

ICHITAN GROUP

THAILAND / FOOD & BEVERAGE

ICHI TB

BUY

UNCHANGED

3Q24 profit should remain robust

- We expect 3Q24 core profit to grow both q-q and y-y, breaking seasonality.
- 4Q24 core profit should weaken seasonally, but ICHI may recognize a gain from the sale of land.
- Raise our TP to THB21 and expect a high dividend yield of 8%.

TARGET PRICE	THB21.00
CLOSE	THB15.70
UP/DOWNSIDE	+33.8%
PRIOR TP	THB19.00
CHANGE IN TP	+10.5%
TP vs CONSENSUS	+9.0%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	8,050	9,034	9,672	10,157
Net profit	1,100	1,574	1,501	1,599
EPS (THB)	0.85	1.21	1.15	1.23
vs Consensus (%)	-	13.5	1.6	(2.7)
EBITDA	1,942	2,358	2,457	2,585
Recurring net profit	1,100	1,422	1,501	1,599
Core EPS (THB)	0.85	1.09	1.15	1.23
Chg. In EPS est. (%)	-	5.3	6.0	4.6
EPS growth (%)	69.1	29.2	5.6	6.5
Core P/E (x)	18.5	14.4	13.6	12.8
Dividend yield (%)	6.4	8.5	8.1	8.6
EV/EBITDA (x)	10.1	8.4	8.0	7.6
Price/book (x)	3.5	3.6	3.7	3.8
Net debt/Equity (%)	(15.2)	(10.5)	(12.8)	(14.9)
ROE (%)	18.3	24.7	26.8	29.3

Expect 3Q24 core profit to remain healthy

We expect a 3Q24 net profit of THB370m (-2.3% q-q, +12.8% y-y). Excluding gain from the sale of machinery in 2Q24, its core profit would grow by 5% q-q and 12.8% y-y, a good profit despite seasonal challenges. This is driven primarily by estimated revenue growth of 2.2% q-q and 13.3% y-y, mainly from domestic ready-to-drink green tea revenue. It should help increase the utilization rate to 80% from 78% in 2Q24.

Expenses should decrease, supporting growth in this quarter

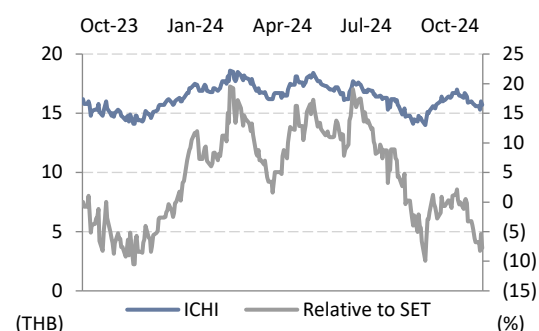
However, some production costs may increase slightly. We project 3Q24 gross margin at 26%, down from 26.4% in 2Q24 but still up from 25.2% in 3Q23. Operating expenses should decrease by 11% q-q due to the absence of FX losses and bonus expenses like those in 2Q24. We assume 3Q24 SG&A to sales to decline to 6.8% from 7.8% in 2Q24. Meanwhile, profit sharing from Indonesia should not recover well yet, as the unit is still in its marketing phase and entering a low season.

4Q24 net profit would benefit from a one-time gain

We anticipate the 4Q24 core profit to weaken seasonally, but ICHI may recognize a gain from the sale of land in Rojana of cTHB120m. It should help boost net profit once the buyer receives BOI privileges. ICHI expects to complete the sales process in 4Q24. Although this is a one-time event, it is a cash transaction, and there is a possibility that ICHI may consider distributing additional dividends.

Reiterate BUY call with a higher TP of THB21

Given a better-than-expected 2H24 profit outlook, we have raised our 2024E-25E core profit by 5-6% to THB1.42b (+29% y-y) and THB1.5b (+5.6% y-y). We roll forward our TP to 2025 at THB21, based on a PE ratio of 18x. The current share price trades at a 2025E P/E of only 13.6x, below historical averages and the sector. Additionally, we expect a high dividend yield of 8% (anticipating an interim dividend announcement after the 3Q24 results in November, similar to last year).



