

R&B FOOD SUPPLY

THAILAND / FOOD & BEVERAGE

RBF TB

BUY

FROM HOLD

Share price reflects profits in 2024

- Expect 3Q24 core profit to grow by 15% q-q but still drop y-y. The revenue losses in China and India may conclude in 2024.
- We have cut our 2024E profit to drop by 21% and expect net profit to recover by 28% in 2025.
- Upgrade to BUY after likely passing the lowest profit in 2Q24.

Expect 3Q24 profit to recover q-q

We anticipate a 3Q24 net profit of THB107m (+4% q-q, -49% y-y). Excluding an FX loss of THB10m, core profit would equal THB117m (+15% q-q, -39% y-y). It should decline y-y due to decreased revenue from China and lower selling prices in India. However, we expect a slight q-q recovery, with total revenue projected to grow by 4% q-q and decrease by 7.5% y-y, driven by domestic growth, consistent with the seasonal pattern. Meanwhile, we project a slight 2% q-q recovery in overseas revenue, primarily from Indonesia.

Product mix and raw materials would remain stable

In 3Q24, the overall product mix and raw material costs are expected to remain stable q-q. Thus, we forecast a 3Q24 gross margin of 35%, up from 34.7% in 2Q24 but still below 39.4% in 3Q23 due to a reduced contribution of high-margin revenue from flavor and fragrance. We anticipate expenses to remain high, similar to the previous quarter, due to ongoing marketing costs, while personnel expenses should begin to stabilize. As a result, we expect SG&A-to-sales at 21.8%, down from 22.9% in 2Q24, due to revenue growth.

Profit trough likely in 24E and would grow in 25E

The profit for 4Q24 is likely to show continued recovery, driven by both domestic revenue and the start of revenue recognition from a new client in Pakistan, with projected full-year recognition in 2025. However, given a slower-than-expected recovery, we have cut our 2024E-26E net profit by 16-23%. Our new 2024E profit is THB515m (-21% y-y), and we expect a profit growth of 28% in 2025 to THB657m. We assume 2025 revenue growth at 11.5% y-y due to strength in the domestic market, Indonesia, and Vietnam. In addition, we have not yet included a new client in Russia, which is currently testing products and has the potential for recognition in 2025.

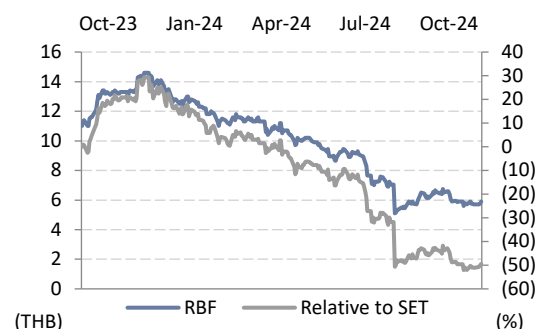
Upgrade to BUY with a new 2025 TP of THB7.2

We roll forward our TP to 2025 at THB7.2, based on a P/E of 22x. We upgraded RBF to BUY from Hold as we are increasingly confident that RBF has passed its lowest profit point in 2Q24. The revenue drops in China (from a high base in 2023 due to short-term sales) and India (with prices returning to normal levels in 2024) are expected to conclude in 2024, and we anticipate a return to growth in 2025. The stock price retreat of 60% YTD has already reflected the poor profits in 2024. It is currently trading at 18x 2025E P/E (-1.5 SD), while the financial position remains healthy with a current ratio of 4.8x and a low D/E ratio of only 0.17x

TARGET PRICE	THB7.20
CLOSE	THB5.90
UP/DOWNSIDE	+22.0%
PRIOR TP	THB8.00
CHANGE IN TP	-10.0%
TP vs CONSENSUS	-3.1%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	4,421	4,394	4,898	5,411
Net profit	649	515	657	752
EPS (THB)	0.32	0.26	0.33	0.38
vs Consensus (%)	-	(11.6)	(7.8)	-
EBITDA	1,068	928	1,186	1,359
Recurring net profit	666	501	657	752
Core EPS (THB)	0.33	0.25	0.33	0.38
Chg. In EPS est. (%)	-	(25.3)	(18.8)	(17.3)
EPS growth (%)	45.0	(24.8)	31.3	14.4
Core P/E (x)	17.7	23.6	17.9	15.7
Dividend yield (%)	3.0	2.4	3.1	3.5
EV/EBITDA (x)	10.4	12.0	9.4	8.2
Price/book (x)	2.4	2.4	2.2	2.1
Net debt/Equity (%)	(14.8)	(13.4)	(11.7)	(11.7)
ROE (%)	14.5	10.2	12.8	13.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.6)	(22.4)	(45.9)
Relative to country (%)	(11.7)	(30.1)	(49.0)
Mkt cap (USD m)	350		
3m avg. daily turnover (USD m)	1.4		
Free float (%)	28		
Major shareholder	Ratanapoompinyo Family (62%)		
12m high/low (THB)	14.60/5.00		
Issued shares (m)	2,000.00		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

RBF's customers are in the food and beverage industries. Since both are a necessity, RBF's revenues are stable. RBF has a long history and is accredited with international standards. RBF pays attention to R&D, which helps it differentiate its products from competitors and maximize customer satisfaction. Since the company develops unique formulas for each customer, it is hard for customers to switch suppliers once consumers become attached to the flavor.

Company profile

RBF manufactures and distributes food ingredients, which can be divided into several product groups: flavor and food coloring, food coating, and trading products, which are food additives such as preservatives, antifungal agents, citric acid, etc. The company's 2023 revenue contribution from food coating accounted for 47.9% of total revenue, followed by flavor and food coloring (33.6%), trading products (10%), dried products (5.7%), frozen products (2.2%), and plastic packaging (0.5%).

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Principal activities (revenue, 2023)

Domestic - 72.6 %

Overseas - 27.4 %

Source: R&B Food Supply

Major shareholders

Ratanapoompinyo Family - 61.6 %

Thai Union Group PCL - 10.0 %

Others - 28.4 %

Source: R&B Food Supply

Catalysts

Potential catalysts for RBF's earnings growth in 2024-25 are 1) revenue growth driven by a consumption recovery; 2) declining raw material costs; 3) the success of its new market expansions; and 4) the success of new products launched.

Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material costs; 3) a stronger THB than expected; and 4) a slower-than-expected expansion in India.

