EQUITY RESEARCH - COMPANY REPORT

NSL FOODS   NSL TB

THAILAND / FOOD & BEVERAGE

คาดกำไรจะโตดีใน 3Q-4Q24

- เราคาดว่ากำไรสุทธิ 3Q24 จะโต q-q และ y-y โดยอาจแตะระดับสูงสุดของปีใน 4Q24
- กำลังจะมีธุรกิจใหม่ประกอบด้วยผลิตภัณฑ์ชีสและการส่งออกน้ำมะพร้าว
- คงคำแนะนำซื้อที่ราคาเป้าหมายเดิมที่ 43 บาท

คาดกำไร 3Q24 จะออกมาดีสวนแนวโน้มตามฤดูกาล

เราคาดกำไรสุทธิ 3Q24 อยู่ที่ 135 ลบ. (+2.7% q-q, +84% y-y) เมื่อหักผลขาดทุนจากการด้อยค่าใน 2Q24 เราคาดว่ากำไรปกติจะทรงตัว q-q สวนปัจจัยด้านฤดูกาลโดยมีเหตุผลสำคัญอยู่ที่ยอดขายที่ดีของ Bakery และสินค้า NSL brands ผ่าน 7-Eleven ซึ่งทำให้เราคาดว่ารายได้รวมจะโต 2% q-q และ 20% y-y และคาดอัตรากำไรขั้นต้นจะทรงตัว q-q ที่ 20.5% แต่เพิ่มขึ้นจาก 17.7% ใน 3Q23 แม้ว่าราคาชีสและเนยในตลาดโลกจะสูงขึ้น NSL ได้ทำสัญญาล็อกราคาไว้แล้วตลอดปีนี้ นอกจากนี้ค่าเงินบาทที่แข็งตัวขึ้นยังจะช่วยลดผลกระทบได้บางส่วน

Out with the old, in with the new

บริษัทย่อย NSL Inno Foods เริ่มสร้างรายได้มาตั้งแต่เดือน ก.ค. อย่างไรก็ดีรายได้ดังกล่าวส่วนมากมาจากการขายชีสให้ NSL ดังนั้นจึงอาจต้องหักรายการระหว่างบริษัทออกบางส่วน อย่างไรก็ดีบริษัทดังกล่าวก็เริ่มมีรายได้จากลูกค้าภายนอกซึ่งคาดว่าจะค่อย ๆ เพิ่มในไตรมาสถัดไป นอกจากนี้ NSL ยังเตรียมปิดกิจการร่วมค้า Pen1 ซึ่งคาดว่าจะแล้วเสร็จในช่วง 2H24 บริษัทฯ ได้รับรู้การด้อยค่าจำนวนมากไปแล้วใน 2Q24 ซึ่งคาดว่าจะไม่ส่งผลกระทบอย่างมีนัยสำคัญต่อผลประกอบการในช่วง 2H24

กำไร 4Q24 อาจเป็นระดับสูงสุดของปีนี้

กำไร 4Q24 มีแนวโน้มโตต่อเนื่องทั้ง q-q และ y-y โดยอาจแตะระดับสูงสุดของปีนี้เนื่องจากเป็นช่วง High season ของธุรกิจ ผลิตภัณฑ์ใหม่ (Egg Tart Sandwich) ได้รับผลตอบรับเป็นบวกและกลายเป็นสินค้าประจำที่ 7-Eleven ไปเมื่อเร็ว ๆ นี้ ในขณะเดียวกัน NSL ยังออกสินค้าใหม่อย่างต่อเนื่องและอาจเริ่มรับรู้รายได้จากน้ำมะพร้าวยี่ห้อ Jus Cool และ COCO Cool ใน 4Q24 หรือ 1Q25 หลังเซ็นบันทึกความเข้าใจและเริ่มชำระเงินไปแล้วบางส่วน ทั้งนี้เราคาดว่าจะเห็นผลกระทบอย่างมีนัยสำคัญในปี 2025