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.3)	(4.3)	(5.4)
Relative to country (%)	(8.0)	(15.5)	(9.3)
Mkt cap (USD m)	614		
3m avg. daily turnover (USD m)	4.1		
Free float (%)	53		
Major shareholder	Passakornnatee Family (42%)		
12m high/low (THB)	18.80/13.90		
Issued shares (m)	1,300.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

ICHI manufactures and distributes ICHITAN ready-to-drink green tea, “Yen Yen” herbal drink, and green tea with chewy coconut cubes named “ICHITAN Chew Chew”, along with other beverages. In 2023, 91.7% of ICHI’s revenue came from domestic sales, with overseas ones accounting for just 8.3%. ICHI’s factory is located in Rojana Industrial Park, Ayutthaya. It has seven bottle production lines and two UHT box product lines with a total capacity of 1,500 million bottles and 200 million boxes p.a. ICHI plans to increase its capacity to 1,700 million bottles in 4Q24.

Company profile

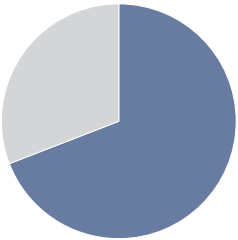
Ichitan Group manufactures branded beverages and sells ready-to-drink green tea beverages, herbal drinks, and low-sugar ready-to-drink tea beverages to the local market and CLMV. In 2014, ICHI engaged in a joint venture with Indonesian company PT Atri Pasifik to produce and sell its products in Indonesia.

www.ichitangroup.com

Principal activities (revenue, 2023)

■ Ready-to-drink green tea - 69.1 %

■ Non-tea and others - 30.9 %

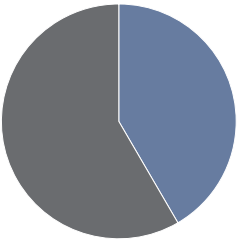


Source: Ichitan Group

Major shareholders

■ Passakornnatee Family - 41.6 %

■ Others - 58.4 %



Source: Ichitan Group

Catalysts

Potential catalysts for ICHI’s earnings growth in 2025 are 1) revenue growth, driven by rising sales volumes; 2) declining packaging costs; 3) successful new product launches; and 4) successful original equipment manufacturer (OEM) customer products.

Risks to our call

Downside risks to our P/E-based TP would be 1) a slower-than-expected consumption recovery; 2) high volatility in packaging costs; and 3) increased competition and government policy changes such as excise taxes for sugary drinks.

Event calendar

Date	Event
11 November 2024	3Q24 result announcement
21 November 2024	3Q24 analyst meeting

Key assumptions

	2024E	2025E	2026E
Domestic revenue (THB m)	8,440	9,060	9,532
Overseas revenue (THB m)	595	612	625
Total revenue (THB m)	9,034	9,672	10,157
Total revenue growth (%)	12.2	7.1	5.0
Gross margin (%)	26.0	25.5	25.7
SG&A to sales (%)	6.9	6.8	6.8

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 1%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3.8%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 2%, and vice versa, all else being equal.

