

MAGURO GROUP MAGURO TB

THAILAND / AGRO & FOOD INDUSTRY

BUY

UNCHANGED

TARGET PRICE	THB22.00
CLOSE	THB16.90
UP/DOWNSIDE	+30.2%
PRIOR TP	THB22.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+5.4%

New branches are performing well

- We expect 3Q24 net profit to resume strong recovery due to the absence of extra expenses and new branches.
- Continued expansion plans, with six new branches, two new brands, and the first stand-alone on Pradit Manutham.
- Reiterate a BUY call with the same TP of THB22.

Expect 3Q24 net profit to resume strong growth

We expect a 3Q24 net profit of THB22m (+74% q-q, +18% y-y), showing a strong recovery due to the absence of extra expenses like in 2Q24. Overall performance appears solid. Although same-store sales growth should be slightly negative at 1% y-y, this will be offset by the positive impact of branch expansion (four new ones: one Maguro and three Hitori) in 3Q24, bringing the total number of branches to 32, up from 21 in 3Q23. Therefore, we project 3Q24 revenue to grow 4% q-q and 25% y-y.

Salmon has dropped to its two-year low

With expected revenue growth and an average salmon price in 3Q24 at NOK78/kg (-28% q-q, -3% y-y), the weakest in two years, we expect the 3Q24 gross margin at 43.5%, up from 42.6% in 2Q24. However, it would be lower than 45.5% in 3Q23 since other raw material prices should remain higher than last year. We anticipate 2.6% q-q and 18.4% y-y higher total expenses. Branch expansion costs and additional staff would contribute to this rise despite the absence of expenses related to its stock listing. However, with revenue growth expected to outpace higher expenses, SG&A to sales might slightly decline to 33% from 33.5% in 2Q24 and 34.8% in 3Q23.

Keep opening more new branches

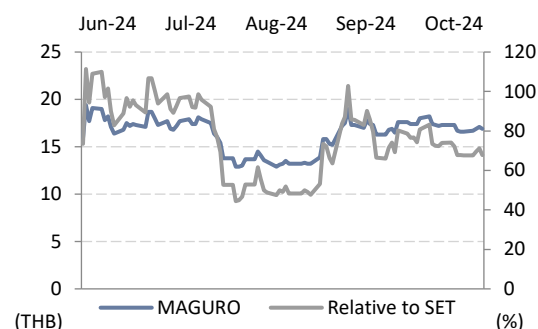
All branches are in Bangkok and its suburbs, so floods have not affected them. There are also plans to open six new branches in 4Q24, with a new Maguro branch set to open at One Bangkok on 25 October. In November-December, a stand-alone location featuring three brands would open on Pradit Manutham, one of which will be a new brand. In addition, MAGURO would introduce another new brand, a franchise called Tonkatsu Aoki, a famous Japanese pork cutlet restaurant, at Central World after securing exclusive rights to operate it in Thailand. Preliminary, we expect 4Q24 profit to continue rising to this year's peak.

Reiterate a BUY call with the same TP of THB22

We maintain our 2024-25E net profit growth of 16% y-y and 44% y-y, assuming 13 and 11 new branches, respectively, and retain our 2025 TP at THB22. The current share price trades at a 2025E P/E of only 17.6x, while earnings illustrate an uptrend. We reiterate a BUY call.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,044	1,333	1,598	1,892
Net profit	72	84	121	156
EPS (THB)	0.69	0.67	0.96	1.24
vs Consensus (%)	-	(6.3)	(0.5)	(1.6)
EBITDA	218	262	314	368
Recurring net profit	72	84	121	156
Core EPS (THB)	0.69	0.67	0.96	1.24
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	131.1	(3.7)	44.0	28.5
Core P/E (x)	24.4	25.3	17.6	13.7
Dividend yield (%)	4.9	2.4	3.4	4.4
EV/EBITDA (x)	9.5	8.2	6.9	5.9
Price/book (x)	6.6	3.4	3.1	2.9
Net debt/Equity (%)	117.1	4.0	6.2	4.5
ROE (%)	26.5	18.7	18.4	21.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.6	(2.9)	n/a
Relative to country (%)	(2.2)	(12.5)	n/a
Mkt cap (USD m)	63		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	29		
Major shareholder	Mr Jakkrit Saisomboon (15%)		
12m high/low (THB)	23.70/12.60		
Issued shares (m)	126.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

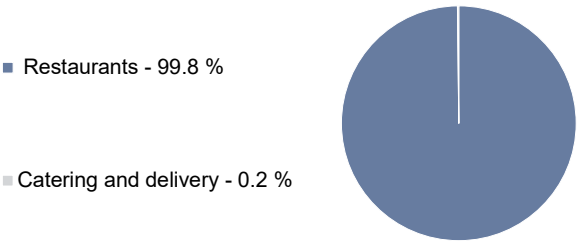
Although the overall outlook for Thailand's restaurant industry in 2024 may appear less optimistic due to weak purchasing power and high competition, MAGURO's negative 1H24 SSSG of 2.9% y-y is smaller compared to other operators like M and ZEN, which dropped by 9% and 11.4%, respectively. However, due to the positive impact of opening new branches, MAGURO's total revenue in 1H24 grew by a substantial 23.4% y-y. The company has plans to open more branches in 2H24 but should see no sizable listing-related expenses as in 2Q24. We expect revenue and profit growth to accelerate in 2H24 and perform well into 2025-26. MAGURO is considered a growth stock in this sector.