คงคำแนะนำซื้อที่ราคาเป้าหมายที่ 43 บาท

เราคงประมาณการกำไรสุทธิปี 2024-25 ของเราที่ 523 ลบ. (+57% y-y) และ 591 ลบ. (+13% y-y) ตามลำดับโดยอาจมี Upside จากดีลน้ำมะพร้าวซึ่งยังไม่ได้รวมไว้ในประมาณการของเรา เรามีความเห็นบวกเกี่ยวกับแนวโน้มกำไรขาขึ้นซึ่งไม่เพียงมาจากธุรกิจหลัก (7-Eleven) ที่ดีแต่ยังจะมาจากความพยายามของ NSL ในการเพิ่มรายได้ Non-7-Eleven ทั้งภายในและต่างประเทศเพื่อหาประเด็นการเติบโตใหม่

BUY
UNCHANGED

TARGET PRICE	**THB43.00**
CLOSE	**THB34.00**
UP/DOWNSIDE	**+26.5%**
PRIOR TP	**THB43.00**
CHANGE IN TP	**UNCHANGED**
TP vs CONSENSUS	**+11.1%**

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	4,793	5,743	6,592	7,509
Net profit	333	523	591	673
EPS (THB)	1.11	1.74	1.97	2.24
vs Consensus (%)	-	4.5	1.3	(0.3)
EBITDA	557	789	918	1,049
Recurring net profit	333	523	591	673
Core EPS (THB)	1.11	1.74	1.97	2.24
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	12.1	56.9	13.1	13.7
Core P/E (x)	30.6	19.5	17.2	15.2
Dividend yield (%)	1.9	2.9	3.4	3.8
EV/EBITDA (x)	18.4	12.8	11.0	9.5
Price/book (x)	6.5	5.7	5.0	4.4
Net debt/Equity (%)	1.4	(6.0)	(5.2)	(10.4)
ROE (%)	22.5	31.3	31.0	31.0
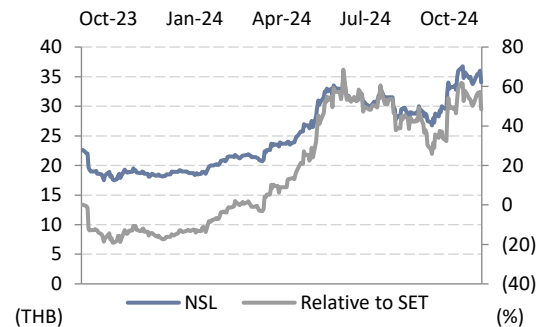
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	2.3	50.4
Relative to country (%)	(3.7)	(7.5)	49.0
Mkt cap (USD m)			306
3m avg. daily turnover (USD m)			1.3
Free float (%)			0
Major shareholder		Mr. Somchai Asavapiyanon (72%)	
12m high/low (THB)			37.25/17.30
Issued shares (m)			300.00

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 15 ตุลาคม 2024

Investment thesis

Besides growth in tandem with 7-Eleven, NSL continues to launch new bakery products to create a good impression and cope with rapidly changing consumer needs. It also plans to raise non-7-Eleven revenue to diversify dependency risks by introducing branded snacks and entering the food services business. In its latest move, NSL has invested in three subsidiaries, Bake A Wish, NSL Intertrade, and NSL Inno Foods, to further its future growth.

Company profile

NSL is a manufacturer and distributor of bakery products, appetizers (under CPALL brands, such as EZY Taste, EZY Sweet, and 7 Fresh), and snacks (under NSL brands). It is also in the food services business covering seafood, fish, meats, and frozen vegetables. NSL earns its revenue mainly from domestic sales, with CPALL as its key account. Moreover, it sells food service products to the HoReCa market and other modern trade distributors. It currently has four factories in Chonburi and Nontaburi.
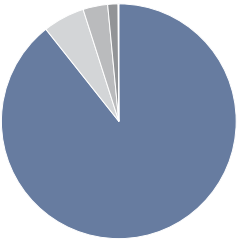
www.nslfoods.com

Principal activities (revenue, 2023)