Event calendar

Date	Event
14 November 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Domestic sales growth (%)	7.1	10.5	10.0
Oversea sales growth (%)	(21.0)	14.9	12.1
Domestic sales portion (%)	78.2	77.6	77.2
Oversea sales portion (%)	21.8	22.4	22.8
Total sales growth (%)	(0.6)	11.5	10.5
Gross margin (%)	35.6	36.5	37.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 3%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A to sales, we estimate 2025 net profit to fall by 1.1%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: RBF – 3Q24 earnings preview

	3Q23	4Q23	1Q24	2Q24	3Q24E	---- Change ----		9M23	9M24E	Change	2023	2024E	Change	% 9M24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)	(THB m)	(y-y%)	to 2024E
Sales	1,159	1,150	1,167	1,031	1,072	4.0	(7.5)	3,271	3,269	(0.1)	4,421	4,394	(0.6)	74.4
Cost of sales	702	715	732	673	697	3.5	(0.8)	2,045	2,102	2.8	2,760	2,830	2.5	74.3
Gross profit	457	435	435	357	375	5.0	(17.9)	1,226	1,167	(4.8)	1,661	1,564	(5.8)	74.6
SG&A	212	232	249	236	234	(0.8)	10.3	610	718	17.7	842	955	13.3	75.2
Operating profit	245	205	188	128	146	14.8	(40.2)	622	462	(25.8)	827	627	(24.1)	73.6
Interest expense	3.5	2.9	2.8	2.9	2.9	(0.7)	(17.1)	8	9	6.6	11	12	5.1	74.9
Tax expense	52	38	37	24	27	15.7	(47.3)	120	88	(26.0)	157	120	(23.5)	73.6
Profit (loss) sharing - India	3.31	1.34	1.20	1.02	1.00	(2.3)	(69.7)	6	3	(43.6)	7	7	(6.5)	48.9
Other gain	17	(26)	23	1	(10)	nm	nm	9	14	54.2	(17)	14	nm	nm
Reported net profit	209	140	172	102	107	4.1	(49.1)	509	381	(25.3)	649	515	(20.7)	74.0
Core profit	192	165	149	101	117	15.0	(39.4)	500	367	(26.7)	666	501	(24.8)	73.2

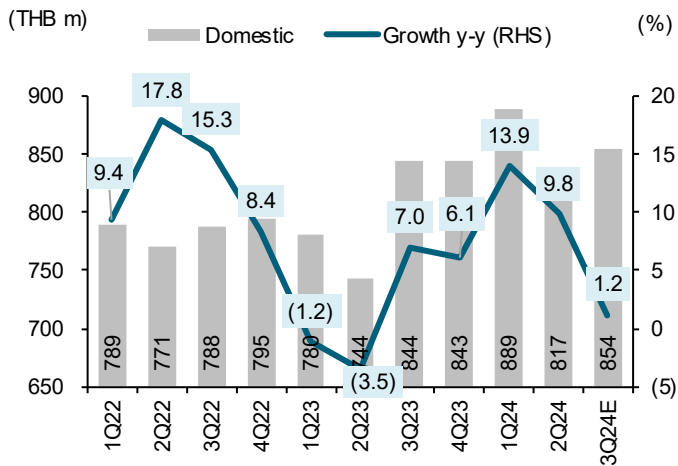
Key Ratios (%)						(ppt)	(ppt)	(ppt)			(ppt)		
Gross margin	39.4	37.8	37.3	34.7	35.0	0.3	(4.4)	37.5	35.7	(1.8)	37.6	35.6	(2.0)
SG&A to sales	18.3	20.2	21.3	22.9	21.8	(1.1)	3.5	18.7	22.0	3.3	19.0	21.7	2.7
Operating margin	21.1	17.8	16.1	12.4	13.7	1.3	(7.5)	19.0	14.1	(4.9)	18.7	14.3	(4.4)
Net margin	18.1	12.1	14.7	9.9	9.9	0.0	(8.1)	15.6	11.6	(3.9)	14.7	11.7	(3.0)
Core margin	16.6	14.4	12.8	9.8	10.9	1.0	(5.7)	15.3	11.2	(4.1)	15.1	11.4	(3.7)

Operating statistics (THB m)													
Domestic revenue	844	843	889	817	854	4.5	1.2	2,367	2,559	8.1	3,211	3,438	7.1
Overseas revenue	316	307	278	214	218	2.0	(30.9)	903	710	(21.5)	1,210	957	(21.0)
Domestic contribution (%)	72.8	73.3	76.2	79.3	79.7	0.4	6.9	72.4	78.3	5.9	72.6	78.2	5.6
Overseas contribution (%)	27.2	26.7	23.8	20.7	20.3	(0.4)	(6.9)	27.6	21.7	(5.9)	27.4	21.8	(5.6)

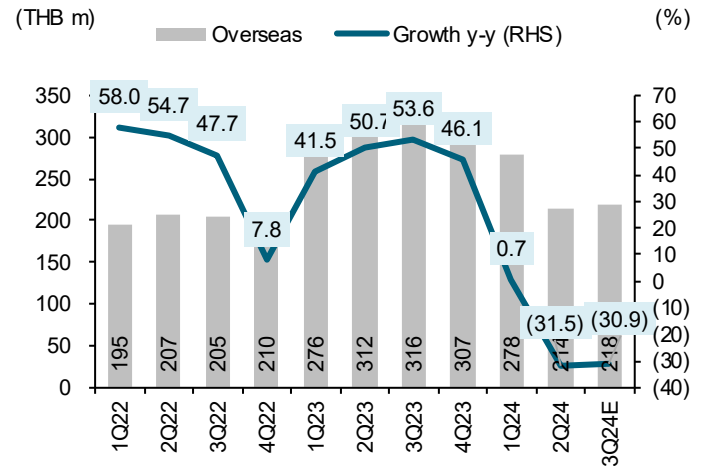
Revenue by segment (THB m)													
Flavoring & Food coloring	386	370	393	326	338	3.8	(12.4)	1,118	1,057	(5.4)	1,488	1,407	(5.4)
Food Coating	577	546	564	506	529	4.5	(8.4)	1,573	1,599	1.7	2,118	2,149	1.5
Other	196	234	209	199	205	3.0	4.6	581	613	5.5	815	838	2.8