Company profile

Established in 2015, MAGURO is in the restaurant business, offering food and beverages across the premium-mass range under the MAGURO, SSAMTHING TOGETHER, and HITORI SHABU brands. In addition, the company provides delivery and catering services.

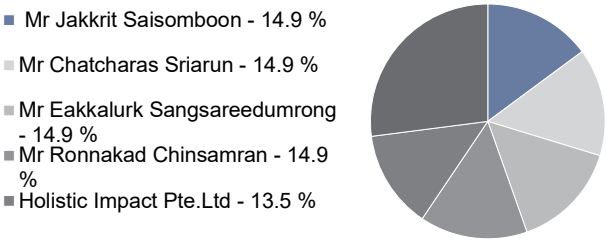
www.maguro.co.th

Principal activities (revenue, 2023)



Source: Maguro Group

Major shareholders



Source: Maguro Group

Catalysts

Potential catalysts for MAGURO’s earnings growth in 2025 include 1) foot traffic growth and food price hikes; 2) a tourism recovery, which would drive international customers; 3) lower raw material costs; and 4) new store expansion.

Risks to our call

Downside risks to our TP include 1) a slower-than-expected consumption recovery and more intense competition; 2) higher raw material prices; 3) a lower-than-expected new store expansion; and 4) a minimum wage increase and labor shortage.

Event calendar

Date	Event
13 November 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
SSSG (%)	0.0	2.0	2.0
New branches (no.)	11	10	8
Total branches (no.)	36	46	54
Total revenue growth (%)	25.3	18.7	15.3
Gross margin (%)	44.8	44.6	44.8
SG&A to sales (%)	33.8	33.7	33.5


Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2025 net profit to rise by 0.6%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 5.1%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2025 net profit to fall by 2.1%, and vice versa, all else being equal.


Source: FSSIA estimates

Exhibit 1: Current locations of SSAMTHING Together branches (as of 3Q24)

Brand logo	Numbers	Location	Open date
	1	Maga Bangna	28 Jul 2021
	2	Central Westgate	19 May 2022
	3	Central Rama 2	5 Oct 2022
	4	Samyan Mitrtown	9 Dev 2022
	5	Robinson Lifestyle Ratchapruet	10 Feb 2023
	6	The Nine Rama IX	4 Dec 2023


Source: MAGURO, FSSIA's compilation

Exhibit 2: Current locations of Maguro branches (as of 3Q24)

Brand logo	Numbers	Location	Open date
	1	Chic Republic Bangna	27 May 2015
	2	Int Intersect Rama 3	18 Jun 2016
	3	Chic Republic Ratchapruet	22 Nov 2016
	4	Health Land Chaengwattana	21 Dec 2016
	5	Mega Bangna	8 Dec 2017
	6	The Circle Ratchapruet	8 Feb 2019
	7	The Esplanade Ratchadapisek	18 Apr 2019
	8	Siam Square One	10 May 2019
	9	SB Design Square Rama 2	26 Nov 2020
	10	Central World	12 May 2021
	11	The Nine Rama IX	18 Aug 2022
	12	The Promenade Ramintra	1 Feb 2023
	13	The Mall Lifestyle Bangkai	1 Nov 2023
	14	Maeche Thonglor	15 Mar 2024
	15	Paradise Park	25 Jun 2024
	16	NIRVANA Krungthep Kreetha	2 Aug 2024

Source: MAGURO, FSSIA's compilation

Exhibit 3: Current locations of Hitori Shabu branches (as of 3Q24)

Brand logo	Numbers	Location	Open date
	1	Siam Paragon	11 Jul 2022
	2	Chic Republic Ratchapruet	30 Jan 2023
	3	Marche Thonglor	11 Apr 2023
	4	Mega Bangna	3 Jul 2023
	5	The Promenade Ramintra	16 Nov 2023
	6	The Emsphere	1 Dec 2023
	7	Paradise Park	1 Apr 2024
	8	Ekkamai 12	15 Jul 2024
	9	Market Place Krungthep Kreetha	1 Aug 2024
	10	Int-Intersect Rama 3	27 Aug 2024