- Bakery and appetizers - 89.3 %
- Food Services - 5.8 %
- Snack (NSL brand and BAW) - 3.4 %
- OEM & bread wastes - 1.4 %
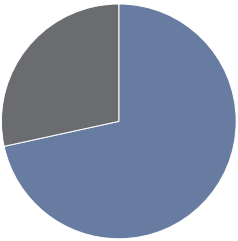- Franchise fees and others - 0.1 %

Source: NSL Foods

Major shareholders

- Mr. Somchai Asavapiyanon - 71.6 %
- Others - 28.4 %

Source: NSL Foods

Catalysts

Potential catalysts for NSL's earnings growth in 2024-25 are 1) revenue growth driven by new product launches and a tourism recovery; 2) new 7-Eleven branch expansions; and 3) a decline in raw material costs that should offset higher utility costs.

Risks to our call

Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

Event calendar

Date	Event
11 November 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Total revenue (THB m)	5,743	6,592	7,509
Revenue growth (%)	19.8	14.8	13.9
Gross margin (%)	20.5	20.3	20.4
SG&A to sales (%)	9.5	9.4	9.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 0.9%, and vice versa, all else being equal.

- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 5.2%, and vice versa, all else being equal.

- For every 0.5% increase in SG&A to sales, we estimate 2025 net profit to fall by 5%, and vice versa, all else being equal.
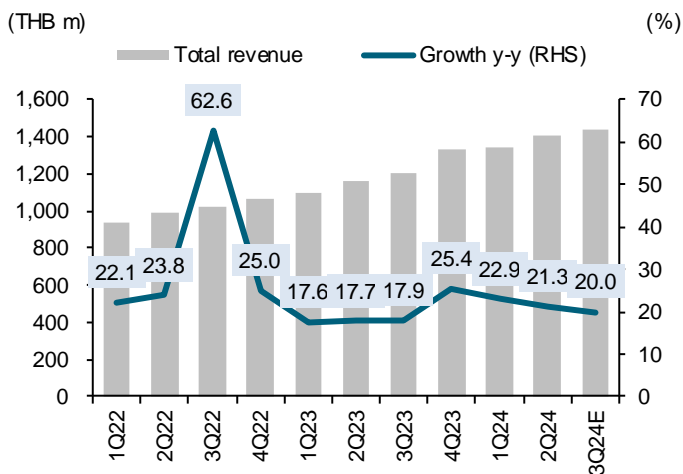
Source: FSSIA estimates

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Exhibit 1: NSL – 3Q24 earnings preview

|	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		9M24E	Change	2024E	Change	% 9M24E
	(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	1,201	1,333	1,346	1,411	1,441	2.1	20.0	4,197	21.3	5,743	19.8	73.1
Cost of sales	988	1,081	1,064	1,118	1,145	2.5	15.9	3,327	17.6	4,566	16.8	72.9
Gross profit	212	253	282	293	295	0.9	39.2	870	38.1	1,177	33.4	73.9
SG&A	117	129	126	130	130	(0.4)	10.8	386	15.9	546	18.1	70.7
Operating profit	98	132	161	168	171	1.6	74.1	500	64.0	649	48.5	77.0
Interest expense	2	3	2	2	2	0.7	(23.7)	6	(28.9)	8	(29.5)	76.0
Profit (loss) sharing	(4)	(3)	(0)	(5)	0	nm	nm	(5)	nm	(5)	nm	100.0
Tax expense	19	27	32	30	34	12.4	80.1	96	62.3	115	35.0	82.9
Reported net profit	73	102	128	131	135	2.7	84.2	394	69.9	523	56.9	75.3
Core profit	73	102	128	135	135	0.1	84.2	397	69.1	523	56.9	75.9
Key ratios (%)						(ppt)	(ppt)					
Gross margin	17.7	19.0	21.0	20.7	20.5	(0.2)	2.8	18.5	0.7	20.5	0.0	
SG&A / Sales	9.7	9.7	9.4	9.2	9.0	(0.2)	(0.7)	9.2	(0.6)	9.5	0.0	
Operating margin	8.2	9.9	12.0	11.9	11.8	(0.1)	3.7	9.2	(0.6)	11.3	0.0	
Net margin	6.1	7.6	9.5	9.3	9.4	0.1	3.3	7.4	1.1	9.1	2.2	
Core margin	6.1	7.6	9.5	9.5	9.4	(0.2)	3.3	7.4	1.1	9.1	2.2	
Operating statistics (THB m)												
Bakery sales	1,060	1,152	1,186	1,238	1,272	2.7	20.0	3,695	18.1	5,037	17.6	73.4
Food service sales	64	75	66	68	68	0.3	6.8	202	0.7	272	(1.4)	74.2
Snack sales (NSL brands)	45	45	82	91	98	7.2	116.8	271	317.7	376	131.1	72.1
OEM sales	19	17	9	10	12	16.5	(36.8)	32	(38.4)	46	(33.2)	69.4
Franchise sales	1	3	3	3	3	(2.9)	183.7	9	776.5	12	177.7	76.1

