

THAI FOODS GROUP

THAILAND / FOOD & BEVERAGE

TFG TB

BUY

UNCHANGED

| | |
|-----------------|---------|
| TARGET PRICE | THB4.60 |
| CLOSE | THB3.78 |
| UP/DOWNSIDE | +21.7% |
| PRIOR TP | THB5.20 |
| CHANGE IN TP | -11.5% |
| TP vs CONSENSUS | -12.1% |

Retail to shine in the future

- We anticipate that meat prices in 2025 will soften by around 4-9% y-y, with Thai swine prices likely to remain stable.
- Expect 4Q24 profit to decline q-q and forecast slight growth in 2025.
- Maintain BUY call with a new 2025 TP of THB4.6.

More conservative view on meat price outlook in 2025

We expect the strong meat prices in 2024, coupled with lower raw material costs, to improve the profitability for producers. This will likely lead to increased production volumes. As a result, we project production volumes to rise in 2025 for Thai chicken, Thai swine, and Vietnamese swine. Therefore, we anticipate that meat prices in 2025 will soften by around 4-9% y-y, with Thai swine prices likely to remain stable. The upside or downside risks for meat prices will primarily depend on domestic consumption demand and export performance, in our view.

Shop expansion to reduce performance volatility in the future

We believe that as the number of Thai Foods Fresh Market branches increases and reaches economies of scale, this will support the retail business's net profit margin, which could reach the target level of 3-4% in the next 2-3 years from 2% in 2024. This may help reduce the overall performance volatility in the future, and could become a key growth driver in the next phase. TFG also plans to spin off the retail business in the next 2-3 years once it achieves the planned revenue and profit growth.

Expect 4Q24 to decline q-q and slightly grow in 2025

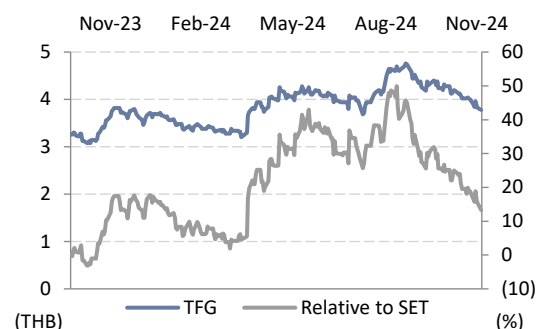
We expect 4Q24 profit to weaken seasonally, with meat prices starting to decline, including a 9% q-q drop in Thai chicken prices and a 2.8% q-q decrease in Vietnamese swine prices. We maintain our 2024E net profit of THB3b, recovering from a loss of THB809m in 2023. We also expect 2025 net profit to grow by 4.8% y-y, reaching THB3.17b, based on the assumption of lower meat prices. However, we anticipate only a slight decrease in the gross margin, supported by an increase in revenue from the retail business, which should account for 39.5% of total revenue.

Maintain BUY call with the lowest P/E in the meat sector

We have lowered the target P/E to 10x (-0.25 SD) from 11x to reflect our view on ESG-related risks. Similarly, we have revised our 2025 TP to THB4.6, offering an upside of 22%. The stock is trading at a 2025E P/E of only 8.1x, the lowest in the meat sector. Therefore, we maintain our BUY call. However, in the short term, there are no catalysts for the stock price, as it is the low season for the business and we expect the price of meat to soften during 4Q24-1Q25.