Revenue by destination (THB m)													
Indonesia	76	83	87	73	80	9.3	5.3	226	241	6.5	309	326	5.5
Vietnam	46	60	54	58	56	(3.3)	21.7	138	168	21.5	198	233	17.7
India	47	20	25	18	20	10.5	(57.4)	93	63	(32.0)	103	88	(14.8)
China	95	76	63	11	12	5.4	(87.4)	269	86	(67.9)	344	98	(71.4)

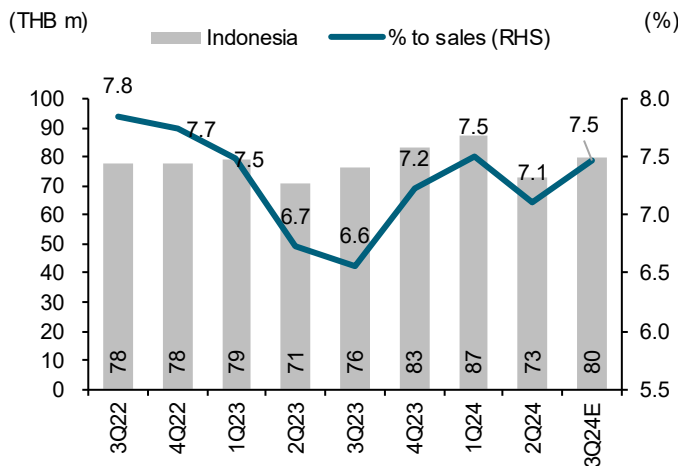
Sources: RBF, FSSIA estimates

Exhibit 2: Quarterly domestic revenue and growth

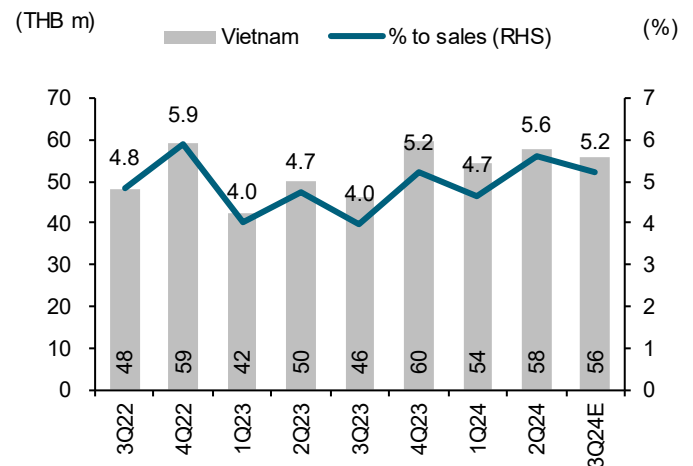
Sources: RBF, FSSIA estimates

Exhibit 3: Quarterly overseas revenue and growth

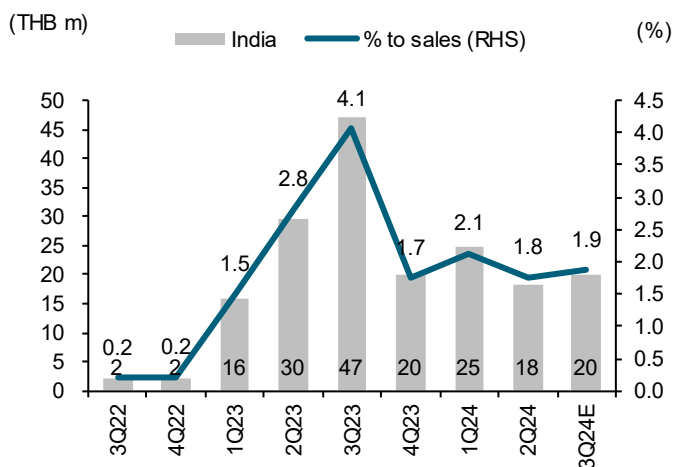
Sources: RBF, FSSIA estimates

Exhibit 4: Quarterly revenue from Indonesia

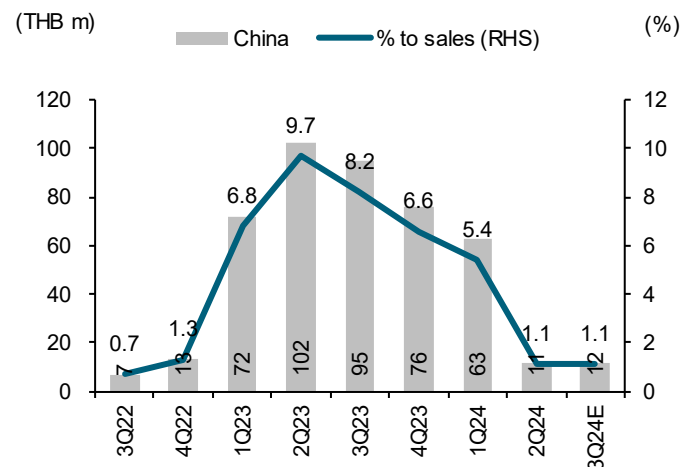
Sources: RBF, FSSIA estimates

Exhibit 5: Quarterly revenue from Vietnam

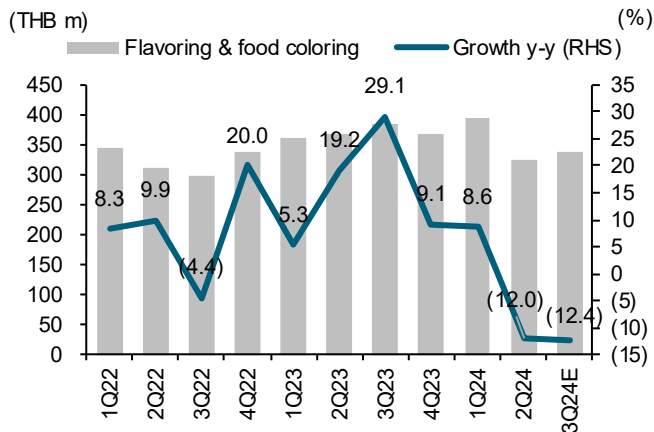
Sources: RBF, FSSIA estimates

Exhibit 6: Quarterly revenue from India

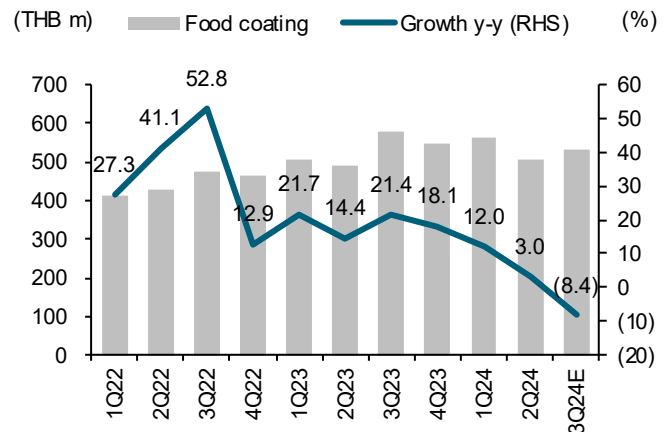
Sources: RBF, FSSIA estimates

Exhibit 7: Quarterly revenue from China

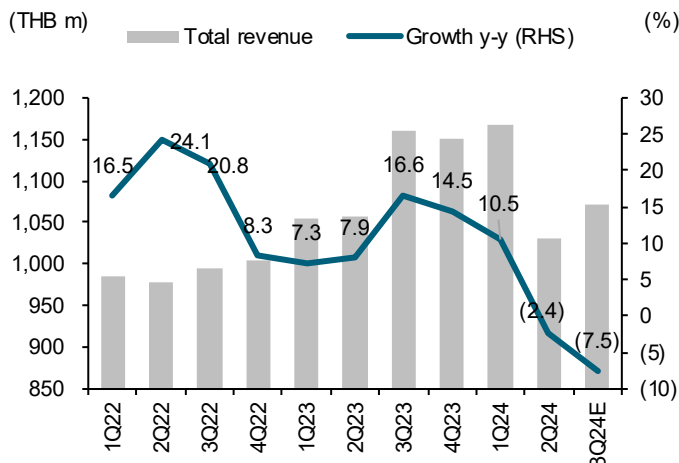
Sources: RBF, FSSIA estimates

Exhibit 8: Quarterly revenue from flavoring and coloring