Sources: NSL, FSSIA estimates

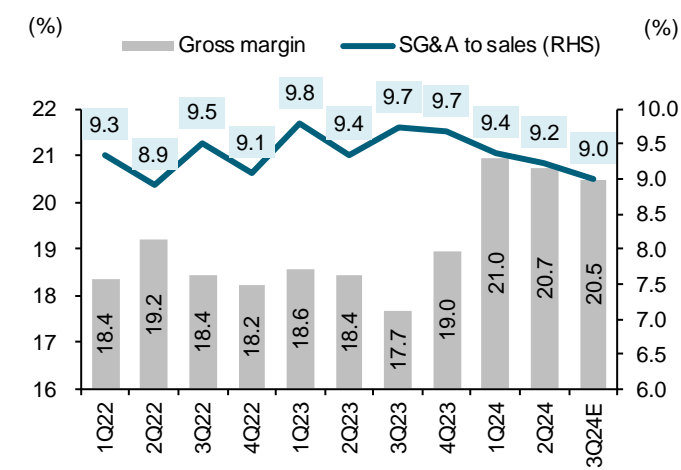**Exhibit 2: Total revenue and growth**

Sources: NSL, FSSIA estimates

Exhibit 3: Revenue from NSL brands
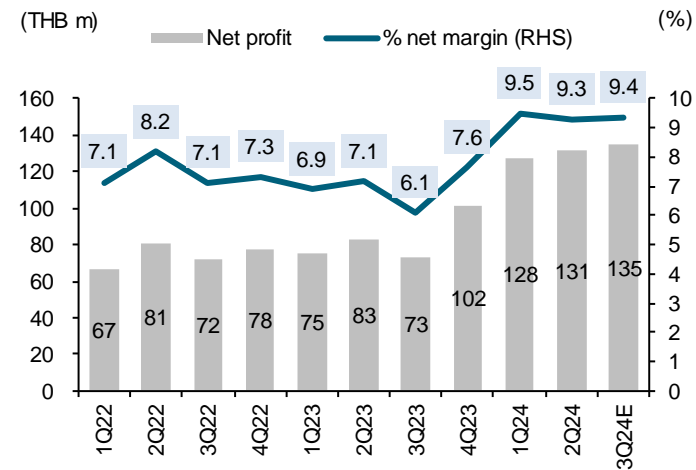

Sources: NSL, FSSIA estimates

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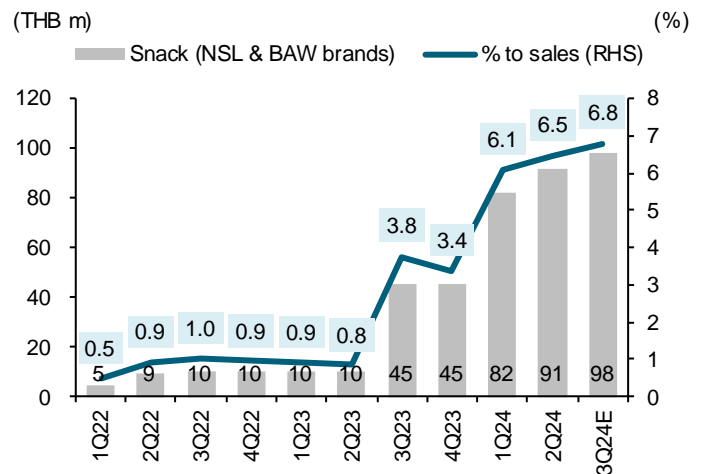
Exhibit 4: Quarterly gross margin and SG&A to sales