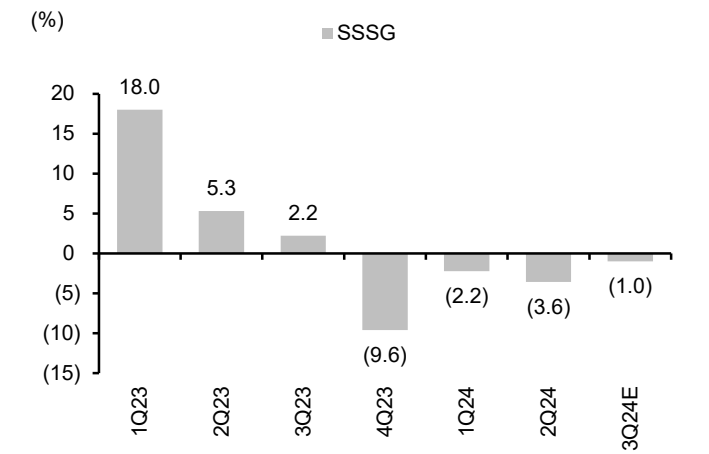
Source: MAGURO, FSSIA's compilation

Exhibit 4: MAGURO – 3Q24 earnings preview

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		9M24E	Change	2024E	Change	% 9M24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	236	265	267	276	297	321	334	4.0	25.0	952	24.0	1,333	27.7	71.4
Cost of sales	127	147	146	153	163	184	189	2.3	29.6	536	27.8	753	31.6	71.1
Gross profit	109	118	122	123	134	137	145	6.2	19.5	416	19.4	580	22.9	71.8
SG&A	81	89	93	101	102	107	110	2.6	18.4	320	21.7	440	20.9	72.7
Operating profit	28	30	29	23	33	30	36	19.1	24.9	99	13.9	143	30.2	69.2
Interest expense	4	5	5	6	7	8	8	5.4	73.6	23	73.7	31	60.2	73.4
Tax expense	5	5	5	3	5	3	6	76.4	7.1	14	(8.8)	21	15.5	65.9
Reported net profit	19	20	19	14	20	13	22	73.8	18.1	55	(5.5)	84	16.1	65.9
Core profit	19	20	19	14	21	18	22	23.4	18.1	61	4.3	91	25.9	67.1
Key Ratios (%)								(ppt)	(ppt)					
Gross margin	46.2	44.6	45.5	44.5	45.3	42.6	43.5	0.9	(2.0)	43.7	(1.7)	43.5	(1.7)	
SG&A to sales	34.3	33.5	34.8	36.7	34.4	33.5	33.0	(0.5)	(1.8)	33.6	(0.6)	33.0	(1.9)	
Operating margin	11.9	11.3	10.8	8.3	11.0	9.4	10.8	1.4	(0.0)	10.4	(0.9)	10.7	0.2	
Net margin	8.2	7.7	7.1	5.0	6.8	4.0	6.7	2.7	(0.4)	5.8	(1.8)	6.3	(0.6)	
Core margin	8.2	7.7	7.1	5.0	6.9	5.7	6.7	1.1	(0.4)	6.4	(1.2)	6.8	(0.1)	
Operating Statistics (THB m)														
SSSG (%)	18.0	5.3	2.2	(9.6)	(2.2)	(3.6)	(1.0)			(2.3)		0.0		
Existing branches (no.)	16	19	20	21	25	26	28			21		25		
New branches (no.)	3	1	1	4	1	2	4			11		13		
Total branches (no.)	19	20	21	25	26	28	32	14.3	52.4	32	52.4	38	52.0	
Maguro (no.)	12	12	12	13	14	15	16	6.7	33.3					
SSAMTHIBG Together (no.)	5	5	5	6	6	6	6	0.0	20.0					
Hitori (no.)	2	3	4	6	6	7	10	42.9	150.0					
Salmon price (NOK/kg)	107	103	80	86	109	108	78	(28.2)	(2.9)	98	1.6	91	(3.3)	