KEY STOCK DATA

| YE Dec (THB m) | 2023 | 2024E | 2025E | 2026E |
|----------------------|--------|--------|--------|--------|
| Revenue | 55,871 | 62,354 | 65,855 | 69,595 |
| Net profit | (809) | 3,022 | 3,167 | 3,581 |
| EPS (THB) | (0.14) | 0.49 | 0.47 | 0.53 |
| vs Consensus (%) | - | 3.8 | (3.5) | 6.4 |
| EBITDA | 5,287 | 9,229 | 9,671 | 10,233 |
| Recurring net profit | (496) | 3,022 | 3,167 | 3,581 |
| Core EPS (THB) | (0.09) | 0.49 | 0.47 | 0.53 |
| Chg. In EPS est. (%) | nm | (1.1) | 0.8 | 4.5 |
| EPS growth (%) | nm | nm | (4.2) | 13.0 |
| Core P/E (x) | (44.2) | 7.7 | 8.1 | 7.1 |
| Dividend yield (%) | 0.8 | 5.8 | 5.6 | 6.3 |
| EV/EBITDA (x) | 8.8 | 5.0 | 4.8 | 4.3 |
| Price/book (x) | 1.6 | 1.5 | 1.4 | 1.3 |
| Net debt/Equity (%) | 179.5 | 146.5 | 114.3 | 94.0 |
| ROE (%) | (3.4) | 20.5 | 18.7 | 18.8 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|------------------------------|---------|----------|
| Absolute (%) | (11.7) | (8.7) | 16.7 |
| Relative to country (%) | (9.4) | (18.1) | 13.7 |
| Mkt cap (USD m) | 614 | | |
| 3m avg. daily turnover (USD m) | 1.1 | | |
| Free float (%) | 16 | | |
| Major shareholder | New Star Victor Co Ltd (32%) | | |
| 12m high/low (THB) | 4.84/3.04 | | |
| Issued shares (m) | 5,810.82 | | |

Sources: Bloomberg consensus; FSSIA estimates


Sureeporn Teewasuwet

Fundamental Investment Analyst on Securities; License no. 040694
 sureeporn.t@fssia.com, +66 2646 9972

Investment thesis

TFG is one of Thailand's top three chicken processors and live pig farmers, with a daily production capacity of 500,000 chickens and a monthly supply of over 100,000 hogs.

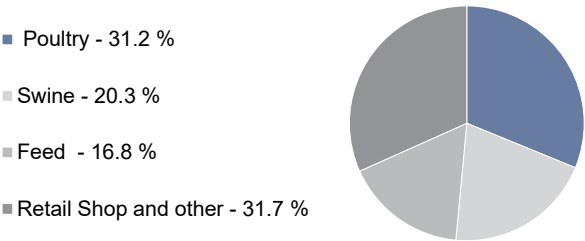
We have a more cautious outlook on meat prices in 2025 due to increased production volumes and the continuous decline in raw material prices, meaning that any price increases will largely depend on demand. However, we expect that the expansion of branches and revenue for Thai Foods Fresh Market will help reduce the volatility of the upstream business's performance, and this should become more beneficial in the future.

Company profile

Thai Foods Group (TFG) was established in 1987 by Mr. Winai Teawsomboonkij, who currently serves as CEO. It started from a chicken farm in Lopburi before expanding to a vertically integrated food producer specializing in chicken and swine production, with operations in Thailand and Vietnam. Also, it expanded more into downstream businesses by entering the retail market through retail shops. In 2023, the revenue mix from poultry, swine, retail, and feed was 31%/20%/31%/17%, respectively.

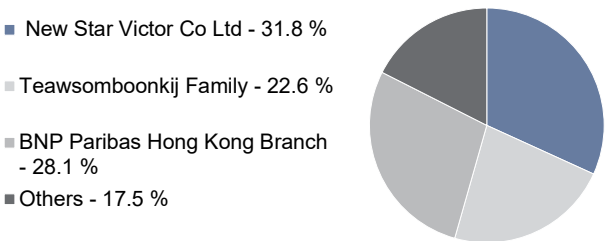
www.tfg.co.th

Principal activities (revenue, 2023)



Source: Thai Foods Group

Major shareholders



Source: Thai Foods Group

Catalysts

Potential catalysts for TFG’s earnings growth in 2024-25 are 1) revenue growth driven by sales volumes; 2) higher-than-expected meat prices; 3) declining raw material costs; and 4) its new Thai Foods Fresh Market store expansion.

Risks to our call

Downside and upside risks to our P/E-based TP are 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; 3) a stronger or weaker-than-expected THB.