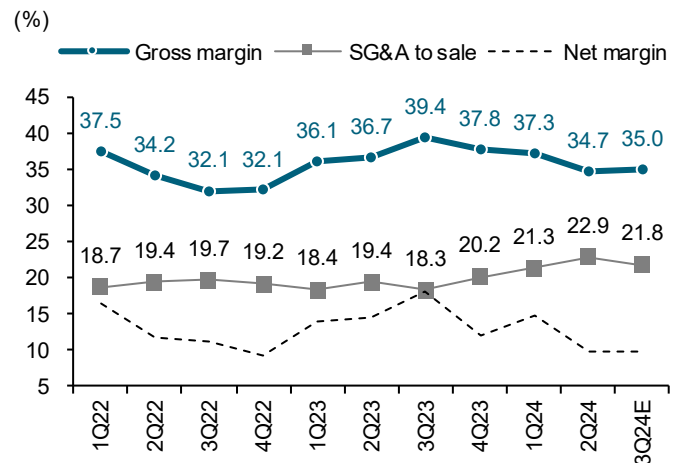
Sources: RBF, FSSIA estimates

Exhibit 9: Quarterly revenue from food coating

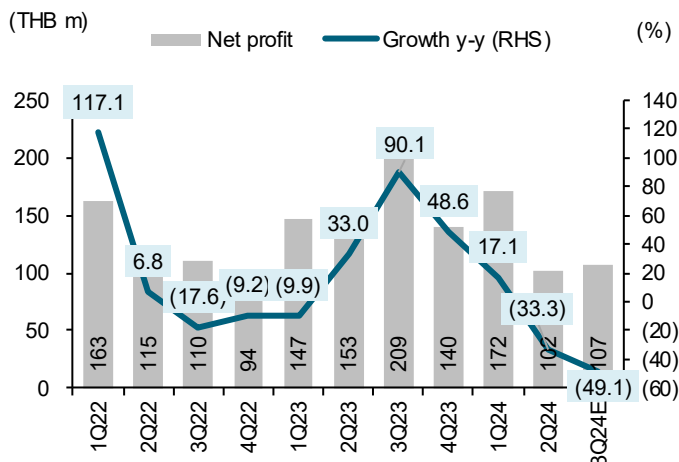
Sources: RBF, FSSIA estimates

Exhibit 10: Quarterly total revenue and growth

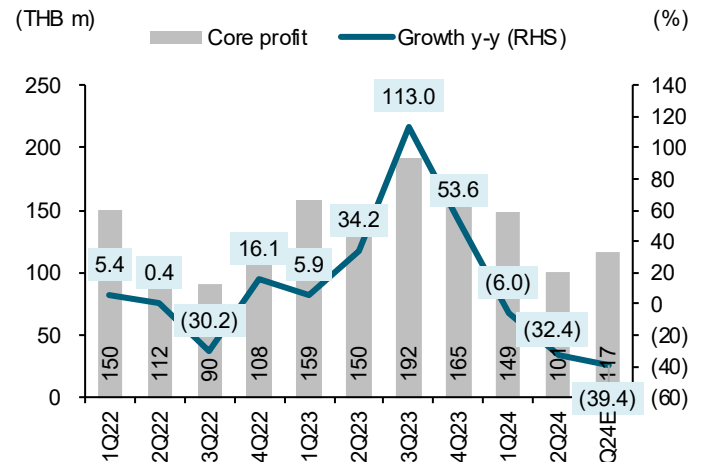
Sources: RBF, FSSIA estimates

Exhibit 11: Quarterly gross margin and SG&A to sales

Sources: RBF, FSSIA estimates

Exhibit 12: Quarterly net profit and growth

Sources: RBF, FSSIA estimates

Exhibit 13: Quarterly core profit and growth

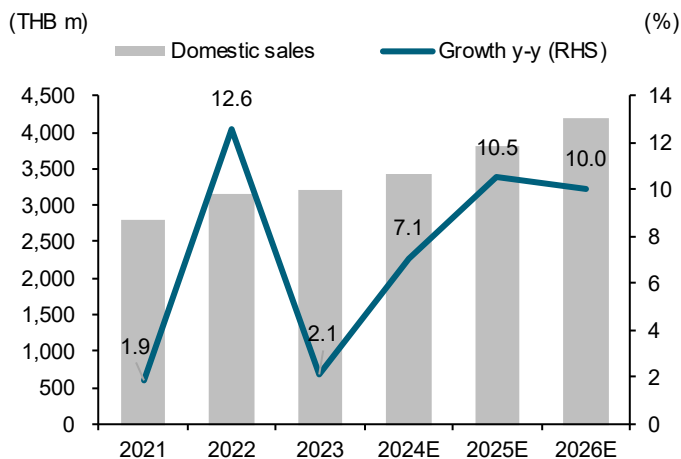
Sources: RBF, FSSIA estimates

Exhibit 14: Changes in key assumptions for RBF

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue (THB m)	4,394	4,898	5,411	4,676	5,212	5,759	(6.0)	(6.0)	(6.0)
Costs	2,830	3,110	3,409	2,899	3,209	3,484	(2.4)	(3.1)	(2.2)
Gross profit	1,564	1,788	2,002	1,777	2,003	2,275	(12.0)	(10.7)	(12.0)
SG&A expenses	955	980	1,082	945	1,016	1,123	1.1	(3.6)	(3.6)
Interest expense	12	12	14	12	15	17	(3.8)	(16.1)	(20.8)
Tax expense	120	160	184	158	198	243	(24.1)	(18.8)	(24.6)
Reported net profit	515	657	752	670	785	910	(23.2)	(16.3)	(17.3)