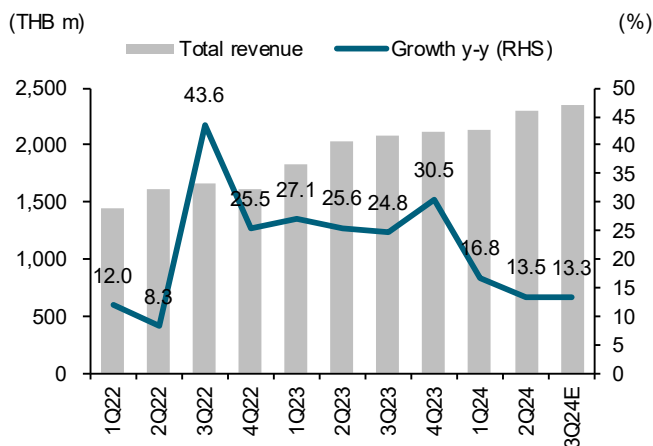
Source: FSSIA estimates

Exhibit 1: ICHI – 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	2,077	2,111	2,140	2,304	2,354	2.2	13.3	6,798	14.5	9,034	12.2	75.2
Cost of sales	1,554	1,594	1,582	1,695	1,742	2.8	12.1	5,019	9.8	6,685	8.5	75.1
Gross profit	523	517	558	609	612	0.4	17.1	1,779	29.9	2,349	24.5	75.8
SG&A	119	152	131	180	160	(11.2)	34.5	471	18.6	623	13.4	75.6
Operating profit	409	374	441	438	462	5.5	13.0	1,341	34.3	1,763	28.5	76.0
Interest expense	0.5	0.4	0.4	0.4	0.4	(0.3)	(15.8)	1	(14.0)	1.7	(6.1)	69.6
Tax expense	82	71	88	93	93	(0.2)	12.9	273	34.5	355	29.4	76.9
Profit (loss) sharing	2	(8)	12	1	1	(19.4)	(39.3)	14	13.5	16	240.7	87.5
Reported net profit	328	295	364	379	370	(2.3)	12.8	1,113	38.2	1,574	43.1	70.7
Core profit	328	295	364	353	370	5.0	12.8	1,086	34.9	1,422	29.2	76.4
Key Ratios (%)						(ppt)	(ppt)				(ppt)	
Gross margin	25.2	24.5	26.1	26.4	26.0	(0.4)	0.8	26.2	3.1	26.0	20.3	
SG&A to sales	5.7	7.2	6.1	7.8	6.8	(1.0)	1.1	6.9	0.2	6.9	(0.2)	
Operating margin	19.7	17.7	20.6	19.0	19.6	0.6	(0.1)	19.7	2.9	19.5	14.1	
Net margin	15.8	14.0	17.0	16.4	15.7	(0.7)	(0.1)	16.4	2.8	17.4	10.9	
Core margin	15.8	14.0	17.0	15.3	15.7	0.4	(0.1)	16.0	2.4	15.7	11.2	
Operating statistics (THB m)												
Domestic	1,913	1,962	1,992	2,160	2,200	1.8	15.0	6,351	17.2	8,440	14.3	75.3
Overseas	164	149	149	144	154	7.2	(6.0)	447	(13.8)	654	6.6	68.3
Utilisation rate (%)	79.0	73.0	77.0	78.0	80.0			78.3		78.5		