Event calendar

| Date | Event |
|---------------|---------------------------|
| February 2025 | 4Q24 results announcement |

Key assumptions

| | 2024E | 2025E | 2026E |
|----------------------------|-------|-------|-------|
| TFG's chicken asp (THB/kg) | 58.0 | 55.7 | 56.0 |
| TFG's swine asp (THB/kg) | 68.0 | 68.0 | 68.0 |
| Total sales growth (%) | 11.6 | 5.6 | 5.7 |
| Gross margin (%) | 13.2 | 13.1 | 13.3 |
| SG&A to sales (%) | 6.9 | 6.8 | 6.8 |

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 5.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2025 net profit to fall by 4.7%, and vice versa, all else being equal.

Source: FSSIA estimates

3Q24 profit recovered strongly as expected

TFG reported a 3Q24 net profit of THB1.26m (+47% q-q, turning around from a loss in 3Q23). Excluding an FX loss, a biological asset gain, and other extra items, its core profit equaled THB1.22m (+11% q-q, turning around from a loss y-y), showing strong growth in line with expectations, which is considered a solid profit.

Total revenue increased by 8% q-q and 20% y-y in 3Q24, driven by growth across all businesses. Despite a decline in chicken prices q-q, TFG was able to offset the decrease with a higher sales volume. The swine business performed relatively well, with strong prices for both Thai and Vietnamese swine, as well as a notable 93% y-y increase in the sales volume for Vietnamese swine.

The 3Q24 gross margin improved to 15.2%, up from 14.4% in 2Q24 and 4.4% in 3Q23, benefiting from higher meat prices and lower raw material costs.

Exhibit 1: TFG – 3Q24 results summary

| | 3Q23 | 4Q23 | 1Q24 | 2Q24 | 3Q24 | ---- Change ---- | | 9M23 | 9M24 | Change | 2023 | 2024E | Change | % 9M24 |
|---------------------|---------|---------|---------|---------|---------|------------------|--------|---------|---------|---------|---------|---------|--------|----------|
| | (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 | 14,081 | 14,550 | 14,998 | 15,639 | 16,893 | 8.0 | 20.0 | 41,320 | 47,530 | 15.0 | 55,871 | 62,354 | 11.6 | 76.2 |
| Cost of sales | 13,457 | 14,427 | 13,712 | 13,382 | 14,327 | 7.1 | 6.5 | 37,658 | 41,420 | 10.0 | 52,086 | 54,124 | 3.9 | 76.5 |
| Gross profit | 624 | 123 | 1,286 | 2,257 | 2,566 | 13.7 | 311.2 | 3,662 | 6,110 | 66.8 | 3,785 | 8,231 | 117.4 | 74.2 |
| SG&A | 782 | 1,182 | 1,008 | 1,026 | 1,144 | 11.5 | 46.3 | 2,496 | 3,177 | 27.3 | 3,678 | 4,302 | 17.0 | 73.8 |
| Operating profit | (157) | (1059) | 278 | 1,232 | 1,423 | 15.5 | nm | 1,166 | 2,933 | 151.5 | 107 | 3,928 | 3567.2 | 74.7 |
| Interest expense | 322 | 178 | 270 | 264 | 245 | (7.4) | (23.9) | 943 | 780 | (17.3) | 1,120 | 1,132 | 1.0 | 68.9 |
| Tax expense | (112) | (170) | (13) | (11) | 125 | nm | nm | 93 | 100 | 8.1 | (77) | 127 | nm | 79.0 |
| Other gain (loss) | (178) | 111 | 82 | (242) | 40 | nm | nm | (424) | (120) | nm | (313) | 0 | nm | nm |
| Reported net profit | (446) | (861) | 174 | 855 | 1,260 | 47.4 | nm | 48 | 2,289 | 4,643.0 | (809) | 3,022 | nm | 75.7 |
| Core profit | (268) | (972) | 92 | 1,097 | 1,220 | 11.3 | nm | 472 | 2,409 | 409.8 | (496) | 3,022 | nm | 79.7 |