Sources: NSL, FSSIA estimates

Exhibit 5: Quarterly net profit and net margin

Sources: NSL, FSSIA estimates

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Financial Statements
NSL Foods

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	4,001	4,793	5,743	6,592	7,509
Cost of goods sold	(3,259)	(3,910)	(4,566)	(5,254)	(5,977)
Gross profit	**742**	**883**	**1,177**	**1,338**	**1,532**
Other operating income	8	17	17	20	20
Operating costs	(369)	(462)	(546)	(620)	(713)
Operating EBITDA	**484**	**557**	**789**	**918**	**1,049**
Depreciation	(102)	(120)	(140)	(180)	(210)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**382**	**437**	**649**	**738**	**839**
Net financing costs	(10)	(11)	(8)	(11)	(11)
Associates	-	-	-	-	-
Recurring non-operating income	0	(9)	(5)	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	**372**	**418**	**637**	**728**	**828**
Tax	(74)	(85)	(115)	(138)	(157)
Profit after tax	**298**	**332**	**521**	**590**	**670**
Minority interests	0	1	2	2	2
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**298**	**333**	**523**	**591**	**673**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**298**	**333**	**523**	**591**	**673**
Per share (THB)					
Recurring EPS *	0.99	1.11	1.74	1.97	2.24
Reported EPS	0.99	1.11	1.74	1.97	2.24
DPS	0.55	0.65	1.00	1.14	1.30
Diluted shares (used to calculate per share data)	300	300	300	300	300
Growth					
Revenue (%)	31.7	19.8	19.8	14.8	13.9
Operating EBITDA (%)	40.0	15.1	41.6	16.4	14.2
Operating EBIT (%)	53.3	14.5	48.5	13.8	13.6
Recurring EPS (%)	41.5	12.1	56.9	13.1	13.7
Reported EPS (%)	41.5	12.1	56.9	13.1	13.7
Operating performance					
Gross margin inc. depreciation (%)	18.5	18.4	20.5	20.3	20.4
Gross margin exc. depreciation (%)	21.1	20.9	22.9	23.0	23.2
Operating EBITDA margin (%)	12.1	11.6	13.7	13.9	14.0
Operating EBIT margin (%)	9.5	9.1	11.3	11.2	11.2
Net margin (%)	7.4	7.0	9.1	9.0	9.0
Effective tax rate (%)	19.9	20.4	18.1	19.0	19.0
Dividend payout on recurring profit (%)	55.4	58.5	57.5	58.0	58.0
Interest cover (X)	37.1	40.2	85.9	70.3	74.9
Inventory days	26.4	26.1	26.8	29.0	29.2
Debtor days	49.8	50.5	48.3	46.8	46.9
Creditor days	58.5	58.2	57.8	58.1	58.4
Operating ROIC (%)	25.9	27.2	36.9	36.9	37.0
ROIC (%)	22.3	21.3	30.1	31.2	32.2
ROE (%)	22.4	22.5	31.3	31.0	31.0
ROA (%)	13.9	14.2	19.9	20.1	20.3
* Pre-exceptional, pre-goodwill and fully diluted					

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Bakery and appetizers	3,643	4,282	5,037	5,793	6,592
Food Services	288	276	272	285	308
Snack (NSL brand and BAW)	35	163	376	451	542
OEM & bread wastes	35	68	46	50	55

Sources: NSL Foods; FSSIA estimates

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Financial Statements
NSL Foods