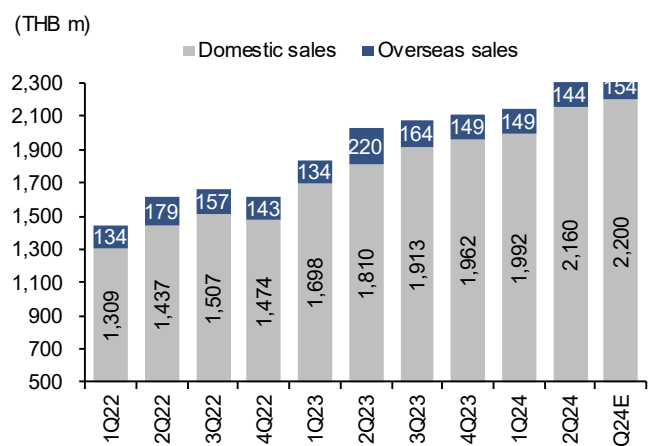
Sources: ICHI, FSSIA's estimates

Exhibit 2: Quarterly total revenue and growth



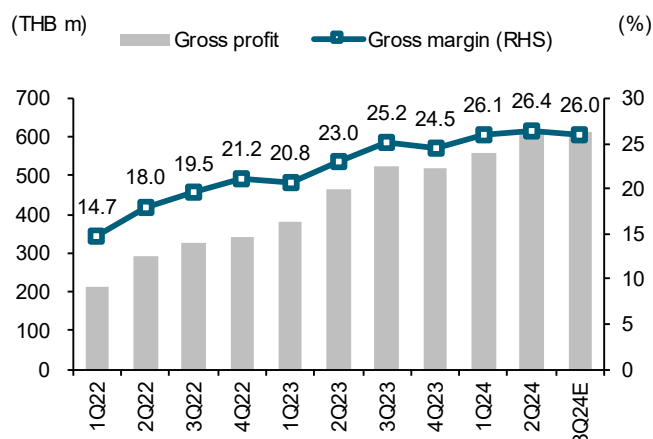
Sources: ICHI, FSSIA's estimates

Exhibit 3: Quarterly revenue by destination



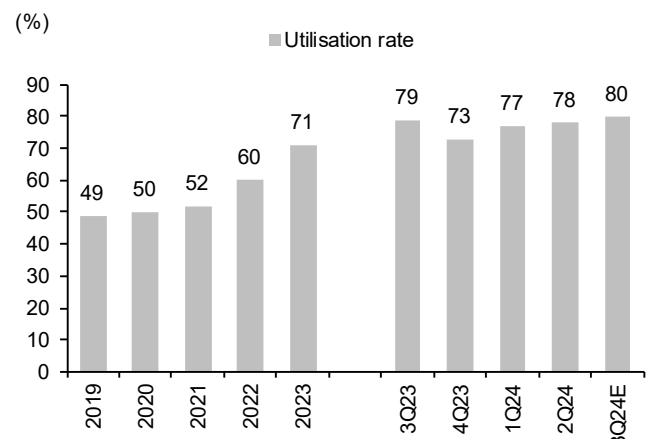
Sources: ICHI, FSSIA's estimates

Exhibit 4: Quarterly gross profit and gross margin



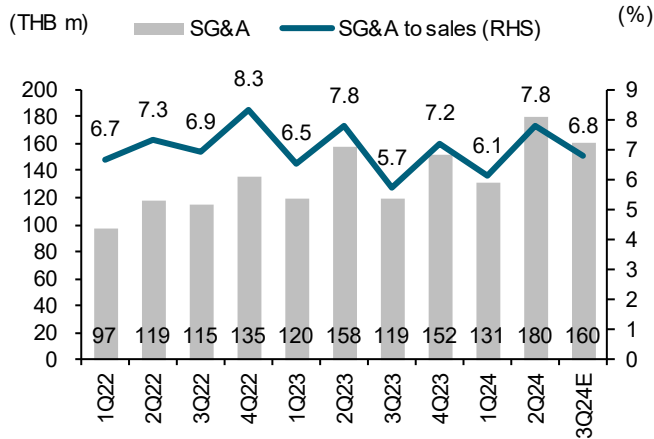
Sources: ICHI, FSSIA's estimates

Exhibit 5: Utilisation rate



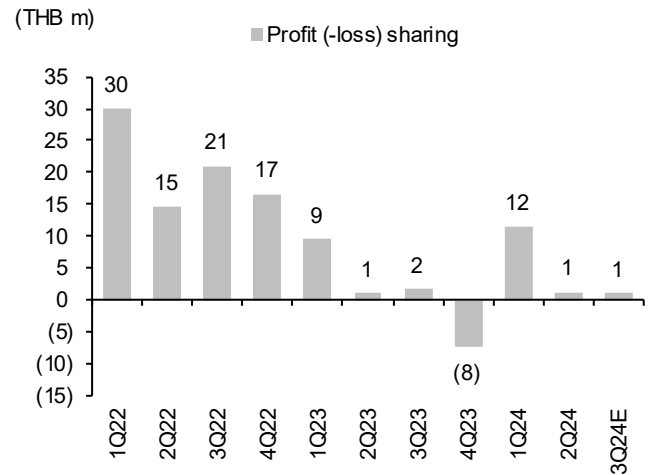
Sources: ICHI, FSSIA's estimates

Exhibit 6: Quarterly SG&A to sales



Sources: ICHI, FSSIA's estimates

Exhibit 7: Quarterly profit/loss sharing



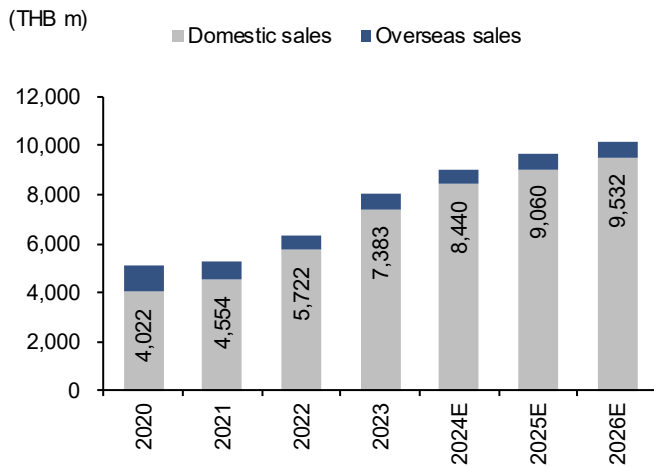
Sources: ICHI, FSSIA's estimates

Exhibit 8: Changes in key assumptions for ICHI

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Sales	9,034	9,672	10,157	8,728	9,390	9,861	3.5	3.0	3.0
Cost of sales	6,685	7,206	7,546	6,546	7,090	7,395	2.1	1.6	2.0
Gross profit	2,349	2,466	2,610	2,182	2,301	2,465	7.6	7.2	5.9
SG&A	623	658	691	594	639	671	5.0	3.0	3.0
Operating profit	1,763	1,847	1,959	1,623	1,700	1,833	8.6	8.7	6.9
Interest expense	2	2	2	2	2	2	0.0	0.0	0.0
Tax expense	355	375	400	296	311	335	19.9	20.7	19.2
Profit (loss) sharing	16	31	41	24	30	32	(35.7)	3.0	28.8
Reported net profit	1,574	1,501	1,598	1,350	1,417	1,527	16.6	6.0	4.6
Core profit	1,422	1,501	1,598	1,350	1,417	1,527	5.3	6.0	4.6
Key ratios (%)									
Total revenue growth	12.2	7.1	5.0	8.4	7.6	5.0			
Net profit growth	43.1	(4.7)	6.5	22.7	5.0	7.8			
Core profit growth	29.2	5.6	6.5	22.7	5.0	7.8			
Gross margin	26.0	25.5	25.7	25.0	24.5	25.0	1.0	1.0	0.7
SG&A to sales	6.9	6.8	6.8	6.8	6.8	6.8	0.1	0.0	0.0
Net margin	17.4	15.5	15.7	15.5	15.1	15.5	2.0	0.4	0.2
Norm margin	15.7	15.5	15.7	15.5	15.1	15.5	0.3	0.4	0.2
Operating statistics (THB m)									
Domestic revenue	8,440	9,060	9,532	8,155	8,800	9,252	3.5	2.9	3.0
Overseas revenue	595	612	625	573	590	608	3.7	3.7	2.7