| Key ratios (%) | | (ppt) | | (ppt) | | (ppt) | | (ppt) | | (ppt) | | (ppt) | | (ppt) | |
|------------------|-------|-------|-----|-------|------|-------|------|-------|------|-------|-------|-------|-----|-------|--|
| Gross margin | 4.4 | 0.8 | 8.6 | 14.4 | 15.2 | 0.8 | 10.8 | 8.9 | 12.9 | 4.0 | 6.8 | 13.2 | 6.4 | | |
| SG&A to sales | 5.6 | 8.1 | 6.7 | 6.6 | 6.8 | 0.2 | 1.2 | 6.0 | 6.7 | 0.6 | 6.6 | 6.9 | 0.3 | | |
| Operating margin | (1.1) | (7.3) | 1.9 | 7.9 | 8.4 | 0.5 | 9.5 | 2.8 | 6.2 | 3.3 | 0.2 | 6.3 | 6.1 | | |
| Net margin | (3.2) | (5.9) | 1.2 | 5.5 | 7.5 | 2.0 | 10.6 | 0.1 | 4.8 | 4.7 | (1.4) | 4.8 | 6.3 | | |
| Core margin | (1.9) | (6.7) | 0.6 | 7.0 | 7.2 | 0.2 | 9.1 | 1.1 | 5.1 | 3.9 | (0.9) | 4.8 | 5.7 | | |

| Operating Statistics (THB/kg) | | (ppt) | | (ppt) | | (ppt) | | (ppt) | | (ppt) | | (ppt) | | (ppt) | |
|--------------------------------|--------|--------|--------|--------|--------|-------|-------|--------|--------|--------|--------|--------|-------|-------|--|
| Domestic chicken price - TFG | 54.6 | 53.9 | 55.5 | 58.5 | 57.7 | (1.3) | 5.7 | 58.0 | 57.2 | (1.3) | 56.9 | 58.0 | 1.8 | | |
| Domestic swine price - TFG | 59.5 | 57.9 | 59.5 | 61.3 | 64.6 | 5.3 | 8.5 | 70.1 | 61.8 | (11.9) | 67.0 | 68.0 | 1.5 | | |
| Vietnam swine price (VND/kg) | 57,023 | 47,082 | 53,400 | 62,848 | 62,500 | (0.6) | 9.6 | 54,173 | 59,583 | 10.0 | 52,311 | 60,613 | 15.9 | | |
| Corn price | 11.7 | 10.4 | 10.4 | 10.9 | 12.0 | 9.8 | 2.6 | 12.6 | 11.1 | (12.1) | 12.1 | 11.5 | (5.0) | | |
| Soybean meal price | 21.5 | 22.0 | 22.7 | 21.3 | 20.5 | (3.6) | (4.7) | 23.0 | 21.5 | (6.4) | 22.7 | 21.0 | (7.5) | | |
| Poultry sales (THB m) | 4,340 | 4,106 | 4,449 | 4,191 | 4,559 | 8.8 | 5.0 | 13,315 | 13,200 | (0.9) | 17,421 | 17,536 | 0.7 | 75.3 | |
| Swine sales (THB m) | 2,626 | 2,785 | 2,969 | 3,322 | 3,430 | 3.2 | 30.6 | 8,564 | 9,721 | 13.5 | 11,349 | 13,054 | 15.0 | 74.5 | |
| Feed sales (THB m) | 2,414 | 2,143 | 2,075 | 2,254 | 2,734 | 21.3 | 13.3 | 7,254 | 7,064 | (2.6) | 9,397 | 8,641 | (8.0) | 81.7 | |
| Retail shop sale value (THB m) | 4,642 | 5,464 | 5,438 | 5,807 | 6,077 | 4.7 | 30.9 | 12,031 | 17,322 | 44.0 | 17,496 | 22,894 | 30.9 | 75.7 | |

