

25 OCTOBER 2024

EQUITY RESEARCH - COMPANY REPORT

BERLI JUCKER

BJC TB

THAILAND / COMMERCE

FINANSIA

FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating



BUY

UNCHANGED

TARGET PRICE	THB31.00
CLOSE	THB23.80
UP/DOWNSIDE	+30.3%
PRIOR TP	THB31.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+12.0%

Expect 3Q24 core profit growth y-y

- We expect a 3Q24 core profit of THB918m, down 24% q-q due to seasonality but up 37% y-y due to higher sales and GPM.
- Maintain a 2024E core profit of THB4.4b (-6% y-y).
- Retain a BUY call at our 2025 DCF-TP of THB31.

Expect a 3Q24 core profit close to our previous estimate

We anticipate a 3Q24 net profit of THB758m (-38% q-q, +9% y-y). Excluding an expected after-tax FX loss of THB160m (before-tax projected at THB200m), we expect a core profit of THB918m, plummeting 24% q-q due to seasonal factors but jumping 37% y-y from an increase in sales, improved GPM, and effective cost control, particularly utility and personal expenses. Total sales should grow 3% y-y, driven by consumer supply chain (CSC), health care and technical supply chain (H&TSC), and modern retail supply chain (MSC), while packaging supply chain (PSC) would decline.

GPM could expand y-y

We expect a consolidated 3Q24 GPM of 19.7%, dropping 60bps q-q from PSC, CSC, and MSC, while H&TSC could expand due to higher medical equipment sales. However, GPM should surge 50bps y-y from lower raw material costs in the manufacturing sector. Also, BigC's GPM could increase by 10bps y-y from focusing on fresh food. SG&A to sales would decline by 60bps y-y to 20.6% due to lower electricity usage and a freeze on headcount.

Maintain our 2024E core profit of THB4.4b (-6% y-y)

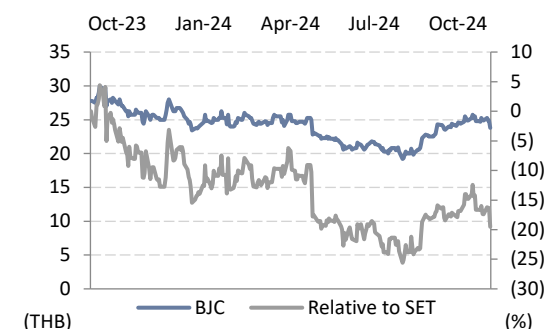
If 3Q24 meets expectations, 9M24 core profit would account for 70% of our 2024 forecast (vs 64% in 2023). We reaffirm our 2024 core profit forecast for BJC at THB4.4b (-6% y-y). Early signs from the first three weeks of Oct. showed a recovery in SSSG to 3-4%. For 2025-26, we estimate a core profit growth of 16% y-y and 7% y-y, respectively, assuming SSSG of 3% for BigC while the manufacturing supply chain should grow by 1-3%. Also, we project GPM growth of 10bps y-y to 20.2% in 2025 and 20bps y-y to 20.4% in 2026.

Retain a BUY call at our 2025 DCF-TP of THB31

We reiterate our BUY call at our 2025 DCF-based TP of THB31, implying a forward P/E of 24.3x and a forward PBV of 1.0x. BJC currently trades below its book value with a P/BV of 0.8x and a 2025E P/E of only 19x, lower than the commerce sector's average of 22x and its five-year average of 31.7x.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	167,902	172,331	179,087	186,094
Net profit	4,795	3,858	5,109	5,447
EPS (THB)	1.20	0.96	1.27	1.36
vs Consensus (%)	-	(13.6)	(3.3)	(7.4)
EBITDA	20,608	22,260	23,621	25,051
Recurring net profit	4,710	4,419	5,109	5,447
Core EPS (THB)	1.18	1.10	1.27	1.36
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(6.0)	(6.2)	15.6	6.6
Core P/E (x)	20.3	21.6	18.7	17.5
Dividend yield (%)	3.4	2.7	3.6	3.8
EV/EBITDA (x)	12.8	12.1	11.6	11.3
Price/book (x)	0.8	0.8	0.8	0.8
Net debt/Equity (%)	128.5	129.3	131.2	133.0
ROE (%)	4.0	3.7	4.2	4.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.1)	15.5	(14.2)
Relative to country (%)	(2.9)	2.9	(17.8)
Mkt cap (USD m)	2,833		
3m avg. daily turnover (USD m)	6.4		
Free float (%)	25		
Major shareholder	TCC Corporation (74%)		
12m high/low (THB)	30.25/19.20		
Issued shares (m)	4,007.80		