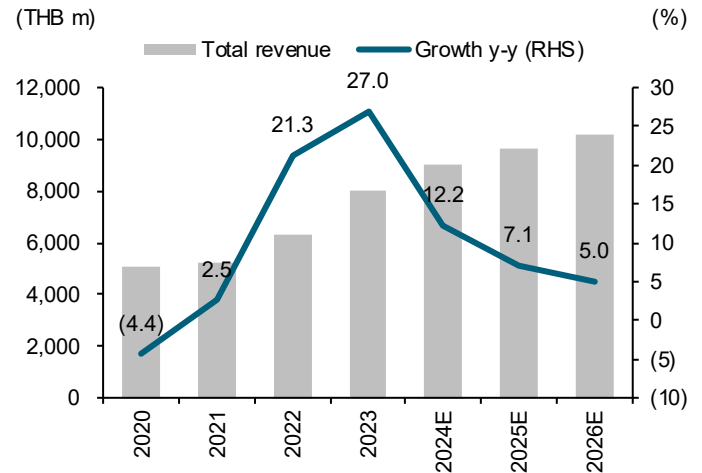
Source: FSSIA estimates

Exhibit 9: Yearly revenue by destination



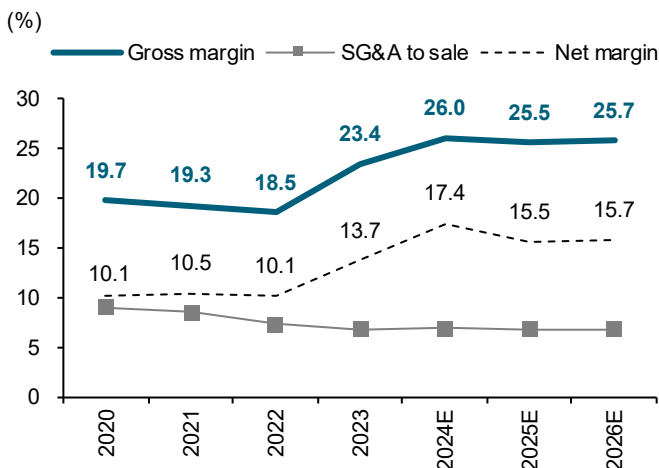
Sources: ICHI, FSSIA estimates

Exhibit 10: Yearly total revenue and growth



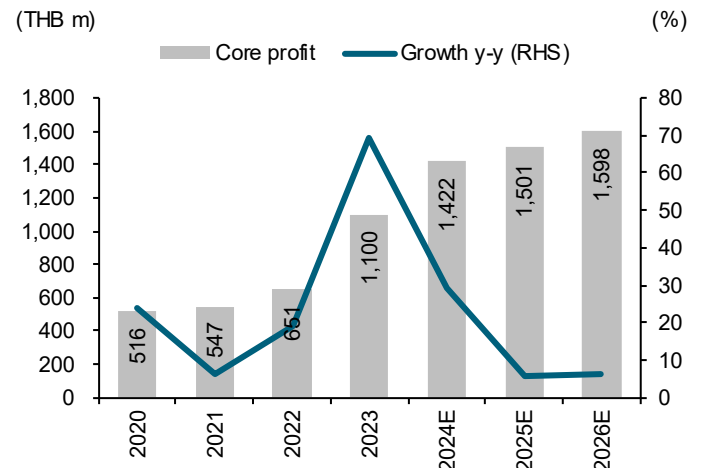
Sources: ICHI, FSSIA estimates

Exhibit 11: Yearly gross margin and net margin



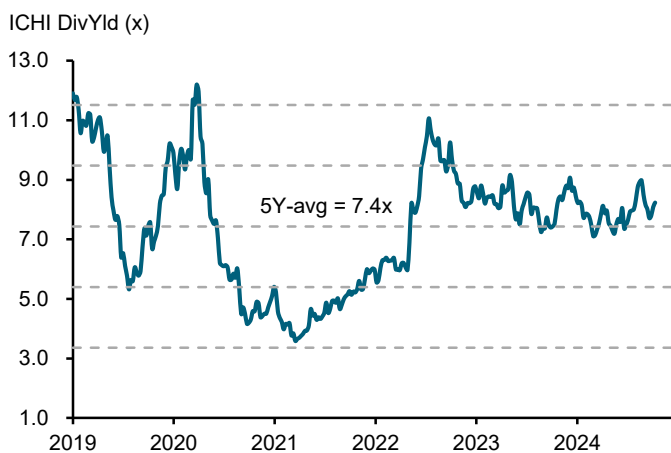
Sources: ICHI, FSSIA estimates

Exhibit 12: Yearly core profit and growth



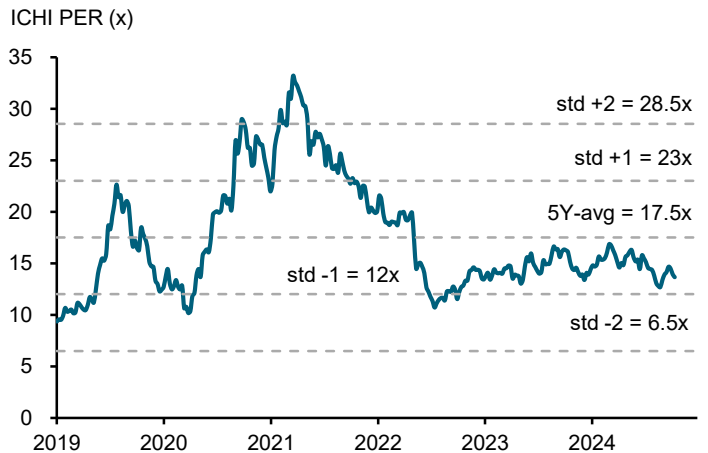
Sources: ICHI, FSSIA estimates

Exhibit 13: Dividend yield



Sources: Bloomberg, FSSIA estimates

Exhibit 14: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Financial Statements

Ichitan Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	6,340	8,050	9,034	9,672	10,157
Cost of goods sold	(5,169)	(6,163)	(6,685)	(7,206)	(7,546)
Gross profit	1,172	1,887	2,349	2,466	2,610
Other operating income	19	35	37	39	41
Operating costs	(465)	(550)	(623)	(658)	(691)
Operating EBITDA	1,296	1,942	2,358	2,457	2,585
Depreciation	(570)	(570)	(595)	(610)	(625)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	726	1,372	1,763	1,847	1,960
Net financing costs	(2)	(2)	(2)	(2)	(2)
Associates	82	5	16	31	41
Recurring non-operating income	82	5	16	31	41
Non-recurring items	(9)	0	153	0	0
Profit before tax	797	1,375	1,930	1,877	1,999
Tax	(155)	(275)	(355)	(375)	(400)
Profit after tax	642	1,100	1,574	1,501	1,599