Sources: TFG, FSSIA's compilation

Maintain our conservative view on meat prices in 2025

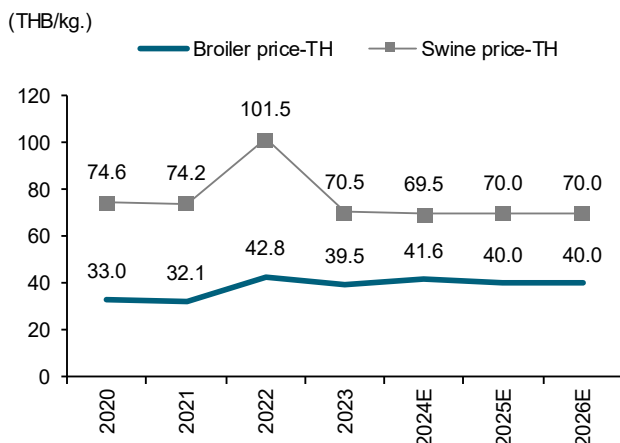
Due to the favorable increase in meat prices in 2H24, with chicken and swine prices rising 6.5% y-y and 14.4% y-y, respectively, the livestock production volume has increased. We expect the number of day-old-chicks in 2025 to rise to 37-38 million per week, with a potential increase to 39 million per week, up from 36-37 million per week in 2024. Meanwhile, we expect the number of pigs raised to increase by 11.5% y-y to 20.2 million head, up from 18.1 million in 2024, approaching pre-African Swine Fever (ASF) levels from 2022.

Regarding the overall demand, both domestic consumption and exports in 2025 should stabilize. In addition, with raw material prices remaining low, there will be limited upward pressure on meat prices. Therefore, we maintain our forecast for Thai swine prices in 2025 to be flat y-y at THB70/kg, with live chicken prices at THB40/kg (-4% y-y).

For Vietnamese swine, the average price in 2024 YTD has remained strong at VND60,437/kg (+15.5% y-y), due to outbreaks of ASF in many regions, which have led to a tight domestic supply and higher costs for disease prevention. However, large-scale operators in Vietnam have expanded their breeding capacities, encouraged by swine prices that are significantly higher than breakeven costs, which has incentivized more farming activity.

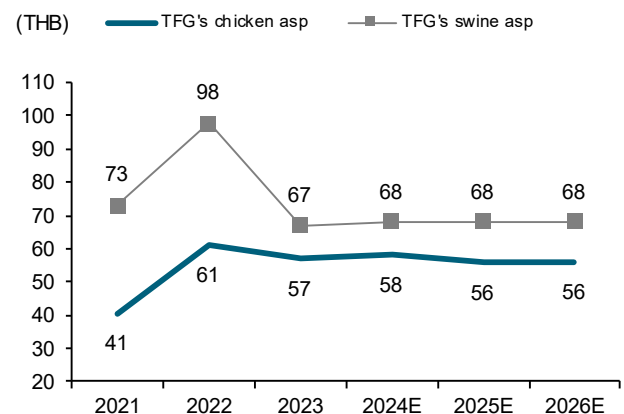
The USDA predicts that pork production in Vietnam will increase by 3% in 2025, reaching more than 3.8 million tonnes, assuming greater control over the ASF outbreaks. We maintain our forecast for Vietnamese swine prices in 2025 at VND55,000/kg (-9% y-y), although this is still well above the breakeven cost.