Sources: Bloomberg consensus; FSSIA estimates



Thada Jirachoenying

Fundamental Investment Analyst on Securities; License no. 054189
thada.j@fssia.com, +66 2646 9964

Investment thesis

BJC, one of Thailand’s oldest companies, provides an integrated supply chain with upstream, midstream, and downstream operations, with its modern trade supply chain (Big C) contributing c65% of total revenue in 2023. The large-store transformation to modernize store interiors and expand stores in tourist destinations has driven store locations from 25 to 60 by the end of 2023. By modifying store layout and product assortments, BJC has improved its appeal to tourists, supporting a gradual improvement in SSSG. The second revenue contributor, the packaging supply chain (16%), is estimated to deliver a higher GPM in 2024 due to low raw material costs, such as natural gas and soda ash. Moreover, with the introduction of new products and a focus on the fresh food and private label segments, we expect the 2024 GPM to stay above 20% (vs 19.4% in 2023).

Company profile

BJC is a fully integrated consumer company with a strong presence in Thailand and ASEAN. It is part of the TCC group, the largest beverage company in Thailand. BJC operates several businesses, including packaging, manufacturing consumer products, healthcare, and modern trade. In 2016, it acquired a 98% stake in Big C.

www.bjc.co.th

Principal activities (revenue, 2023)

Activity	Percentage
Sales of goods/services	92.1 %
Other income	7.9 %

Source: Berli Jucker

Major shareholders

Shareholder	Percentage
TCC Corporation	73.8 %
Others	26.2 %

Source: Berli Jucker

Catalysts

Thailand’s economic recovery, increased consumer confidence, and government stimulus packages.

Risks to our call

Key downside risks to our DCF-based TP include 1) competition with Lotus which could impact its sales and gross margin; and 2) higher raw material prices.

Event calendar

Date	Event
7 Nov 2024	3Q24 results announcement

Key assumptions

	2023 (%)	2024E (%)	2025E (%)	2026E (%)
Revenue growth	2.6	2.6	3.9	3.9
- Packaging	0.7	3.0	3.0	3.0
- Consumer	(1.3)	3.0	3.0	3.0
- Healthcare	2.2	2.0	2.0	2.0
- Modern retailing (Big C)	4.3	2.7	4.7	4.7
Gross margin	19.4	20.1	20.2	20.4
- Packaging	19.3	21.2	21.3	21.4
- Consumer	18.2	19.1	19.2	19.3
- Healthcare	30.6	30.0	30.1	30.2
- Modern retailing (Big C)	18.1	18.5	18.7	18.9
SG&A to sales	20.5	20.5	20.4	20.4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2025 EPS would rise 0.7%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2025 EPS would rise 2.6%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to revenue, we estimate 2025 EPS would fall 2.6%, and vice versa, all else being equal.