Core profit	501	657	752	670	785	910	(25.3)	(16.3)	(17.3)
Key ratios (%)									
Total revenue growth	(0.6)	11.5	10.5	5.8	11.4	10.5	(6.4)	0.0	(0.0)
Net profit growth	(20.7)	27.8	14.4	3.2	17.2	15.8	(24.0)	10.6	(1.4)
Core profit growth	(24.8)	31.3	14.4	0.6	17.2	15.8	(25.4)	14.1	(1.4)
Gross margin	35.6	36.5	37.0	38.0	38.4	39.5	(2.4)	(1.9)	(2.5)
SG&A to sales	21.7	20.0	20.0	20.2	19.5	19.5	1.5	0.5	0.5
Net margin	11.7	13.4	13.9	14.3	15.1	15.8	(2.6)	(1.6)	(1.9)
Core margin	11.4	13.4	13.9	14.3	15.1	15.8	(2.9)	(1.6)	(1.9)
Operating statistics (THB m)									
Domestic revenue	3,438	3,799	4,179	3,596	3,974	4,371	(4.4)	(4.4)	(4.4)
Overseas revenue	957	1,099	1,232	1,080	1,238	1,388	(11.5)	(11.2)	(11.2)
Domestic revenue proportion (%)	78.2	77.6	77.2	76.9	76.2	75.9	1.3	1.3	1.3
Overseas revenue proportion (%)	21.8	22.4	22.8	23.1	23.8	24.1	(1.3)	(1.3)	(1.3)

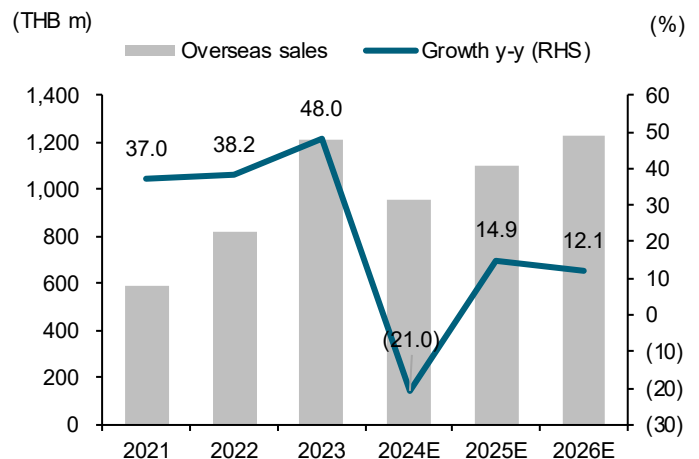
Source: FSSIA estimates

Exhibit 15: Yearly domestic revenue and growth

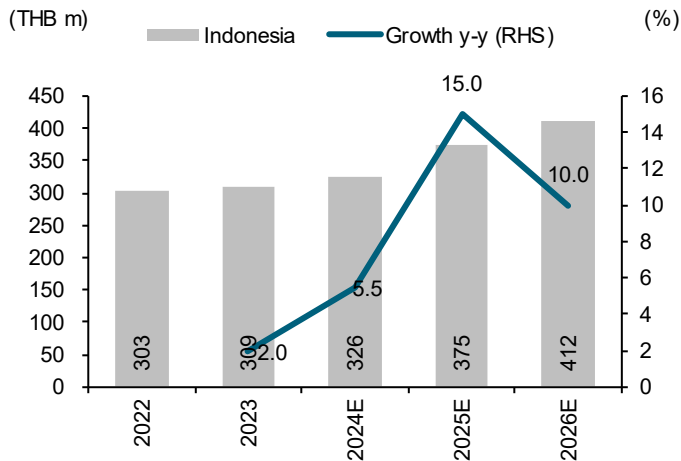


Sources: RBF, FSSIA estimates

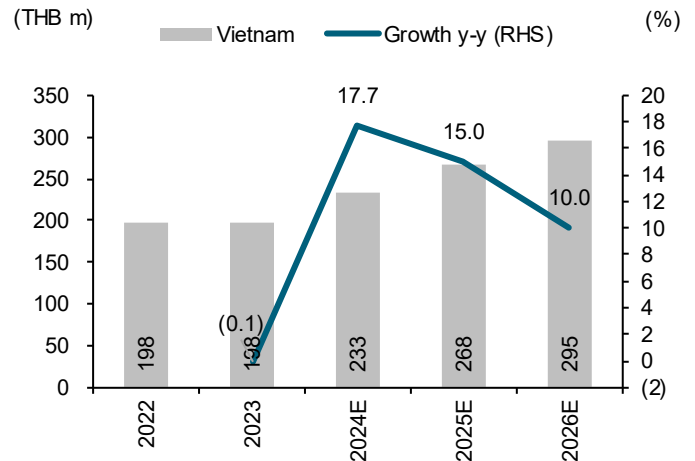
Exhibit 16: Yearly overseas revenue and growth