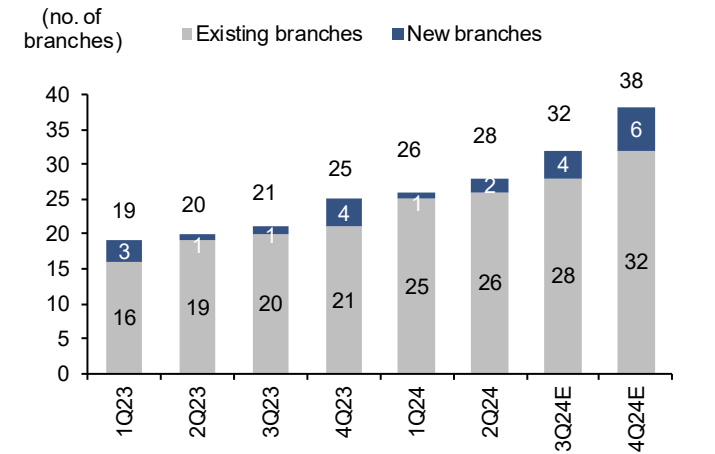
Sources: MAGURO, FSSIA estimates

Exhibit 5: Same-store sales growth



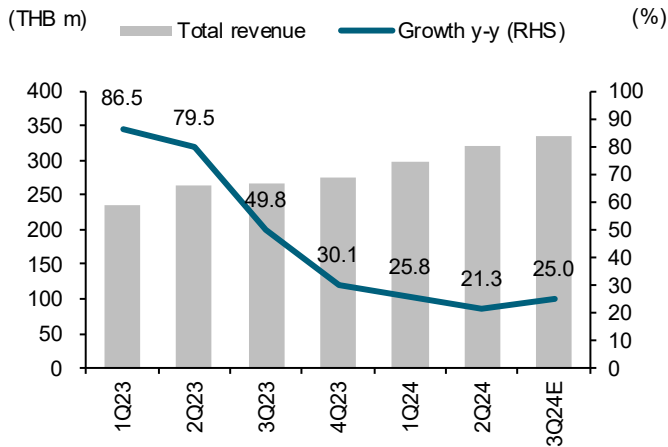
Sources: MAGURO, FSSIA estimates

Exhibit 6: Total new branch expansions



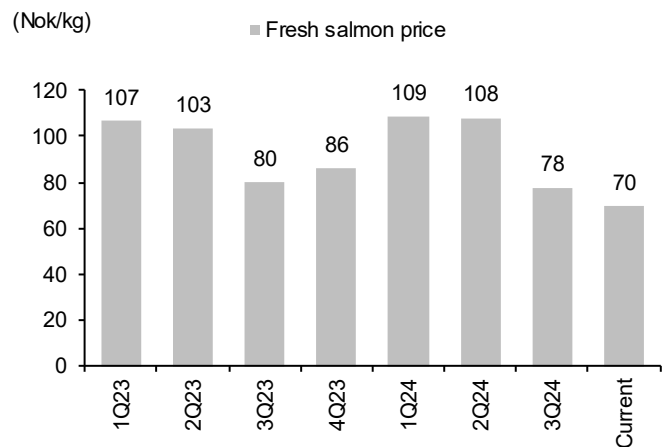
Sources: MAGURO, FSSIA estimates

Exhibit 7: Quarterly total revenue growth



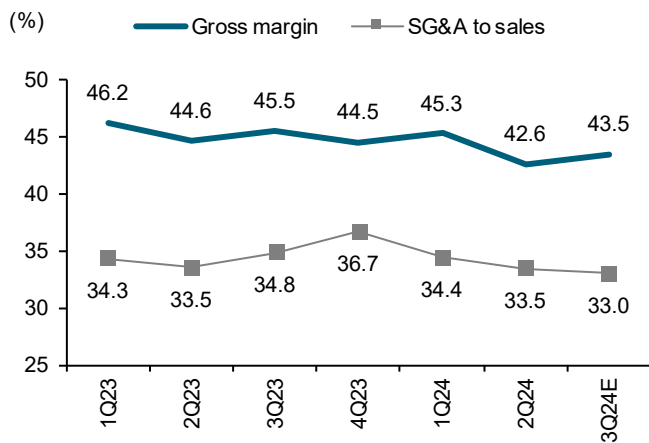
Sources: MAGURO, FSSIA estimates

Exhibit 8: Quarterly Norway fresh salmon prices



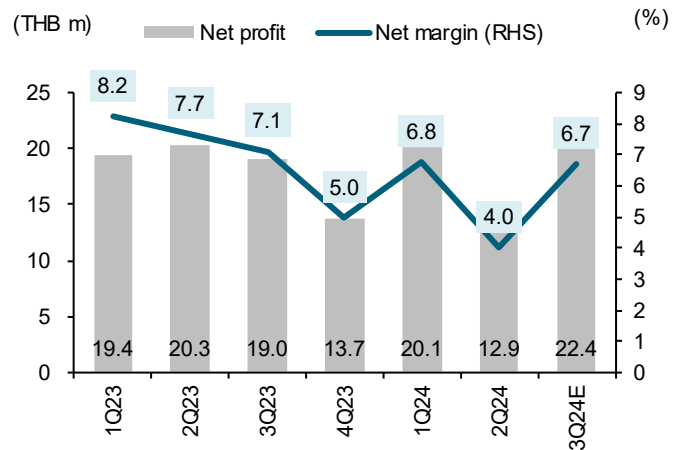
Sources: Bloomberg, FSSIA estimates

Exhibit 9: Quarterly gross margin and SG&A to sales



Sources: MAGURO, FSSIA estimates

Exhibit 10: Quarterly net profit and net margin



Sources: MAGURO, FSSIA estimates

Exhibit 11: Maguro's One Bangkok branch



Sources: MAGURO, FSSIA's compilation

Exhibit 12: First standalone on Pradit Manutham



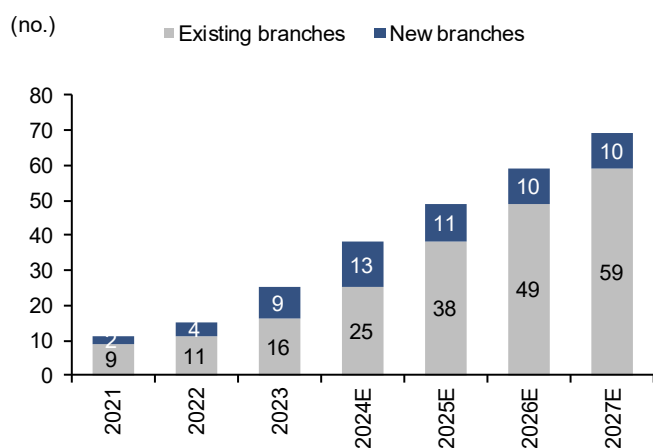
Sources: MAGURO, FSSIA's compilation

Exhibit 13: Key assumptions for MAGURO

	Actual	Forecast				Growth		
	2023	2024E	2025E	2026E	2024E	2025E	2026E	
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	
Total revenue	1,044	1,333	1,598	1,908	27.7	19.9	19.4	
Costs	572	753	887	1,050	31.6	17.8	18.3	
Gross profit	471	580	711	858	22.9	22.6	20.8	
SG&A expense	364	440	529	630	20.9	20.3	19.0	
Interest expense	19	31	34	35	60.2	8.7	4.9	
Tax expense	18	21	30	39	15.5	44.3	30.3	
Reported net profit	72	84	121	158	16.1	44.0	30.3	
Core profit	72	91	121	158	25.9	32.8	30.3	
Key ratios (%)								
Gross margin	45.2	43.5	44.5	45.0	(1.7)	1.0	0.5	
SG&A to sales	34.9	33.0	33.1	33.0	(1.9)	0.1	(0.1)	
Net margin	6.9	6.3	7.6	8.3	(0.6)	1.3	0.7	
Core margin	6.9	6.8	7.6	8.3	(0.1)	0.7	0.7	
Operating statistics								
SSSG (%)	4.0	0.0	2.0	2.0				
Existing branches (no.)	16	25	38	49				
New branches (no.)	9	13	11	10				
Total branches (no.)	25	38	49	59				
Restaurant revenue by brand (THB m)								
Maguro	645	770	826	902	19.4	7.2	9.3	
SSAMTHING Together	199	199	203	207	0.0	2.0	2.0	
Hitori Shabu	197	351	422	494	78.0	20.1	17.2	
Others		10	145	302		1,350.0	108.0	
Restaurant revenue contribution (%)								
Maguro	61.8	57.8	51.7	47.3				
SSAMTHING Together	19.1	14.9	12.7	10.9				
Hitori Shabu	18.9	26.4	26.4	25.9				
Others	0.0	0.8	9.1	15.8				