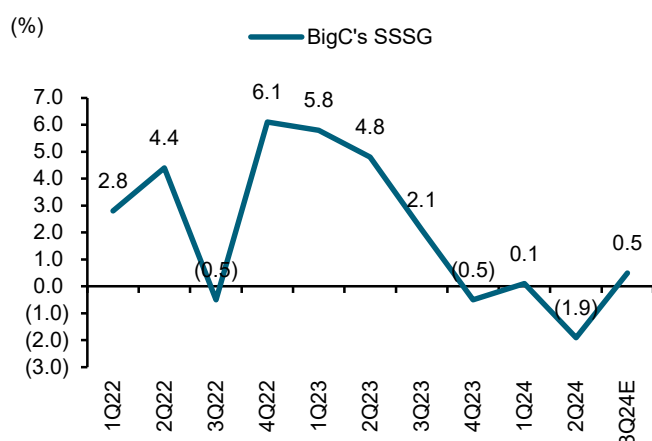
Source: FSSIA estimates

Exhibit 1: BJC – 3Q24 results preview

YE Dec 31	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24E (THB m)	----- Change ----- (q-q%) (y-y%)		----- 9M24E ----- (THB m) (y-y%) (%24E)			2024E (THB m)	Change (y-y%)
Total revenue	41,139	43,244	41,868	43,044	42,305	(2)	3	127,217	2	74	172,331	3
Sales revenue	37,901	39,849	38,633	39,739	39,067	(2)	3	117,439	2	74	158,904	3
Cost of sales	(30,625)	(31,804)	(30,924)	(31,679)	(31,371)	(1)	2	(93,974)	1	74	(126,963)	2
Gross profit from sales	7,276	8,046	7,710	8,060	7,696	(5)	6	23,465	7	73	31,941	6
Other income	3,239	3,395	3,235	3,305	3,239	(2)	0	9,778	(1)	73	13,427	1
Gross profit	10,514	11,441	10,944	11,365	10,934	(4)	4	33,243	4	73	45,368	5
Operating costs	(8,026)	(8,042)	(7,817)	(8,070)	(8,048)	(0)	0	(23,935)	1	74	(32,503)	3
Operating profit	2,489	3,398	3,127	3,295	2,886	(12)	16	9,308	13	72	12,865	11
interest income	8	17	11	15	10	(34)	27	36	39	74	49	13
Interest expense	(1,358)	(1,447)	(1,427)	(1,433)	(1,418)	(1)	4	(4,278)	10	75	(5,712)	7
Profit before tax	1,139	1,968	1,711	1,877	1,478	(21)	30	5,066	16	70	7,202	14
Tax	(210)	40	(456)	(416)	(328)	(21)	56	(1,200)	121	72	(1,656)	229
Equity income	(23)	(59)	(45)	18	0	(100)	(100)	(27)	(81)	13	(209)	5
Minority interests	(236)	(277)	(221)	(276)	(232)	(16)	(2)	(729)	14	79	(917)	0
Non-recurring items	24	(35)	(561)	25	(160)	(742)	(766)	(696)	(681)	124	(561)	(760)
Reported net profit	693	1,638	428	1,228	758	(38)	9	2,414	(24)	63	3,858	(20)
Recurring net profit	669	1,673	989	1,203	918	(24)	37	3,111	2	70	4,419	(6)
EPS (THB)	0.17	0.41	0.11	0.31	0.19	(38)	9	0.60	(24)	63	0.96	(20)
Recurring EPS (THB)	0.17	0.42	0.25	0.30	0.23	(24)	37	0.78	2	70	1.10	(6)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)		(%)	(ppt)
Gross margin from sales	19.2	20.2	20.0	20.3	19.7	(0.6)	0.5	20.0	0.8		20.1	0.7
Operating margin	6.6	8.5	8.1	8.3	7.4	(0.9)	0.8	7.9	0.8		8.1	0.6
Net margin	1.8	4.1	1.1	3.1	1.9	(1.1)	0.1	2.1	(0.7)		2.4	(0.7)
Recurring net margin	1.8	4.2	2.6	3.0	2.4	(0.7)	0.6	2.6	0.0		2.8	(0.3)
SG&A / Sales	21.2	20.2	20.2	20.3	20.6	0.3	(0.6)	20.4	(0.2)		20.5	(0.0)
Effective tax rate	18.5	(2.0)	26.6	22.2	22.2	0.0	3.7	23.7	11.2		23.0	15.1
SSSG (%)	2.1	(0.5)	0.1	(1.9)	0.5						1.0	