Exhibit 2: Yearly domestic meat prices



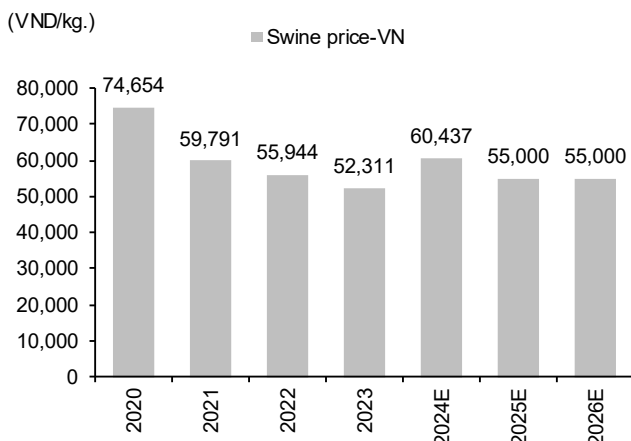
Sources: TFG; FSSIA estimates

Exhibit 3: TFG's yearly meat prices



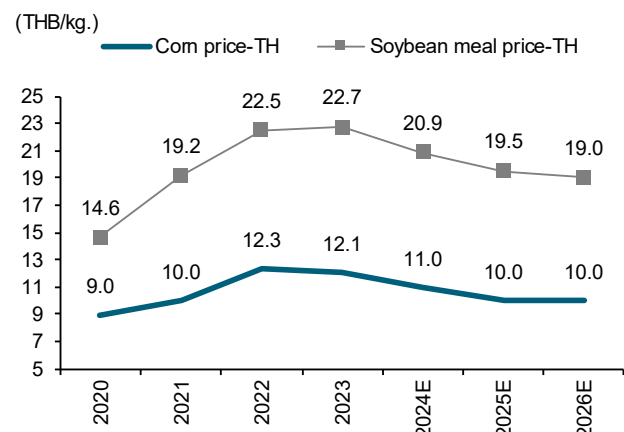
Sources: TFG; FSSIA estimates

Exhibit 4: Yearly Vietnam swine price



Sources: CPF; FSSIA estimates

Exhibit 5: Yearly domestic raw material prices



Sources: CPF, OAE, DIT, FSSIA estimates

Retail business to help reduce upstream volatility in the future

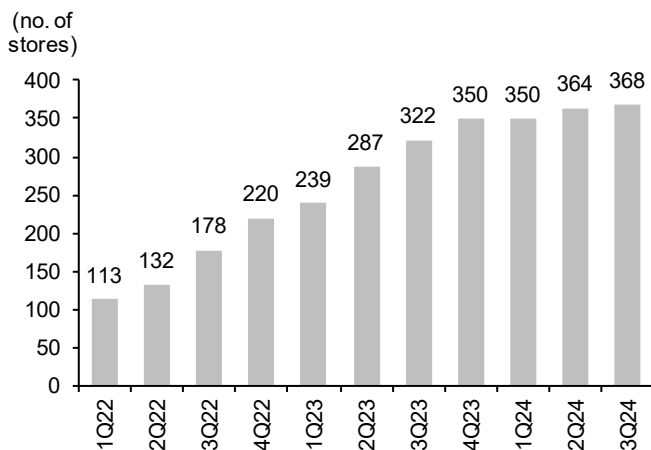
Although TFG has not yet focused much on brand-building through ready-to-eat or 'ready-to-meat' product offerings, the company has expanded into the retail business with its own retail stores. By the end of 3Q24, the company had 364 Thai Foods Fresh Market branches, and it expects to reach 400 branches by the end of 2024. TFG also plans to open an additional 100-150 branches in 2025, with an investment budget of cTHB1.2b-1.4b, representing 60-70% of the group's total investment budget of THB2b.

In 9M24, TFG generated THB17.3b in revenue from the retail business (+44% y-y), accounting for 36.4% of total revenue, up from 29% in 9M23. The retail business had a gross margin of 16-17% and a net margin of around 2%. This means that during 9M24, the company earned cTHB350m in profit from its retail operations, contributing 15% of total net profit in 9M24. We anticipate 2025 revenue from retail to grow by 13.5% y-y, with its contribution rising to 39.5% of total revenue, which should help support overall revenue growth as upstream business growth slows.

However, we remain cautious about the volatility of earnings due to the upstream business accounting for 64% of total revenue. Given the fluctuations in both meat prices and raw material costs, the performance of the upstream business can vary significantly, ranging from strong profits to heavy losses. This can potentially offset the profits from the retail business, as seen in 2023, where retail contributed about 31% of total revenue, but the company still posted a net loss of THB809m.