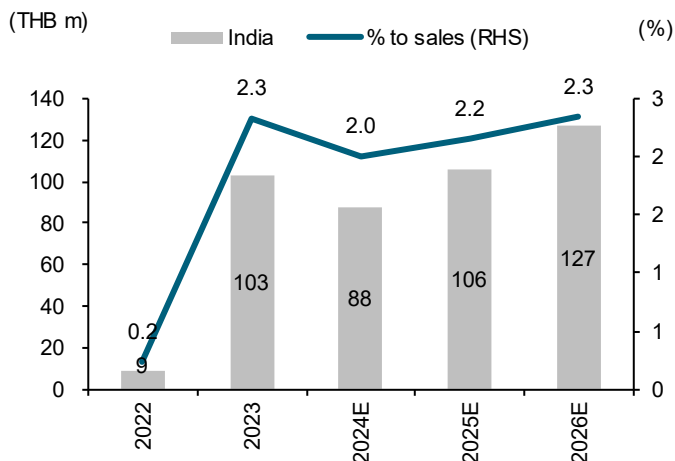
Sources: RBF, FSSIA estimates

Exhibit 17: Yearly revenue from Indonesia and growth

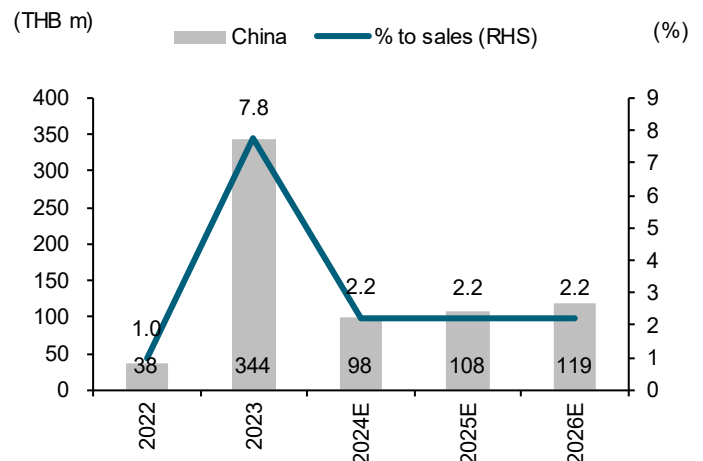
Sources: RBF, FSSIA estimates

Exhibit 18: Yearly revenue from Vietnam and growth

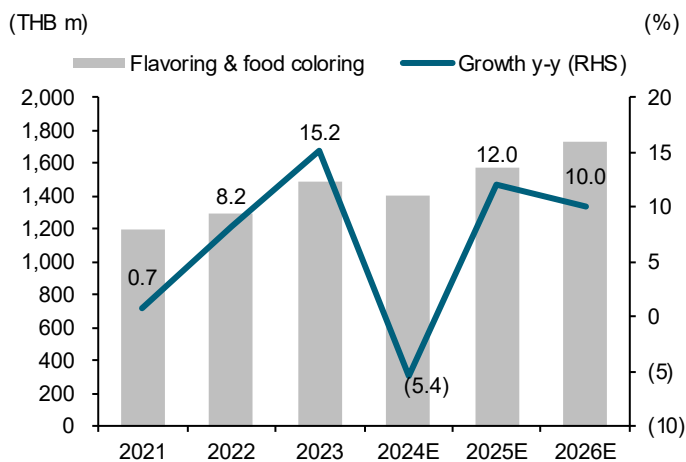
Sources: RBF, FSSIA estimates

Exhibit 19: Yearly revenue from India

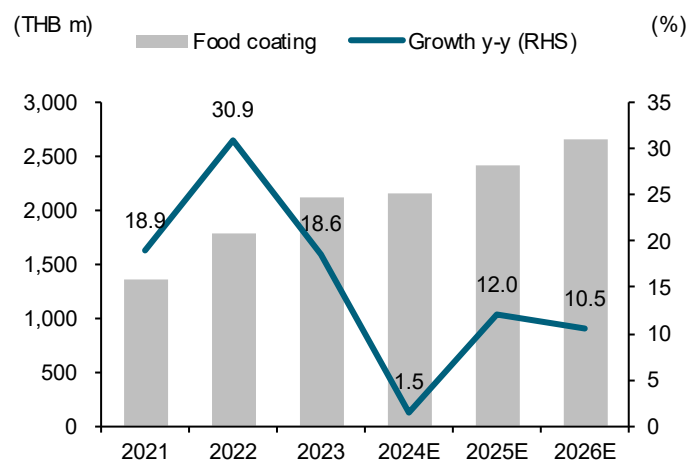
Sources: RBF, FSSIA estimates

Exhibit 20: Yearly revenue from China

Sources: RBF, FSSIA estimates

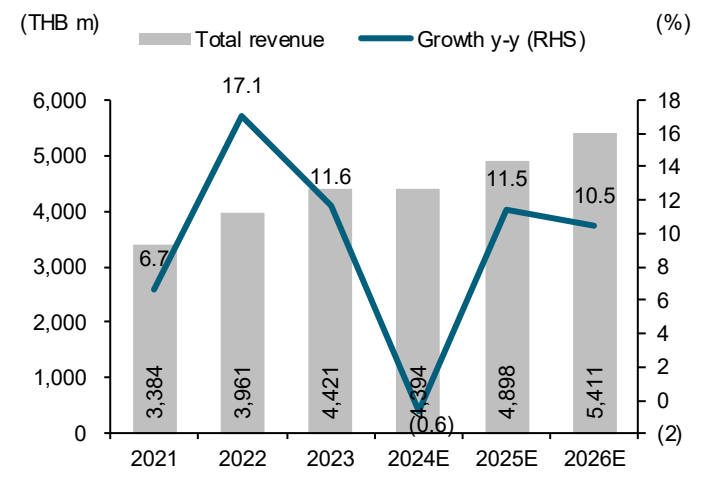
Exhibit 21: Yearly flavoring and food coloring