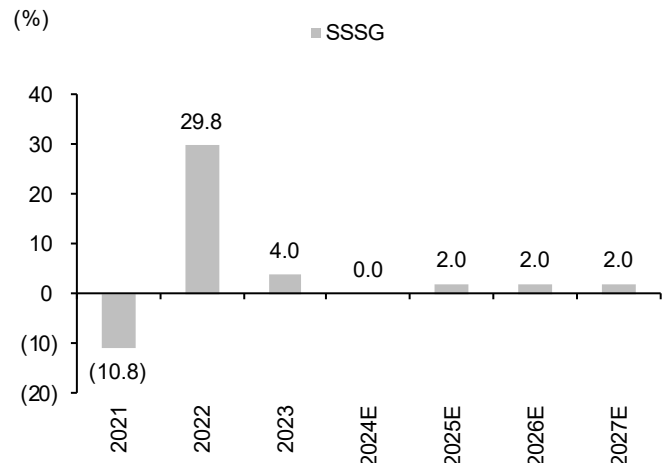
Source: FSSIA estimates

Exhibit 14: Total new branch expansions



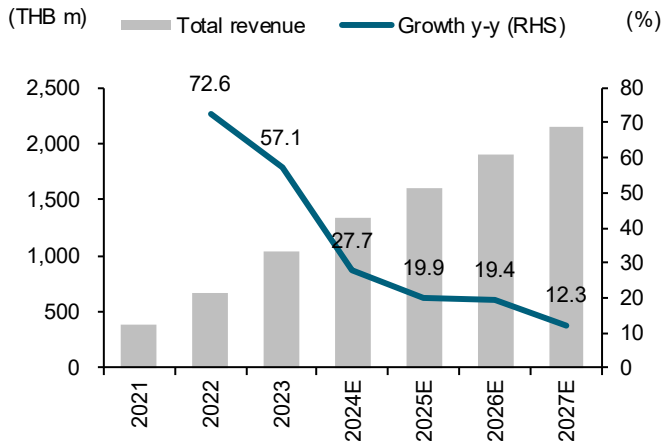
Sources: MAGURO, FSSIA estimates

Exhibit 15: Same-store sales growth



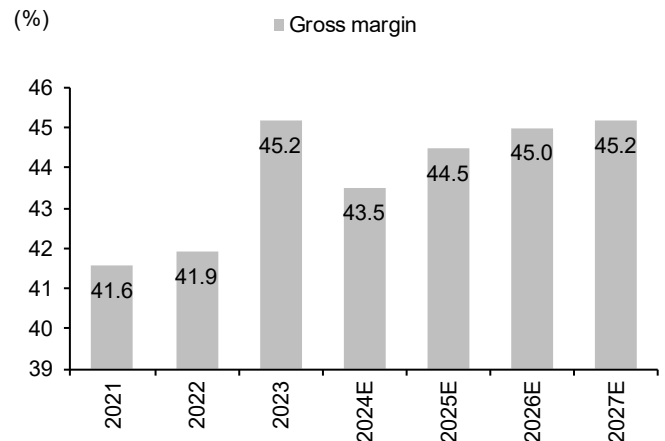
Sources: MAGURO, FSSIA estimates

Exhibit 16: Total revenue and growth



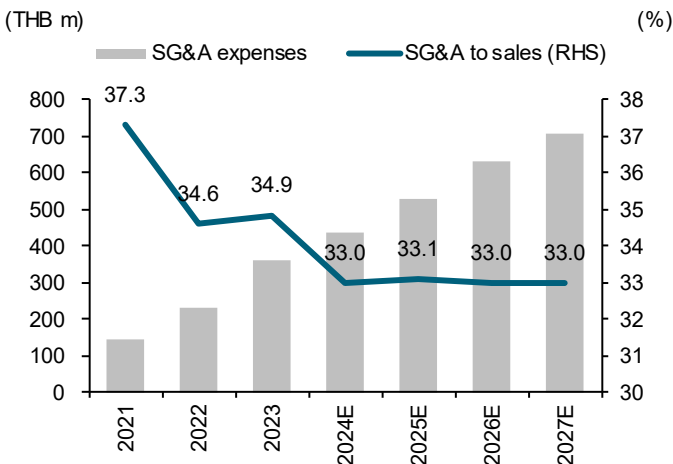
Sources: MAGURO, FSSIA estimates

Exhibit 17: Gross margin



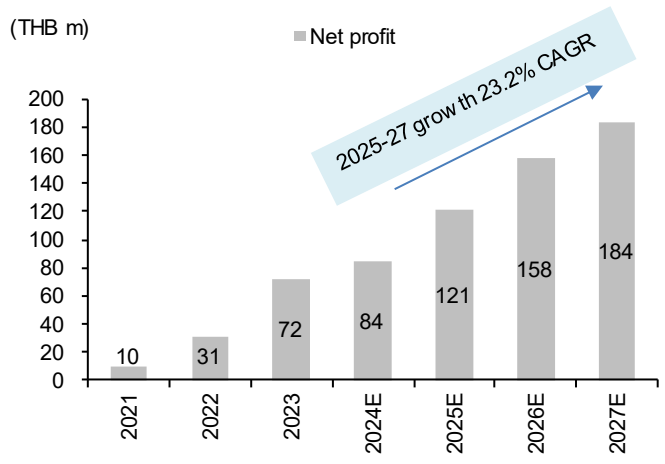
Sources: MAGURO, FSSIA estimates

Exhibit 18: SG&A to sales



Sources: MAGURO, FSSIA estimates

Exhibit 19: Net profit



Sources: MAGURO, FSSIA estimates

Exhibit 20: Peer comparison as of 10 Oct 2024

Company	BBG	Market Cap (USD m)	----- PE -----			----- ROE -----		----- PBV -----		----- EV/ EBITDA -----	
			5Y-avg	24E	25E	24E	25E	24E	25E	24E	25E
			(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand											
MK Restaurants Group	M TB	792	31.1	17.4	16.2	11.1	11.7	1.9	1.9	5.5	5.4
Maguro Group	MAGURO TB	63	n/a	25.3	17.6	18.7	18.4	3.4	3.1	8.2	6.9
Zen Corp Group	ZEN TB	67	29.0	26.5	19.8	6.0	7.8	1.6	1.5	5.1	4.4
After You*	AU TB	247	67.8	32.8	27.3	26.3	29.1	7.8	7.2	18.0	16.2
S&P Syndicate*	SNP TB	199	24.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Thailand average		1,368	38.1	25.5	20.2	15.5	16.8	3.7	3.4	9.2	8.2

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Maguro Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	664	1,044	1,333	1,598	1,892
Cost of goods sold	(386)	(572)	(753)	(887)	(1,042)
Gross profit	278	471	580	711	851
Other operating income	2	2	3	3	4
Operating costs	(230)	(364)	(440)	(529)	(625)
Operating EBITDA	115	218	262	314	368