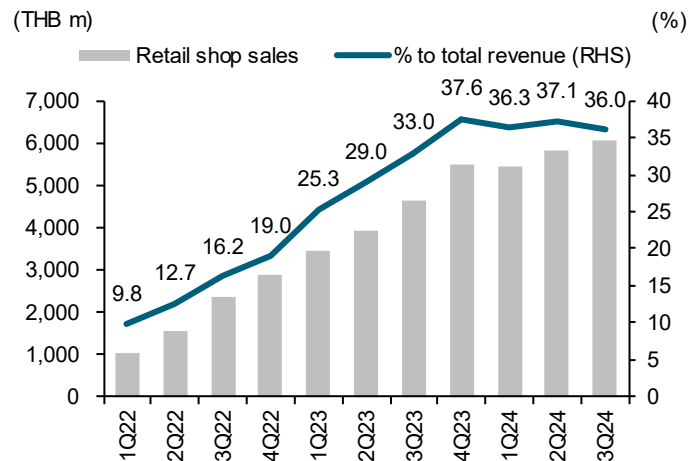
Despite this, we believe that as the number of Thai Foods Fresh Market branches increases and reaches economies of scale, this will support the retail business's net profit margin, which could reach the target level of 3-4% in the next 2-3 years. This may help reduce the overall performance volatility in the future, and could become a key growth driver in the next phase. The company also plans to spin off the retail business in the next 2-3 years once it has achieved the planned revenue and profit growth.