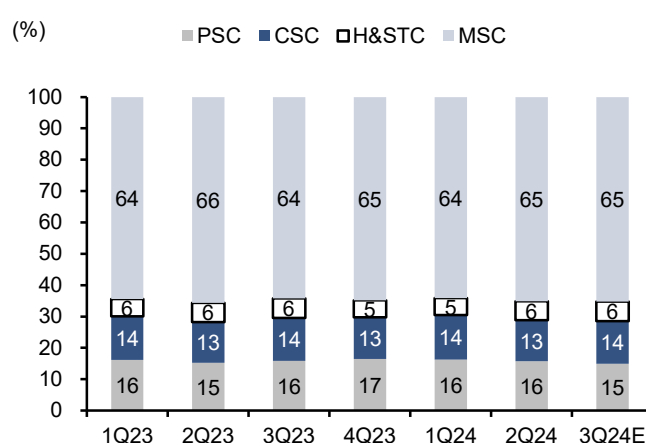
Sources: BJC; FSSIA estimates

Exhibit 2: BigC's SSSG

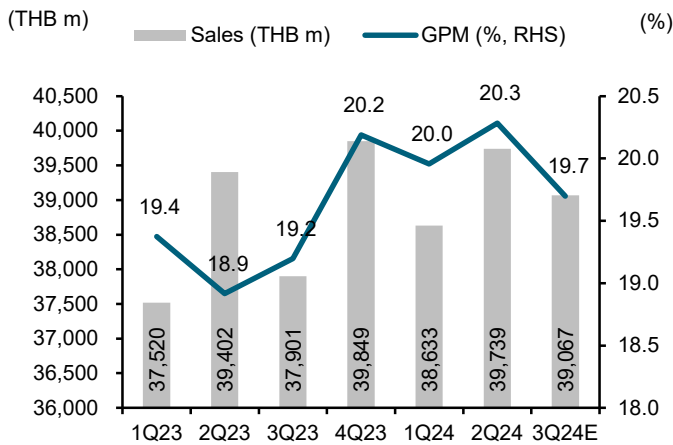


Sources: BJC; FSSIA estimates

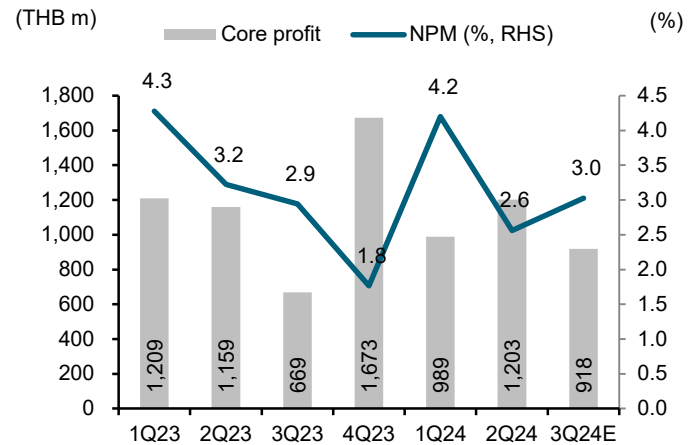
Exhibit 3: Sales contribution by supply chain