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	298	333	523	591	673
Depreciation	102	120	140	180	210
Associates & minorities	-	-	-	-	-
Other non-cash items	0	26	6	0	0
Change in working capital	(54)	(36)	(62)	(52)	(57)
Cash flow from operations	**346**	**443**	**607**	**720**	**825**
Capex - maintenance	(146)	(200)	(200)	(400)	(300)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(301)	28	(12)	42	(9)
Cash flow from investing	**(448)**	**(172)**	**(212)**	**(358)**	**(309)**
Dividends paid	(144)	(180)	(301)	(343)	(390)
Equity finance	0	0	0	0	0
Debt finance	(100)	(93)	(35)	(25)	5
Other financing cash flows	1	20	31	(20)	9
Cash flow from financing	**(243)**	**(252)**	**(305)**	**(388)**	**(376)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(344)**	**19**	**90**	**(27)**	**140**
Free cash flow to firm (FCFF)	(91.06)	281.68	402.20	372.20	527.42
Free cash flow to equity (FCFE)	(200.65)	198.69	390.73	316.48	530.40

Per share (THB)					
FCFF per share	(0.30)	0.94	1.34	1.24	1.76
FCFE per share	(0.67)	0.66	1.30	1.05	1.77
Recurring cash flow per share	1.33	1.60	2.23	2.57	2.94

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,738	1,896	2,024	2,317	2,486
Less: Accumulated depreciation	(768)	(846)	(914)	(987)	(1,066)
Tangible fixed assets (net)	**970**	**1,050**	**1,110**	**1,330**	**1,420**
Intangible fixed assets (net)	**6**	**47**	**47**	**47**	**47**
Long-term financial assets	301	214	200	150	150
Invest. in associates & subsidiaries	0	6	6	6	6
Cash & equivalents	115	134	224	197	338
A/C receivable	595	732	787	903	1,029
Inventories	267	274	375	432	491
Other current assets	3	7	3	3	4
Current assets	**980**	**1,147**	**1,389**	**1,535**	**1,861**
Other assets	32	36	57	66	75
Total assets	**2,290**	**2,500**	**2,809**	**3,134**	**3,559**
Common equity	1,406	1,560	1,782	2,030	2,313
Minorities etc.	0	17	18	18	19
Total shareholders' equity	**1,406**	**1,576**	**1,800**	**2,049**	**2,332**
Long term debt	80	14	0	35	40
Other long-term liabilities	30	49	86	66	75
Long-term liabilities	**110**	**64**	**86**	**101**	**115**
A/C payable	559	650	751	864	983
Short term debt	167	141	115	55	55
Other current liabilities	47	68	57	66	75
Current liabilities	**774**	**859**	**923**	**985**	**1,113**
Total liabilities and shareholders' equity	**2,290**	**2,500**	**2,809**	**3,134**	**3,559**
Net working capital	259	295	357	409	466
Invested capital	1,568	1,648	1,777	2,007	2,164
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	4.69	5.20	5.94	6.77	7.71
Tangible book value per share	4.67	5.04	5.78	6.61	7.55
Financial strength					
Net debt/equity (%)	9.4	1.4	(6.0)	(5.2)	(10.4)
Net debt/total assets (%)	5.8	0.9	(3.9)	(3.4)	(6.8)
Current ratio (x)	1.3	1.3	1.5	1.6	1.7
CF interest cover (x)	(18.5)	19.7	53.1	31.1	48.4

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**34.3**	**30.6**	**19.5**	**17.2**	**15.2**
Recurring P/E @ target price (x) *	**43.3**	**38.7**	**24.7**	**21.8**	**19.2**
Reported P/E (x)	34.3	30.6	19.5	17.2	15.2
Dividend yield (%)	1.6	1.9	2.9	3.4	3.8
Price/book (x)	7.3	6.5	5.7	5.0	4.4
Price/tangible book (x)	7.3	6.7	5.9	5.1	4.5
EV/EBITDA (x) **	21.3	18.4	12.8	11.0	9.5
EV/EBITDA @ target price (x) **	26.9	23.2	16.2	14.0	12.1
EV/invested capital (x)	6.6	6.2	5.7	5.0	4.6
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: NSL Foods; FSSIA estimates

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NSL FOODS PCL (NSL TB)

FSSIA ESG rating
n/a

Exhibit 6: 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.