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	642	1,100	1,574	1,501	1,599
Non-recurring items & goodwill (net)	9	0	(153)	0	0
Recurring net profit	651	1,100	1,422	1,501	1,599
Per share (THB)					
Recurring EPS *	0.50	0.85	1.09	1.15	1.23
Reported EPS	0.49	0.85	1.21	1.15	1.23
DPS	0.60	1.00	1.33	1.27	1.35
Diluted shares (used to calculate per share data)	1,300	1,300	1,300	1,300	1,300
Growth					
Revenue (%)	21.3	27.0	12.2	7.1	5.0
Operating EBITDA (%)	10.9	49.8	21.4	4.2	5.2
Operating EBIT (%)	24.1	89.1	28.5	4.8	6.1
Recurring EPS (%)	19.0	69.1	29.2	5.6	6.5
Reported EPS (%)	17.4	71.5	43.1	(4.7)	6.5
Operating performance					
Gross margin inc. depreciation (%)	18.5	23.4	26.0	25.5	25.7
Gross margin exc. depreciation (%)	27.5	30.5	32.6	31.8	31.8
Operating EBITDA margin (%)	20.4	24.1	26.1	25.4	25.4
Operating EBIT margin (%)	11.4	17.0	19.5	19.1	19.3
Net margin (%)	10.3	13.7	15.7	15.5	15.7
Effective tax rate (%)	19.5	20.0	18.4	20.0	20.0
Dividend payout on recurring profit (%)	119.9	118.1	121.8	110.0	109.9
Interest cover (X)	462.2	752.0	1,034.1	1,043.5	1,053.1
Inventory days	44.4	35.8	31.8	31.6	32.0
Debtor days	62.5	61.1	64.6	67.7	68.3
Creditor days	51.0	53.2	54.1	52.6	53.3
Operating ROIC (%)	10.8	22.4	29.9	31.9	35.8
ROIC (%)	11.2	20.9	28.1	30.0	33.7
ROE (%)	10.5	18.3	24.7	26.8	29.3
ROA (%)	9.0	15.1	19.8	21.0	22.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Ready-to-drink green tea	4,405	5,564	6,203	6,637	6,969
Non-tea and others	1,936	2,486	2,832	3,035	3,188