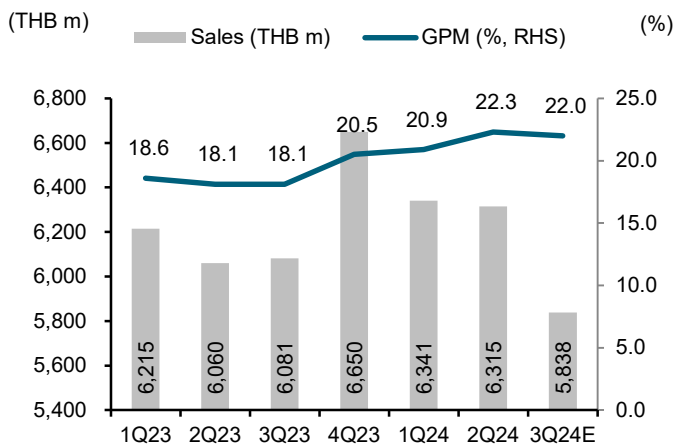
Sources: BJC; FSSIA estimates

Exhibit 4: Quarterly sales and GPM

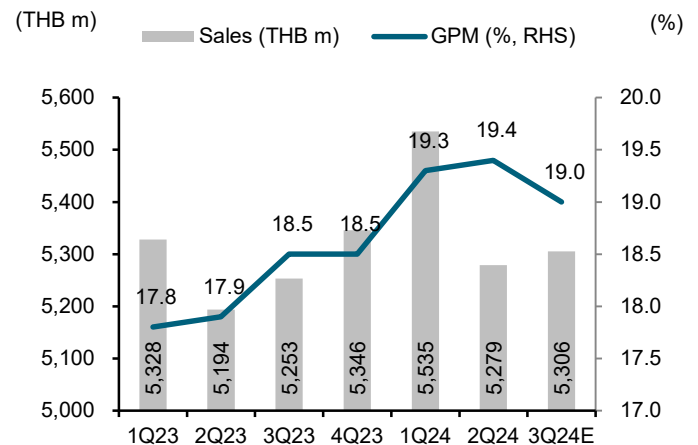
Sources: BJC; FSSIA estimates

Exhibit 5: Quarterly core profit and NPM

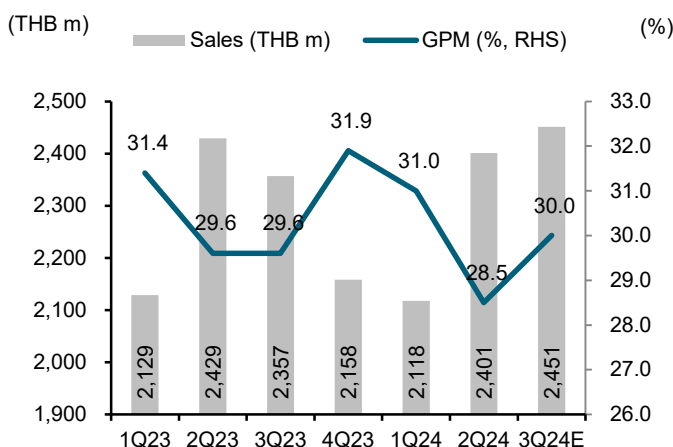
Sources: BJC; FSSIA estimates

Exhibit 6: PSC performance

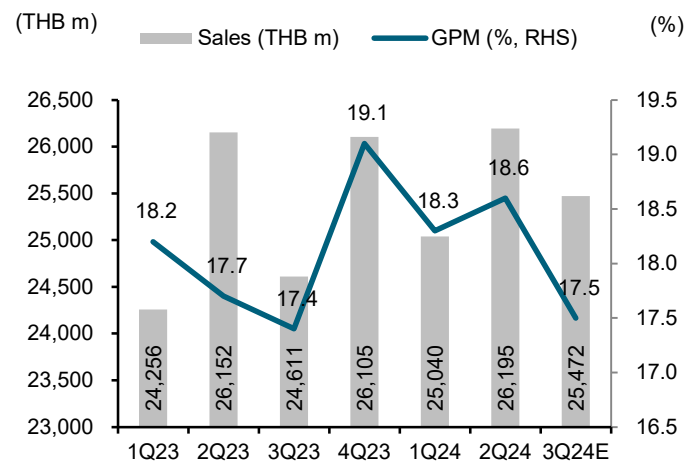
Sources: BJC; FSSIA estimates

Exhibit 7: CSC performance

Sources: BJC; FSSIA estimates

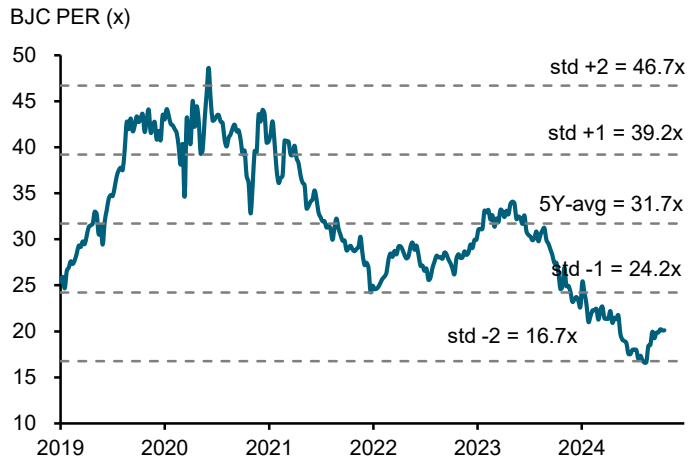
Exhibit 8: H&TSC performance

Sources: BJC; FSSIA estimates

Exhibit 9: MSC performance*

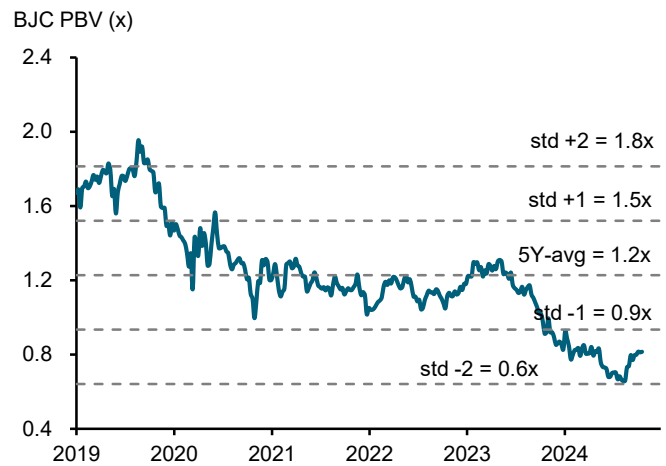
*Note; excluded rental and other income
Sources: BJC; FSSIA estimates

Exhibit 10: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Commerce peers as of 24 October 2024

Company	BBG	Rec	----- Share price -----			Market Cap (USD m)	----- PE -----		---- ROE ----		---- PBV ----		-- EV/ EBITDA --	
			Current (LCY)	Target (LCY)	<i>Upside</i> (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Consumer Staple														
CP All	CPALL TB	BUY	64.25	83.00	29	17,144	23.6	20.8	20.9	21.3	5.1	4.5	19.2	16.8
CP Axtra	CPAXT TB	BUY	33.25	42.00	26	10,299	33.2	26.7	3.5	4.3	1.2	1.2	11.4	9.9
Berli Jucker	BJC TB	BUY	23.80	31.00	30	2,833	21.6	18.7	3.7	4.2	0.8	0.8	12.1	11.6
Consumer Staple average						30,277	26.1	22.1	9.4	9.9	2.4	2.2	14.2	12.8
Consumer Discretionary														
Com7	COM7 TB	BUY	26.75	24.00	(10)	1,871	20.2	18.7	36.1	33.2	6.7	5.7	13.7	12.2
Central Retail Corp	CRC TB	BUY	31.25	40.00	28	5,598	22.1	20.1	12.2	12.4	2.6	2.4	9.4	8.9
Home Improvement														
Index Living Mall	ILM TB	BUY	17.60	26.70	52	264	11.3	10.4	12.9	13.5	1.4	1.4	6.2	5.7
Home Product Center	HMPRO TB	BUY	9.75	13.20	35	3,809	19.9	18.9	24.6	24.8	4.8	4.6	11.5	10.9
Siam Global House	GLOBAL TB	HOLD	16.10	17.30	7	2,488	32.9	28.3	10.6	11.7	3.4	3.2	25.3	22.0
Dohome	DOHOME TB	HOLD	9.95	10.50	6	955	50.6	34.6	5.1	7.0	2.5	2.4	20.2	17.4
Home Improvement avg.						7,515	28.7	23.1	13.3	14.2	3.0	2.9	15.8	14.0
Consumer Discretionary avg.						14,985	26.2	21.8	16.9	17.1	3.6	3.3	14.4	12.9
Total average						45,262	26.2	21.9	14.4	14.7	3.2	2.9	14.3	12.8