Depreciation	(65)	(109)	(119)	(129)	(139)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	50	110	143	185	230
Net financing costs	(11)	(19)	(31)	(34)	(35)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	(7)	0	0
Profit before tax	39	91	105	151	195
Tax	(8)	(18)	(21)	(30)	(39)
Profit after tax	31	72	84	121	156
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	31	72	84	121	156
Non-recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	31	72	84	121	156
Per share (THB)					
Recurring EPS *	0.30	0.69	0.67	0.96	1.24
Reported EPS	0.30	0.69	0.67	0.96	1.24
DPS	0.29	0.82	0.40	0.58	0.74
Diluted shares (used to calculate per share data)	105	105	126	126	126
Growth					
Revenue (%)	72.6	57.1	27.7	19.9	18.4
Operating EBITDA (%)	73.2	89.3	19.8	19.8	17.5
Operating EBIT (%)	162.7	119.9	30.2	29.3	24.3
Recurring EPS (%)	227.6	131.1	(3.7)	44.0	28.5
Reported EPS (%)	227.6	131.1	(3.7)	44.0	28.5
Operating performance					
Gross margin inc. depreciation (%)	41.9	45.2	43.5	44.5	44.9
Gross margin exc. depreciation (%)	51.8	55.6	52.4	52.5	52.3
Operating EBITDA margin (%)	17.4	20.9	19.6	19.6	19.5
Operating EBIT margin (%)	7.5	10.5	10.7	11.6	12.1
Net margin (%)	4.7	6.9	6.3	7.6	8.2
Effective tax rate (%)	20.3	20.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	96.7	118.3	60.0	60.0	60.0
Interest cover (X)	4.7	5.7	4.6	5.5	6.5
Inventory days	16.4	24.0	29.6	32.4	32.0
Debtor days	7.6	7.1	5.1	4.6	4.6
Creditor days	74.0	71.4	71.6	75.7	74.7
Operating ROIC (%)	17.2	21.0	20.4	23.8	27.3
ROIC (%)	14.9	18.5	17.9	20.6	23.5
ROE (%)	11.2	26.5	18.7	18.4	21.9
ROA (%)	6.9	12.2	10.4	11.1	12.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Restaurants	662	1,042	1,331	1,595	1,890
Catering and delivery	3	2	2	2	3