Sources: Ichitan Group; FSSIA estimates

Financial Statements

Ichitan Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	651	1,100	1,422	1,501	1,599
Depreciation	570	570	595	610	625
Associates & minorities	(82)	(5)	(16)	(31)	(41)
Other non-cash items	-	-	-	-	-
Change in working capital	(27)	(252)	(214)	(81)	(65)
Cash flow from operations	1,112	1,413	1,787	1,999	2,119
Capex - maintenance	-	-	-	-	-
Capex - new investment	(114)	0	(498)	(264)	(300)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	58	78	155	22	34
Cash flow from investing	(56)	78	(343)	(242)	(266)
Dividends paid	(644)	(1,430)	(1,732)	(1,651)	(1,758)
Equity finance	0	0	0	0	0
Debt finance	(9)	(6)	(3)	5	(60)
Other financing cash flows	(6)	6	(1)	3	2
Cash flow from financing	(658)	(1,431)	(1,736)	(1,643)	(1,816)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	165	0	0	0
Net other adjustments	0	165	0	0	(1)
Movement in cash	397	225	(293)	113	36
Free cash flow to firm (FCFF)	1,057.45	1,492.92	1,445.21	1,758.25	1,854.42
Free cash flow to equity (FCFE)	1,040.82	1,655.48	1,439.20	1,764.64	1,793.95

Per share (THB)

FCFF per share	0.81	1.15	1.11	1.35	1.43
FCFE per share	0.80	1.27	1.11	1.36	1.38
Recurring cash flow per share	0.88	1.28	1.54	1.60	1.68

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	9,370	8,951	9,451	9,751	10,051
Less: Accumulated depreciation	(5,032)	(5,337)	(5,932)	(6,541)	(7,166)
Tangible fixed assets (net)	4,338	3,614	3,520	3,210	2,885
Intangible fixed assets (net)	10	8	10	10	10
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	312	225	225	225	225
Cash & equivalents	735	960	668	781	817
A/C receivable	1,304	1,533	1,798	1,885	1,978
Inventories	588	511	549	592	620
Other current assets	0	239	271	290	305
Current assets	2,627	3,243	3,286	3,548	3,720
Other assets	99	114	126	135	142
Total assets	7,386	7,205	7,167	7,129	6,982
Common equity	6,170	5,842	5,686	5,536	5,376
Minorities etc.	0	0	0	0	0
Total shareholders' equity	6,170	5,842	5,686	5,536	5,376
Long term debt	65	55	55	60	0
Other long-term liabilities	41	46	45	48	51
Long-term liabilities	105	102	100	108	51
A/C payable	739	890	916	987	1,034
Short term debt	14	17	14	14	14
Other current liabilities	357	355	452	484	508
Current liabilities	1,110	1,262	1,381	1,485	1,556
Total liabilities and shareholders' equity	7,386	7,205	7,167	7,129	6,982
Net working capital	795	1,038	1,251	1,297	1,361
Invested capital	5,554	5,000	5,132	4,877	4,624