Source: FSSIA estimates

Financial Statements

Berli Jucker

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	163,572	167,902	172,331	179,087	186,094
Cost of goods sold	(122,707)	(124,628)	(126,963)	(131,838)	(136,885)
Gross profit	40,865	43,274	45,368	47,248	49,209
Other operating income	0	0	0	0	0
Operating costs	(29,891)	(31,650)	(32,503)	(33,783)	(35,111)
Operating EBITDA	19,983	20,608	22,260	23,621	25,051
Depreciation	(9,009)	(8,984)	(9,396)	(10,155)	(10,953)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	10,974	11,624	12,865	13,465	14,098
Net financing costs	(4,723)	(5,295)	(5,663)	(5,657)	(5,855)
Associates	(15)	(200)	(209)	(220)	(231)
Recurring non-operating income	(15)	(200)	(209)	(220)	(231)
Non-recurring items	0	85	(561)	0	0
Profit before tax	6,236	6,214	6,431	7,588	8,012
Tax	(435)	(503)	(1,656)	(1,562)	(1,649)
Profit after tax	5,801	5,712	4,774	6,026	6,364
Minority interests	(790)	(917)	(917)	(917)	(917)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	5,010	4,795	3,858	5,109	5,447
Non-recurring items & goodwill (net)	0	(85)	561	0	0
Recurring net profit	5,010	4,710	4,419	5,109	5,447
Per share (THB)					
Recurring EPS *	1.25	1.18	1.10	1.27	1.36
Reported EPS	1.25	1.20	0.96	1.27	1.36
DPS	0.80	0.80	0.64	0.85	0.91
Diluted shares (used to calculate per share data)	4,008	4,008	4,008	4,008	4,008
Growth					
Revenue (%)	9.1	2.6	2.6	3.9	3.9
Operating EBITDA (%)	5.5	3.1	8.0	6.1	6.1
Operating EBIT (%)	11.2	5.9	10.7	4.7	4.7
Recurring EPS (%)	46.2	(6.0)	(6.2)	15.6	6.6
Reported EPS (%)	39.8	(4.3)	(19.5)	32.5	6.6
Operating performance					
Gross margin inc. depreciation (%)	25.0	25.8	26.3	26.4	26.4
Gross margin exc. depreciation (%)	30.5	31.1	31.8	32.1	32.3
Operating EBITDA margin (%)	12.2	12.3	12.9	13.2	13.5
Operating EBIT margin (%)	6.7	6.9	7.5	7.5	7.6
Net margin (%)	3.1	2.8	2.6	2.9	2.9
Effective tax rate (%)	7.0	7.9	23.0	20.0	20.0
Dividend payout on recurring profit (%)	64.0	68.1	58.4	66.9	66.9
Interest cover (X)	2.3	2.2	2.2	2.3	2.4
Inventory days	73.1	73.7	70.0	69.6	69.8
Debtor days	40.2	41.3	41.6	41.3	41.3
Creditor days	103.0	105.0	103.2	102.6	103.0
Operating ROIC (%)	14.5	15.1	13.9	15.1	15.8
ROIC (%)	3.4	3.5	3.2	3.4	3.5
ROE (%)	4.3	4.0	3.7	4.2	4.4
ROA (%)	3.1	3.1	2.8	3.0	3.1

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales of goods/services	150,338	154,672	158,904	165,313	171,965
Other income	13,234	13,230	13,427	13,774	14,130