Sources: Maguro Group; FSSIA estimates

Financial Statements

Maguro Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	31	72	84	121	156
Depreciation	65	109	119	129	139
Associates & minorities	-	-	-	-	-
Other non-cash items	2	0	7	0	0
Change in working capital	(2)	19	20	14	16
Cash flow from operations	96	200	230	263	310
Capex - maintenance	(217)	(352)	(200)	(200)	(200)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(13)	(25)	(29)	(12)	(13)
Cash flow from investing	(231)	(377)	(229)	(212)	(213)
Dividends paid	(26)	(85)	(50)	(73)	(93)
Equity finance	0	0	332	0	0
Debt finance	82	151	47	39	24
Other financing cash flows	3	8	5	5	5
Cash flow from financing	59	73	333	(29)	(64)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(75)	(104)	334	23	33
Free cash flow to firm (FCFF)	(123.56)	(157.84)	32.08	85.02	132.08
Free cash flow to equity (FCFE)	(48.67)	(18.70)	52.52	95.55	126.42
Per share (THB)					
FCFF per share	(0.98)	(1.25)	0.25	0.67	1.05
FCFE per share	(0.39)	(0.15)	0.42	0.76	1.00
Recurring cash flow per share	0.94	1.73	1.67	1.98	2.34
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	418	696	788	870	941
Less: Accumulated depreciation	(73)	(108)	(119)	(129)	(139)
Tangible fixed assets (net)	345	588	670	741	803
Intangible fixed assets (net)	13	23	30	30	30
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	198	94	428	451	484
A/C receivable	21	19	18	22	26
Inventories	20	41	62	73	86
Other current assets	4	3	7	8	9
Current assets	243	158	515	554	605
Other assets	30	45	60	72	85
Total assets	631	814	1,274	1,397	1,523
Common equity	280	267	633	681	743
Minorities etc.	0	0	0	0	0
Total shareholders' equity	280	267	633	681	743
Long term debt	196	331	353	385	402
Other long-term liabilities	12	19	24	29	34
Long-term liabilities	208	351	377	414	436
A/C payable	77	105	144	170	200
Short term debt	60	76	100	108	115
Other current liabilities	6	17	20	24	28
Current liabilities	143	197	265	302	343
Total liabilities and shareholders' equity	631	814	1,274	1,397	1,523
Net working capital	(39)	(57)	(78)	(91)	(107)
Invested capital	350	599	682	752	811
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.68	2.55	5.02	5.40	5.90
Tangible book value per share	2.55	2.34	4.78	5.17	5.66
Financial strength					
Net debt/equity (%)	20.8	117.1	4.0	6.2	4.5
Net debt/total assets (%)	9.2	38.4	2.0	3.0	2.2
Current ratio (x)	1.7	0.8	1.9	1.8	1.8
CF interest cover (x)	(3.6)	0.0	2.7	3.9	4.6
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	56.3	24.4	25.3	17.6	13.7
Recurring P/E @ target price (x) *	73.3	31.7	32.9	22.9	17.8
Reported P/E (x)	56.3	24.4	25.3	17.6	13.7
Dividend yield (%)	1.7	4.9	2.4	3.4	4.4
Price/book (x)	6.3	6.6	3.4	3.1	2.9
Price/tangible book (x)	6.6	7.2	3.5	3.3	3.0
EV/EBITDA (x) **	15.8	9.5	8.2	6.9	5.9
EV/EBITDA @ target price (x) **	20.4	12.0	10.7	9.0	7.6
EV/invested capital (x)	5.2	3.5	3.2	2.9	2.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Maguro Group; FSSIA estimates

MAGURO GROUP PCL (MAGURO TB)

FSSIA ESG rating

n/a

Exhibit 21: FSSIA ESG score implication

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 22: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		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
AU	11.75	--	--	--	--	3.00	--	High	--	--	--	--	--	--	--
M	26.38	--	--	--	4.00	4.00	Certified	Medium	--	--	--	--	17.00	--	--
MAGURO	n/a	--	--	--	--	--	--	--	--	--	--	--	--	--	--
SNP	39.25	--	--	Y	4.00	5.00	Certified	--	64.55	--	--	57.45	--	--	--
ZEN	37.06	--	--	Y	5.00	4.00	Certified	--	52.09	--	--	52.41	--	--	--

Sources: [SETTRADE.com](https://settrade.com); FSSIA's compilation

Exhibit 23: ESG disclosure from the company's one report

FY ending Dec 31	FY 2023	FY ending Dec 31	FY 2023
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	9 / 3 / 1
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	9 / 95%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	--
Biodiversity policy	Yes	Number of non-executive directors on board	4
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	--	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	-- / --
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	3 / 3
Social		Audit committee meetings	5
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	Size of compensation committee	3 / 2
Quality assurance and recall policy	--	Number of compensation committee meetings	5
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	Size of nomination committee / ID	3 / 2
Gender pay gap breakout	--	Number of nomination committee meetings	5
Pct women in workforce	Yes	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	1.61
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	2.20
Health and safety policy	Yes	(PricewaterhouseCoopers ABAS 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	Yes		

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 Sustainability	The Sustainability's 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

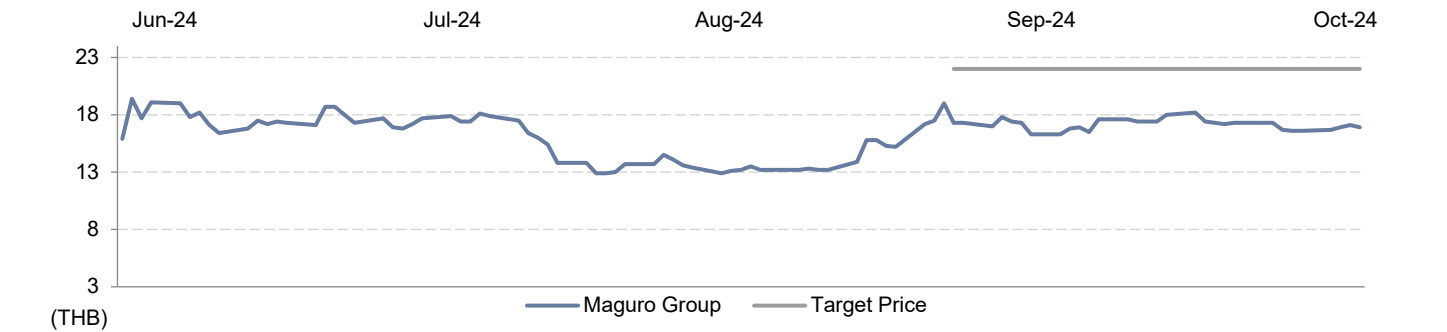
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Maguro Group (MAGURO TB)



