73	78
Total assets	4,561	5,680	6,298	6,750	7,305
Common equity	3,258	3,818	4,146	4,488	4,869
Minorities etc.	102	78	149	162	175
Total shareholders' equity	3,360	3,896	4,295	4,650	5,044
Long term debt	61	49	48	51	54
Other long-term liabilities	70	88	35	36	39
Long-term liabilities	130	137	83	87	93
A/C payable	230	271	360	382	408
Short term debt	21	21	34	34	34
Other current liabilities	820	1,356	1,526	1,597	1,726
Current liabilities	1,071	1,647	1,920	2,013	2,168
Total liabilities and shareholders' equity	4,561	5,680	6,298	6,750	7,305
Net working capital	(99)	(502)	(733)	(815)	(885)
Invested capital	1,383	1,522	2,091	2,741	3,072
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	10.56	12.38	13.45	14.56	15.79
Tangible book value per share	10.15	11.98	13.05	14.16	15.39
Financial strength					
Net debt/equity (%)	(60.9)	(63.2)	(52.1)	(41.8)	(39.9)
Net debt/total assets (%)	(44.9)	(43.3)	(35.6)	(28.8)	(27.5)
Current ratio (x)	2.9	2.2	1.8	1.6	1.5
CF interest cover (x)	453.9	729.4	737.9	622.3	679.6
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	31.4	19.3	15.7	15.3	13.7
Recurring P/E @ target price (x) *	37.1	22.7	18.6	18.0	16.2
Reported P/E (x)	32.0	19.4	15.7	15.3	13.7
Dividend yield (%)	2.4	3.2	4.8	4.9	5.5
Price/book (x)	6.4	5.5	5.0	4.7	4.3
Price/tangible book (x)	6.7	5.7	5.2	4.8	4.4
EV/EBITDA (x) **	18.6	12.0	9.9	9.8	8.8
EV/EBITDA @ target price (x) **	22.3	14.5	11.9	11.7	10.5
EV/invested capital (x)	13.7	12.2	9.0	7.0	6.2
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Sappe; FSSIA estimates

SAPPE PCL (SAPPE TB)

FSSIA ESG rating

★ ★

Exhibit 15: FSSIA ESG score implication

35.25 /100

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

Exhibit 16: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
CBG	51.54	--	Y	Y	4.00	4.00	Declared	High	59.58	B	--	33.28	56.00	2.12	--
SAPPE	35.25	--	Y	Y	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
OSP	61.48	--	Y	Y	5.00	4.00	Declared	Medium	68.64	BBB	--	63.08	51.00	3.00	63.65
TACC	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--
ICHI	43.67	--	Y	Y	5.00	5.00	Certified	High	61.36	--	--	--	18.00	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 17: ESG disclosure from the company's one report

FY ending Dec 31		FY 2022	FY ending Dec 31		FY 2022
Environmental			Governance		
Climate change policy		Yes	Board size / Independent directors (ID) / Female		10 / 5 / 3
Climate change opportunities discussed		--	No. of board meetings for the year / % attendance		8 / 96.75%
GHG scope 2 location-based policy		Yes	Company conducts board evaluations		Yes
Biodiversity policy		--	Number of non-executive directors on board		6
Energy efficiency policy		Yes	Director share ownership guidelines		No
Electricity used		Yes	Board age limit		No
Fuel used - crude oil/diesel		--	Age of the youngest / oldest director		44 / 79
Waste reduction policy		Yes	Number of executives / female		5 / 2
Water policy		Yes	Executive share ownership guidelines		No
Water consumption		--	Size of audit committee / ID		4 / 4
Social			Audit committee meetings		4
Human rights policy		Yes	Audit committee meeting attendance (%)		100
Policy against child labor		Yes	Size of compensation committee		--
Quality assurance and recall policy		Yes	Number of compensation committee meetings		--
Consumer data protection policy		Yes	Compensation committee meeting attendance (%)		--
Equal opportunity policy		Yes	Size of nomination committee / ID		--
Gender pay gap breakout		--	Number of nomination committee meetings		--
Pct women in workforce		55	Nomination committee meeting attendance (%)		--
Business ethics policy		Yes	Board compensation (THB m)		4.1
Anti-bribery ethics policy		Yes	Auditor fee (THB m)		3.13
Health and safety policy		Yes	(P&L Corporation Co., Ltd.)		
Lost time incident rate - employees		--			
Training policy		Yes			
Fair remuneration policy		Yes			
Number of employees - CSR		--			
Total hours spent by firm - employee training		--			
Social supply chain management		--			

Source: FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainabilitys	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 & 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+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

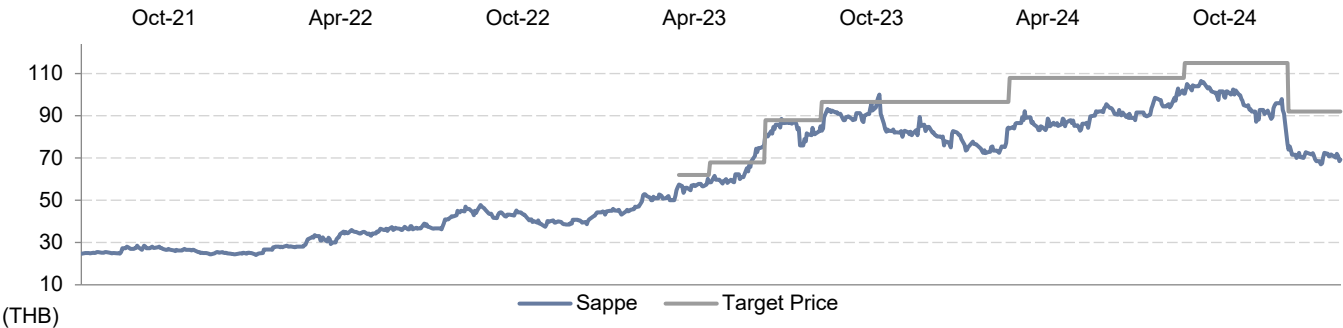
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History of change in investment rating and/or target price

Sappe (SAPPE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Mar-2023	BUY	62.00	11-Jul-2023	BUY	96.50	19-Aug-2024	BUY	92.00
05-Apr-2023	BUY	68.00	21-Dec-2023	BUY	108.00			
23-May-2023	BUY	88.00	21-May-2024	BUY	115.00			

Sureeporn Teewasuwet started covering this stock from 09-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sappe	SAPPE TB	THB 67.75	BUY	Downside risks to our P/E-based TP include 1) lower purchasing power, 2) higher raw material and packaging costs, 3) Baht strength, and 4) increased competition and product infringement.

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 07-Oct-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.