Sources: Berli Jucker; FSSIA estimates

Financial Statements

Berli Jucker

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	5,010	4,710	4,419	5,109	5,447
Depreciation	9,009	8,984	9,396	10,155	10,953
Associates & minorities	(362)	(544)	0	0	0
Other non-cash items	750	1,144	864	972	921
Change in working capital	(1,516)	1,559	(568)	(216)	(436)
Cash flow from operations	12,892	15,853	14,111	16,021	16,884
Capex - maintenance	(7,676)	(10,683)	(9,250)	(9,713)	(10,198)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(4,010)	(2,694)	(6,301)	(8,860)	(9,186)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(11,686)	(13,377)	(15,551)	(18,573)	(19,384)
Dividends paid	(3,206)	(3,206)	(2,580)	(3,417)	(3,642)
Equity finance	612	(215)	69	69	69
Debt finance	1,147	1,639	3,951	5,900	6,074
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,447)	(1,782)	1,440	2,552	2,500
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(241)	695	0	0	0
Free cash flow to firm (FCFF)	5,958.63	7,814.37	4,271.93	3,154.26	3,403.25
Free cash flow to equity (FCFE)	2,352.86	4,115.69	2,510.85	3,348.06	3,573.58

Per share (THB)

FCFF per share	1.49	1.95	1.07	0.79	0.85
FCFE per share	0.59	1.03	0.63	0.84	0.89
Recurring cash flow per share	3.60	3.57	3.66	4.05	4.32

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	105,611	111,435	120,685	130,397	140,596
Less: Accumulated depreciation	(44,601)	(48,581)	(57,827)	(67,828)	(78,622)
Tangible fixed assets (net)	61,010	62,854	62,858	62,570	61,974
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	3,001	2,774	2,874	2,974	3,074
Cash & equivalents	4,162	4,857	4,857	4,857	4,857
A/C receivable	18,574	19,377	19,889	20,668	21,477
Inventories	24,388	22,338	22,756	23,630	24,535
Other current assets	1,002	843	858	881	905
Current assets	48,126	47,416	48,360	50,036	51,773
Other assets	223,908	225,926	231,886	240,976	250,406
Total assets	336,045	338,970	345,979	356,557	367,227
Common equity	118,291	119,665	121,012	122,773	124,646
Minorities etc.	5,857	6,230	7,147	8,064	8,981
Total shareholders' equity	124,149	125,896	128,159	130,837	133,627
Long term debt	137,030	129,749	142,673	136,425	146,312
Other long-term liabilities	12,398	11,880	12,351	12,835	13,337
Long-term liabilities	149,428	141,629	155,023	149,260	159,649
A/C payable	33,569	32,947	33,564	34,853	36,187
Short term debt	27,951	36,870	27,898	40,045	36,232
Other current liabilities	948	1,628	1,335	1,562	1,532
Current liabilities	62,468	71,445	62,797	76,459	73,951
Total liabilities and shareholders' equity	336,045	338,970	345,979	356,557	367,227
Net working capital	9,447	7,984	8,605	8,765	9,198
Invested capital	297,366	299,538	306,223	315,285	324,651

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

Per share (THB)

Book value per share	29.52	29.86	30.19	30.63	31.10
Tangible book value per share	29.52	29.86	30.19	30.63	31.10

Financial strength

Net debt/equity (%)	129.5	128.5	129.3	131.2	133.0
Net debt/total assets (%)	47.9	47.7	47.9	48.1	48.4
Current ratio (x)	0.8	0.7	0.8	0.7	0.7
CF interest cover (x)	1.5	1.8	1.4	1.6	1.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	19.0	20.3	21.6	18.7	17.5
Recurring P/E @ target price (x) *	24.8	26.4	28.1	24.3	22.8
Reported P/E (x)	19.0	19.9	24.7	18.7	17.5
Dividend yield (%)	3.4	3.4	2.7	3.6	3.8
Price/book (x)	0.8	0.8	0.8	0.8	0.8
Price/tangible book (x)	0.8	0.8	0.8	0.8	0.8
EV/EBITDA (x) **	13.1	12.8	12.1	11.6	11.3
EV/EBITDA @ target price (x) **	14.6	14.2	13.3	12.9	12.4
EV/invested capital (x)	0.9	0.9	0.9	0.9	0.9

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

Sources: Berli Jucker; FSSIA estimates

Berli Jucker PCL (BJC TB)

FSSIA ESG rating


71.33 /100

Exhibit 13: 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 14: 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
BJC	71.33	Y	Y	Y	4.00	4.00	--	Medium	55.09	A	--	65.19	89.00	2.16	--
COM7	61.78	--	Y	Y	5.00	5.00	Certified	Low	47.75	--	--	52.68	21.00	4.40	43.59
CPALL	78.53	Y	Y	Y	5.00	5.00	Certified	Medium	47.38	A	34.00	59.95	82.00	3.74	--
CPAXT	59.46	--	--	--	5.00	5.00	Certified	Low	52.81	--	--	74.64	63.00	3.77	--
CRC	64.49	--	Y	Y	5.00	5.00	Certified	Medium	--	BBB	--	60.98	73.00	2.90	47.27