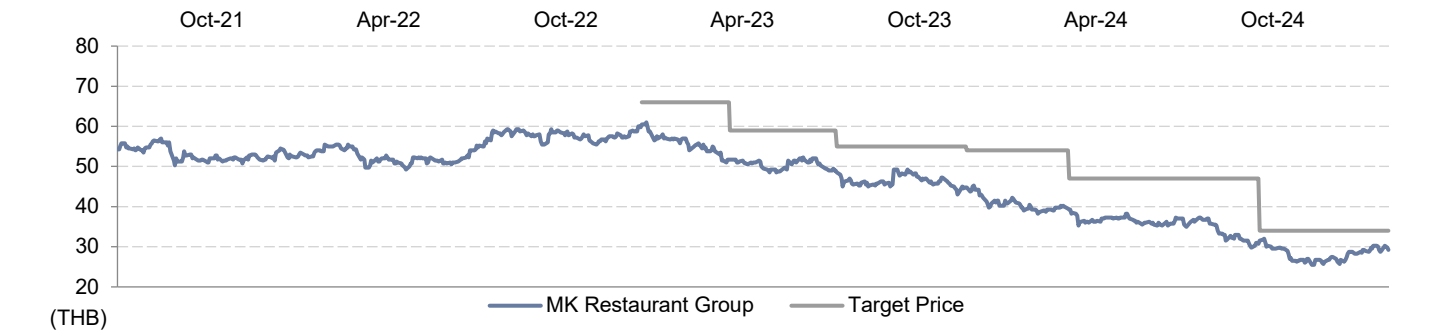
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
28-Aug-2024	BUY	22.00	-	-	-	-	-	-

Sureeporn Teewasuwet started covering this stock from 28-Aug-2024

Price and TP are in local currency

Source: FSSIA estimates

MK Restaurant Group (M TB)



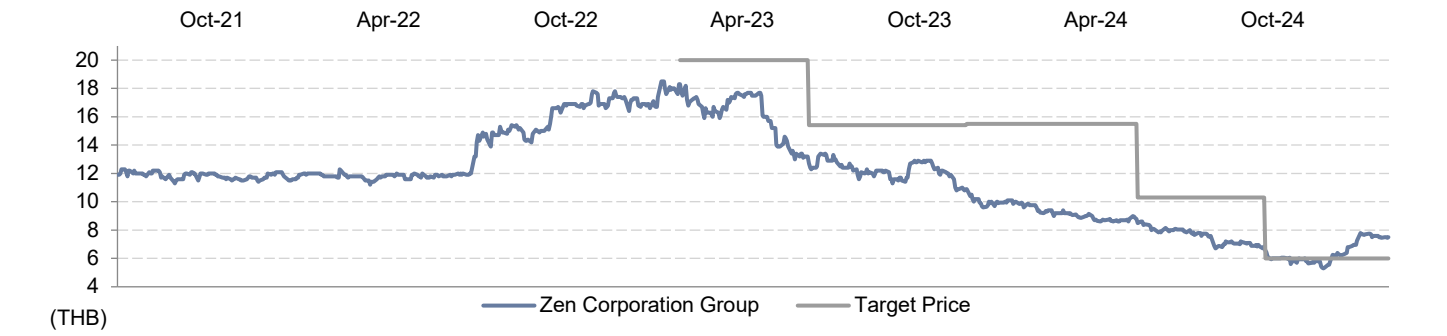
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Jan-2023	BUY	66.00	22-Jun-2023	BUY	55.00	08-Jan-2024	BUY	47.00
22-Mar-2023	BUY	59.00	12-Oct-2023	BUY	54.00	20-Jun-2024	HOLD	34.00

Sureeporn Teewasuwet started covering this stock from 05-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Zen Corporation Group (ZEN TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Feb-2023	BUY	20.00	12-Oct-2023	BUY	15.50	25-Jun-2024	REDUCE	6.00
29-May-2023	BUY	15.40	07-Mar-2024	BUY	10.30			

Sureeporn Teewasuwet started covering this stock from 07-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Maguro Group	MAGURO TB	THB 16.90	BUY	Downside risks to our TP include 1) a slower-than-expected consumption recovery and more intense of competition; 2) higher raw material prices; 3) a lower-than-expected new stores expansion; and 4) a minimum wage increase and labor shortage.
MK Restaurant Group	M TB	THB 29.25	HOLD	Downside and upside risks to our TP include 1) a slower or faster-than-expected consumption recovery and more intense competition; 2) slower or faster-than-expected decreases in raw material costs; 3) a lower or higher-than-expected new store expansion; and 4) a minimum wage increase and labor shortages.
Zen Corporation Group	ZEN TB	THB 7.50	REDUCE	Upside risks to our P/E-based TP include 1) a faster-than-expected purchasing power recovery; 2) a faster-than-expected decrease in raw material costs; 3) greater-than-expected store expansion; and 4) a minimum wage increase or labor shortages.

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 10-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.