Sources: RBF, FSSIA estimates

Exhibit 22: Yearly food coating and growth

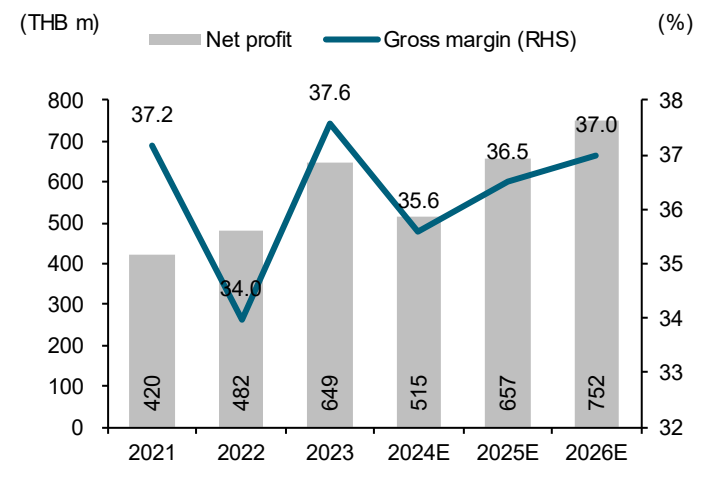
Sources: RBF, FSSIA estimates

Exhibit 23: Yearly total revenue and growth



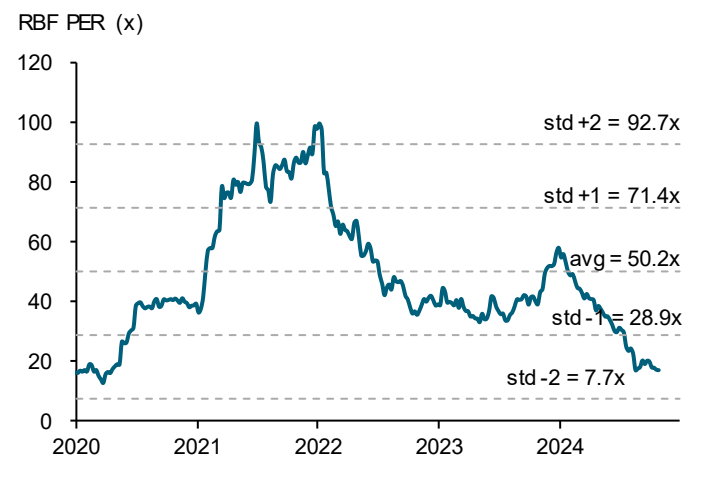
Sources: RBF, FSSIA estimates

Exhibit 24: Yearly net profit and gross margin



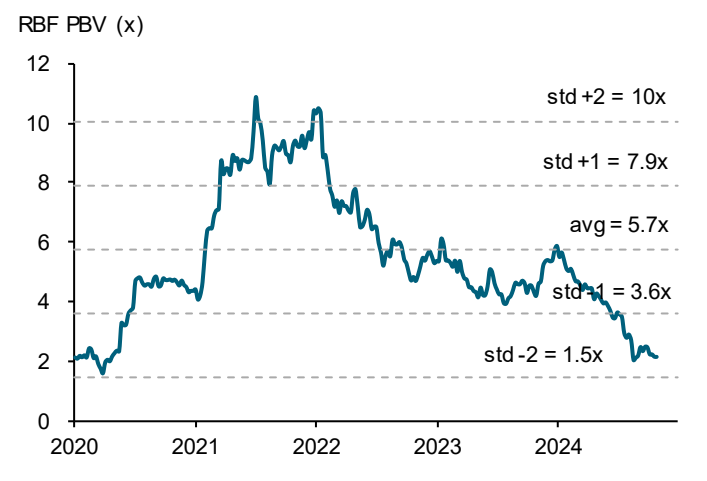
Sources: RBF, FSSIA estimates

Exhibit 25: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 26: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

R&B Food Supply

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	3,961	4,421	4,394	4,898	5,411
Cost of goods sold	(2,615)	(2,760)	(2,830)	(3,110)	(3,409)
Gross profit	1,346	1,661	1,564	1,788	2,002
Other operating income	7	8	18	17	19
Operating costs	(763)	(842)	(955)	(980)	(1,082)
Operating EBITDA	809	1,068	928	1,186	1,359
Depreciation	(219)	(240)	(300)	(360)	(420)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	590	827	627	825	939
Net financing costs	(9)	(11)	(12)	(12)	(14)
Associates	0	7	7	10	16
Recurring non-operating income	0	7	7	10	16
Non-recurring items	23	(17)	14	0	0
Profit before tax	604	806	636	823	941
Tax	(113)	(157)	(120)	(160)	(184)
Profit after tax	491	649	516	662	758
Minority interests	(9)	0	(2)	(5)	(5)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	482	649	515	657	752
Non-recurring items & goodwill (net)	(23)	17	(14)	0	0
Recurring net profit	459	666	501	657	752
Per share (THB)					
Recurring EPS *	0.23	0.33	0.25	0.33	0.38
Reported EPS	0.24	0.32	0.26	0.33	0.38
DPS	0.10	0.18	0.14	0.18	0.21
Diluted shares (used to calculate per share data)	2,000	2,000	2,000	2,000	2,000
Growth					
Revenue (%)	17.1	11.6	(0.6)	11.5	10.5
Operating EBITDA (%)	(0.1)	32.0	(13.1)	27.8	14.6
Operating EBIT (%)	(2.0)	40.2	(24.1)	31.5	13.7
Recurring EPS (%)	(3.3)	45.0	(24.8)	31.3	14.4
Reported EPS (%)	14.8	34.6	(20.7)	27.8	14.4
Operating performance					
Gross margin inc. depreciation (%)	34.0	37.6	35.6	36.5	37.0
Gross margin exc. depreciation (%)	39.5	43.0	42.4	43.9	44.8
Operating EBITDA margin (%)	20.4	24.1	21.1	24.2	25.1
Operating EBIT margin (%)	14.9	18.7	14.3	16.9	17.4
Net margin (%)	11.6	15.1	11.4	13.4	13.9
Effective tax rate (%)	18.7	19.5	18.9	19.5	19.5
Dividend payout on recurring profit (%)	43.5	52.6	56.5	55.0	55.0
Interest cover (X)	64.5	76.0	54.9	67.8	69.4
Inventory days	168.0	174.2	180.8	183.6	185.4
Debtor days	85.2	84.3	88.4	85.4	85.7
Creditor days	77.3	79.6	80.4	75.6	76.4
Operating ROIC (%)	13.7	17.4	12.5	(4.0)	(26.3)
ROIC (%)	13.0	16.4	11.8	(3.6)	(23.3)
ROE (%)	10.7	14.5	10.2	12.8	13.8
ROA (%)	9.3	12.3	8.8	10.9	11.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Domestic	3,143	3,211	3,438	3,799	4,179
Overseas	818	1,210	957	1,099	1,232