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	4.75	4.49	4.37	4.26	4.14
Tangible book value per share	4.74	4.49	4.37	4.25	4.13

Financial strength

Net debt/equity (%)	(10.6)	(15.2)	(10.5)	(12.8)	(14.9)
Net debt/total assets (%)	(8.9)	(12.3)	(8.4)	(9.9)	(11.5)
Current ratio (x)	2.4	2.6	2.4	2.4	2.4
CF interest cover (x)	661.7	905.1	1,127.4	1,128.2	1,103.1

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	31.4	18.5	14.4	13.6	12.8
Recurring P/E @ target price (x) *	42.0	24.8	19.2	18.2	17.1
Reported P/E (x)	31.8	18.5	13.0	13.6	12.8
Dividend yield (%)	3.8	6.4	8.5	8.1	8.6
Price/book (x)	3.3	3.5	3.6	3.7	3.8
Price/tangible book (x)	3.3	3.5	3.6	3.7	3.8
EV/EBITDA (x) **	15.2	10.1	8.4	8.0	7.6
EV/EBITDA @ target price (x) **	20.6	13.6	11.3	10.8	10.3
EV/invested capital (x)	3.6	3.9	3.9	4.0	4.2

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Ichitan Group; FSSIA estimates

ICHITAN GROUP PCL (ICHI TB)

FSSIA ESG rating

★ ★ ★

Exhibit 15: FSSIA ESG score implication

43.67 /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		9 / 3 / 2
Climate change opportunities discussed		--	No. of board meetings for the year / % attendance		7 / 100%
GHG scope 2 location-based policy		Yes	Company conducts board evaluations		Yes
Biodiversity policy		--	Number of non-executive directors on board		3
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		47 / 72
Waste reduction policy		Yes	Number of executives / female		6 / 1
Water policy		--	Executive share ownership guidelines		No
Water consumption		--	Size of audit committee / ID		3 / 3
Social			Audit committee meetings		4
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		Yes	Number of compensation committee meetings		3
Consumer data protection policy		--	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		3
Pct women in workforce		Yes	Nomination committee meeting attendance (%)		100
Business ethics policy		Yes	Board compensation (THB m)		8.615
Anti-bribery ethics policy		Yes	Auditor fee (THB m)		3.00
Health and safety policy		Yes	(KPMG Phoomchai Audit Company Limited)		
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 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

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Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

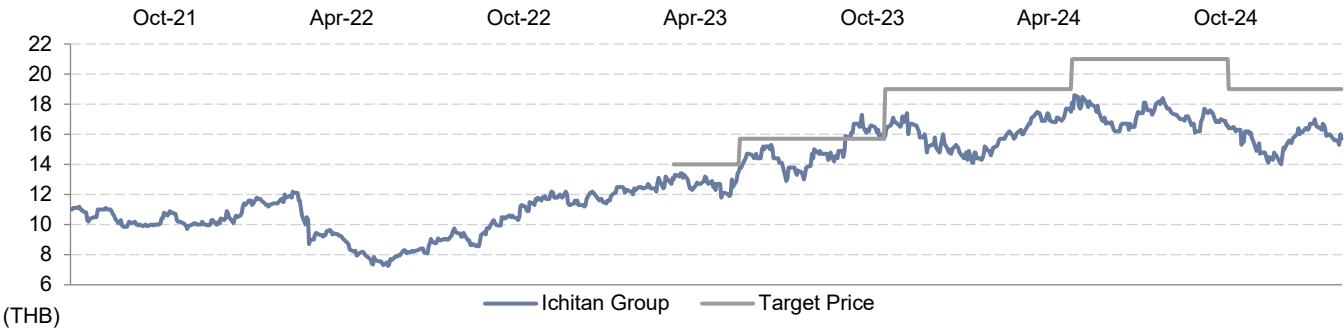
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History of change in investment rating and/or target price

Ichitan Group (ICHI TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Mar-2023	BUY	14.00	15-Jun-2023	HOLD	15.70	27-Feb-2024	BUY	21.00
17-May-2023	BUY	15.70	19-Sep-2023	BUY	19.00	11-Jul-2024	BUY	19.00

Sureeporn Teewasuwet started covering this stock from 21-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Ichitan Group	ICHI TB	THB 15.70	BUY	Downside risks to our P/E-based TP would be 1) a slower-than-expected consumption recovery; 2) high volatility in packaging costs; and 3) increased competition and government policy changes such as excise taxes for sugary drinks.

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 17-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.