Sources: FSSIA estimates

Exhibit 7: 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
ITC	8.00	--	--	--	--	--	Declared	--	--	--	--	--	--	--	--
NSL	n/a	--	--	--	--	--	--	--	--	--	--	--	--	--	--
RBF	34.45	--	--	--	5.00	4.00	Declared	High	51.04	--	--	30.50	--	2.34	--
SNNP	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; * FSSIA estimate; FSSIA's compilation

Exhibit 8: ESG disclosure from company's one report

FY ending Dec 31	FY 2023
Environmental	
Climate change policy	Yes
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	--
Energy efficiency policy	Yes
Electricity used	Yes
Fuel used - crude oil/diesel	Yes
Waste reduction policy	Yes
Water policy	Yes
Water consumption	Yes
Social	
Human rights policy	Yes
Policy against child labor	Yes
Quality assurance and recall policy	Yes
Consumer data protection policy	Yes
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	53.65
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	--
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	Yes
Total hours spent by firm - employee training	16,315
Social supply chain management	Yes

FY ending Dec 31	FY 2023
Governance	
Board size / Independent directors (ID) / Female	**8 / 4 / 2**
No. of board meetings for the year / % attendance	6 /100
Company conducts board evaluations	Yes
Number of non-executive directors on board	6
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	39 / 71
Number of executives / female	6 / 1
Executive share ownership guidelines	No
Size of audit committee / ID	**3 / 3**
Audit committee meetings	5
Audit committee meeting attendance (%)	100
Size of compensation committee / ID	**-- / --**
Number of compensation committee meetings	--
Compensation committee meeting attendance (%)	--
Size of nomination committee / ID	**-- / --**
Number of nomination committee meetings	--
Nomination committee meeting attendance (%)	**--**
Board compensation (THB m)	2.48
Executive compensation (THB m)	26.6
Auditor fee (THB m)	2.1
(Deloitte Touche Tohmatsu Jaiyos Co., Ltd.)	
Total employee (no.)	**2781**
Employee compensation (THB m)	572.3

Source: FSSIA's compilation

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Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.*)	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (*Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.*)	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.

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

ESG score	Methodology	Rating
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.	

AAA	8.571-10.000		
AA	7.143-8.570	**Leader:**	leading its industry in managing the most significant ESG risks and opportunities
A	5.714-7.142		
BBB	4.286-5.713	**Average:**	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
BB	2.857-4.285		
B	1.429-2.856	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

ESG score	Methodology	Rating
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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

Source: FSSIA's compilation

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History of change in investment rating and/or target price

NSL Foods (NSL TB)
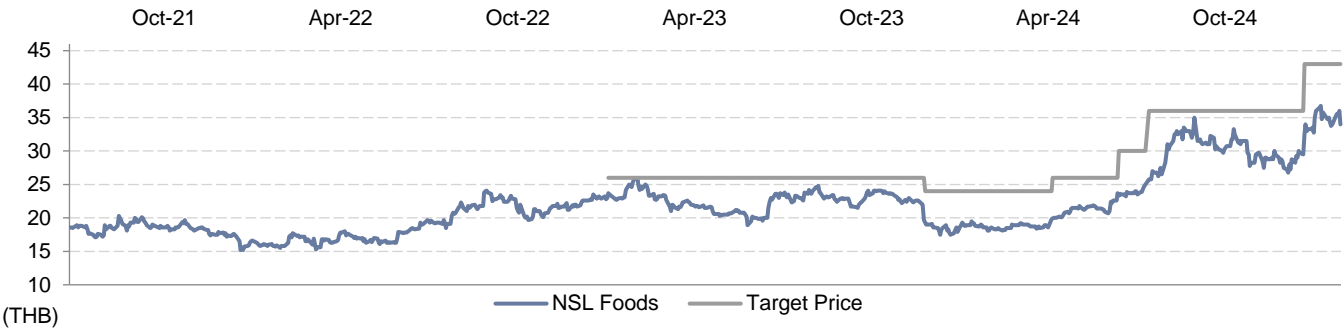
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	26.00	05-Feb-2024	BUY	26.00	26-Apr-2024	BUY	36.00
18-Oct-2023	BUY	24.00	02-Apr-2024	BUY	30.00	09-Sep-2024	BUY	43.00

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
NSL Foods	NSL TB	THB 34.00	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

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 11-Oct-2024 unless otherwise stated.

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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.

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