Sources: R&B Food Supply; FSSIA estimates

Financial Statements

R&B Food Supply

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	459	666	501	657	752
Depreciation	219	240	300	360	420
Associates & minorities	0	(7)	(7)	(10)	(16)
Other non-cash items	11	(6)	7	2	2
Change in working capital	(354)	25	(194)	(200)	(207)
Cash flow from operations	335	918	608	810	952
Capex - maintenance	-	-	-	-	-
Capex - new investment	(456)	(459)	(363)	(300)	(300)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(109)	(34)	(17)	(208)	(208)
Cash flow from investing	(565)	(493)	(380)	(508)	(508)
Dividends paid	(295)	(200)	(283)	(362)	(414)
Equity finance	0	0	0	0	0
Debt finance	19	24	(10)	(11)	(11)
Other financing cash flows	(3)	4	3	8	8
Cash flow from financing	(278)	(171)	(290)	(365)	(417)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(508)	254	(63)	(62)	26
Free cash flow to firm (FCFF)	(220.64)	435.73	238.63	314.48	457.14
Free cash flow to equity (FCFE)	(213.05)	453.51	219.78	299.22	440.06
Per share (THB)					
FCFF per share	(0.11)	0.22	0.12	0.16	0.23
FCFE per share	(0.11)	0.23	0.11	0.15	0.22
Recurring cash flow per share	0.34	0.45	0.40	0.50	0.58
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,133	3,525	3,825	4,125	4,425
Less: Accumulated depreciation	(1,092)	(1,269)	(1,569)	(1,930)	(2,350)
Tangible fixed assets (net)	2,041	2,256	2,256	2,196	2,075
Intangible fixed assets (net)	6	5	11	11	11
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	180	214	220	430	646
Cash & equivalents	668	921	858	795	822
A/C receivable	998	1,045	1,084	1,208	1,334
Inventories	1,217	1,188	1,318	1,449	1,588
Other current assets	44	64	48	54	60
Current assets	2,927	3,219	3,308	3,506	3,803
Other assets	51	55	70	78	87
Total assets	5,204	5,750	5,866	6,221	6,623
Common equity	4,373	4,819	4,987	5,283	5,621
Minorities etc.	23	17	24	26	27
Total shareholders' equity	4,397	4,836	5,011	5,309	5,649
Long term debt	157	185	174	163	152
Other long-term liabilities	58	63	66	73	81
Long-term liabilities	215	247	240	237	233
A/C payable	528	571	543	596	654
Short term debt	10	21	11	11	12
Other current liabilities	54	74	62	69	76
Current liabilities	593	666	615	676	741
Total liabilities and shareholders' equity	5,204	5,750	5,866	6,221	6,623
Net working capital	1,676	1,652	1,846	2,045	2,252
Invested capital	3,954	4,183	4,404	4,761	5,072
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.19	2.41	2.49	2.64	2.81
Tangible book value per share	2.18	2.41	2.49	2.64	2.81
Financial strength					
Net debt/equity (%)	(11.4)	(14.8)	(13.4)	(11.7)	(11.7)
Net debt/total assets (%)	(9.6)	(12.4)	(11.5)	(10.0)	(9.9)
Current ratio (x)	4.9	4.8	5.4	5.2	5.1
CF interest cover (x)	27.5	84.1	51.5	49.6	54.7
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	25.7	17.7	23.6	17.9	15.7
Recurring P/E @ target price (x) *	31.4	21.6	28.8	21.9	19.1
Reported P/E (x)	24.5	18.2	22.9	17.9	15.7
Dividend yield (%)	1.7	3.0	2.4	3.1	3.5
Price/book (x)	2.7	2.4	2.4	2.2	2.1
Price/tangible book (x)	2.7	2.5	2.4	2.2	2.1
EV/EBITDA (x) **	14.0	10.4	12.0	9.4	8.2
EV/EBITDA @ target price (x) **	17.2	12.8	14.8	11.6	10.1
EV/invested capital (x)	2.9	2.7	2.5	2.4	2.2
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: R&B Food Supply; FSSIA estimates

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 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. <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+										
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0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

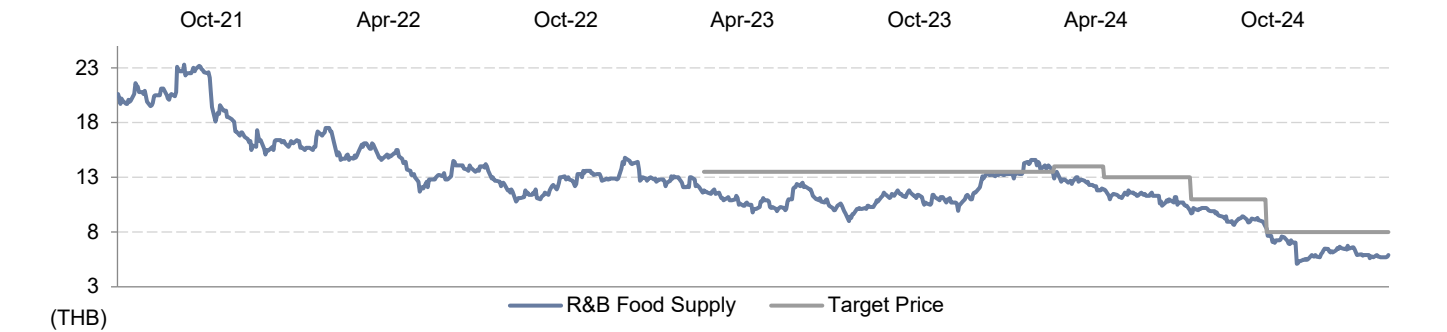
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

R&B Food Supply (RBF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Mar-2023	BUY	13.50	28-Feb-2024	HOLD	13.00	13-May-2024	HOLD	11.00
16-Jan-2024	HOLD	14.00	19-Mar-2024	BUY	13.00	17-Jul-2024	HOLD	8.00

Sureeporn Teewasuwet started covering this stock from 20-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
R&B Food Supply	RBF TB	THB 5.90	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material costs; 3) a stronger THB than expected; and 4) a slower-than-expected India expansion.

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 31-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.