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

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	0.96	0.97	1.54	1.56	1.62	2.64	2.59	2.60
BESG environmental pillar score	0.69	0.69	0.76	0.73	0.77	2.37	2.05	1.73
BESG social pillar score	0.16	0.16	1.08	1.11	1.25	2.34	2.34	2.58
BESG governance pillar score	3.13	3.19	3.48	3.54	3.42	3.48	3.62	3.62
ESG disclosure score	30.47	30.47	43.34	48.52	50.41	62.23	61.10	58.67
Environmental disclosure score	0.91	0.91	9.15	24.71	30.38	50.20	44.85	41.71
Social disclosure score	9.22	9.22	33.34	33.34	33.34	42.74	44.71	40.54
Governance disclosure score	81.10	81.10	87.36	87.36	87.36	93.62	93.62	93.62
Environmental								
Emissions reduction initiatives	No	No	No	No	No	Yes	Yes	Yes
Climate change policy	No	No	No	No	No	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	Yes	Yes	Yes	Yes
GHG scope 1	—	—	357	466	483	417	503	507
GHG scope 2 location-based	—	—	699	699	715	603	616	609
GHG Scope 3	—	—	—	—	—	—	292	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	2,978	3,108	3,303	2,903	2,875
Renewable energy use	—	—	0	2	24	42	53	58
Electricity used	—	—	—	1,423	1,485	1,207	1,322	—
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 16: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	2	1	—	—
Total waste	—	—	121	129	137	73	100	84
Waste recycled	—	—	—	37	37	33	20	28
Waste sent to landfills	—	—	—	—	94	39	74	54
Environmental supply chain management	No	No	No	No	No	Yes	Yes	Yes
Water policy	No	No	No	No	No	Yes	Yes	Yes
Water consumption	—	—	—	2,380	3,106	4,550	3,840	4,150
Social								
Human rights policy	No	No	No	No	No	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	Yes	Yes	Yes
Quality assurance and recall policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	No	Yes	Yes	Yes
Equal opportunity policy	No	No	No	No	No	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	Yes	Yes
Pct women in workforce	—	—	56	57	59	60	61	60
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	1	0	0	1	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	11,572	10,597	37,954	40,294	40,491	35,400	37,980	34,046
Employee turnover pct	—	—	66	73	69	62	48	45
Total hours spent by firm - employee training	—	—	3,339,950	3,889,880	3,494,120	2,255,330	4,405,680	4,187,660
Social supply chain management	No	No	No	No	No	Yes	Yes	Yes
Governance								
Board size	15	15	15	16	16	16	16	17
No. of independent directors (ID)	5	6	8	8	8	8	8	9
No. of women on board	3	2	2	3	3	3	3	4
No. of non-executive directors on board	13	12	13	13	13	13	14	14
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	9	30	6	6	5	6	6	4
Board meeting attendance pct	75	89	93	96	97	99	99	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	38	39	41	42	43	45	46	46
Age of the oldest director	73	74	74	76	77	78	79	79
No. of executives / company managers	9	6	6	6	7	6	10	10
No. of female executives	3	2	1	1	1	1	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	4	3	3	3	3	3	4	4
No. of ID on audit committee	3	3	3	3	3	3	3	4
Audit committee meetings	5	8	7	5	5	5	8	6
Audit meeting attendance %	95	95	100	93	100	100	90	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	1	1	2	2	1	2	2	2
No. of compensation committee meetings	2	5	4	2	3	3	3	3
Compensation meeting attendance %	100	93	100	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	2	5	4	2	3	3	3	3
Nomination meeting attendance %	100	93	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	Yes	Yes	Yes

Sources: Bloomberg; 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
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																			
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

Thada Jirachoenying 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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Berli Jucker	BJC TB	THB 23.80	BUY	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a higher in raw material prices.
CP All	CPALL TB	THB 64.25	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
CP Axtra	CPAXT TB	THB 33.25	BUY	Key downside risks to our DCF-based TP include 1) a lower-than-expected SSSG, 2) a lower-than-expected GPM, 3) higher-than-expected SG&A expenses, and 4) an operating loss from its overseas units.
Com7	COM7 TB	THB 26.75	BUY	Risks to our P/E-based TP include 1) lower/higher domestic consumption and purchasing power, 2) store cannibalization/expansion, and 3) lower/higher-than-expected gross margin.
Central Retail Corp	CRC TB	THB 31.25	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.
Index Living Mall	ILM TB	THB 17.60	BUY	Risks to our DCF-based TP include 1) a lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) a higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 9.75	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
Siam Global House	GLOBAL TB	THB 16.10	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
Dohome	DOHOME TB	THB 9.95	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.

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 24-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.