Exhibit 6: Number of retail shops



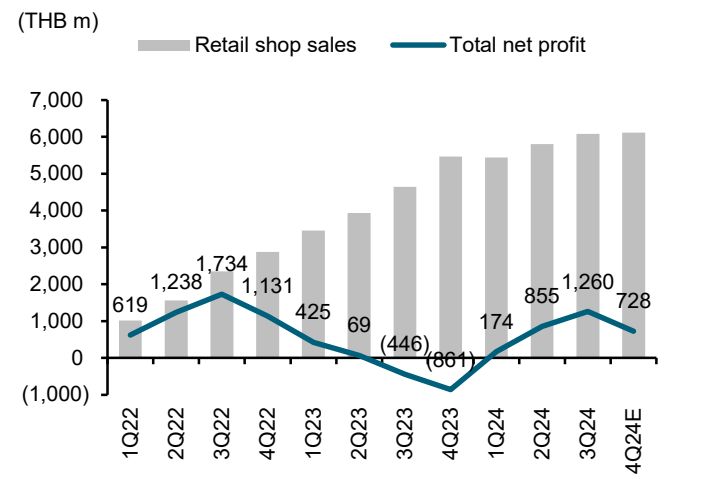
Sources: TFG, FSSIA's compilation

Exhibit 7: Quarterly retail shop revenue



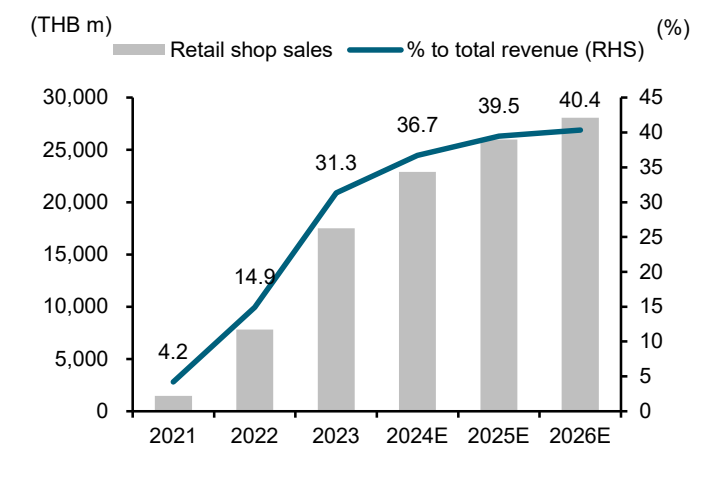
Sources: TFG, FSSIA's compilation

Exhibit 8: Retail sales and total net profit



Sources: TFG, FSSIA estimates

Exhibit 9: Yearly retail shop revenue



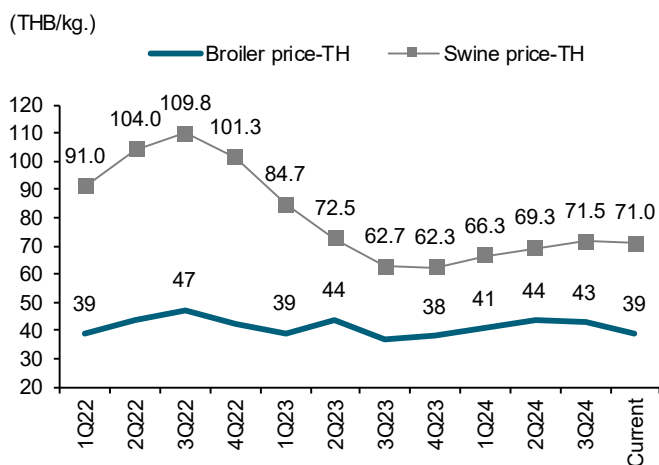
Sources: TFG, FSSIA estimates

Expect 4Q24 profit to decline q-q, with slight growth in 2025

In the short term, we expect 4Q24 profit to weaken seasonally, as it is the low season for the business. In addition, the prices of chicken in Thailand and swine in Vietnam are expected to decline q-q. We initially estimate the 4Q24 profit to be cTHB700m-800m, and expect the full-year 2024 net profit to be THB3b, recovering from a loss of THB809m in 2023.

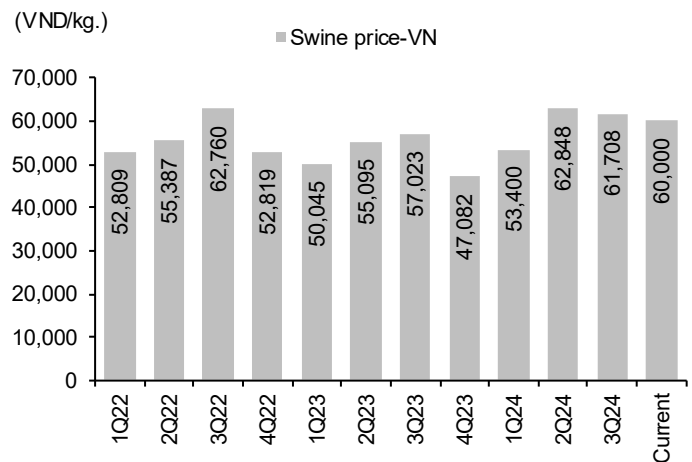
For 2025, we forecast net profit to grow at a slower rate of 4.8% y-y, reaching THB3.17b, based on the assumption of weaker meat prices, particularly for Thai chicken and Vietnamese swine. Although the trend for raw material prices is also expected to decline, in line with global market trends, the movement in meat prices will likely stabilize or decrease (unlike 2024, where meat prices are on an upward trend). This would narrow the profit margins compared to the previous year. However, with a higher proportion of revenue coming from the retail business, we expect the gross margin in 2025 to dip to 13.1% from 13.2% in 2024.

Exhibit 10: Domestic meat prices



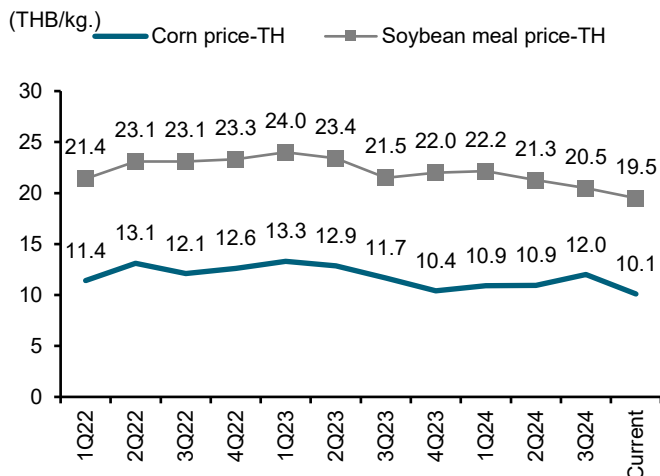
Sources: CPF, OAE, DIT, FSSIA's estimates

Exhibit 11: Vietnam swine price



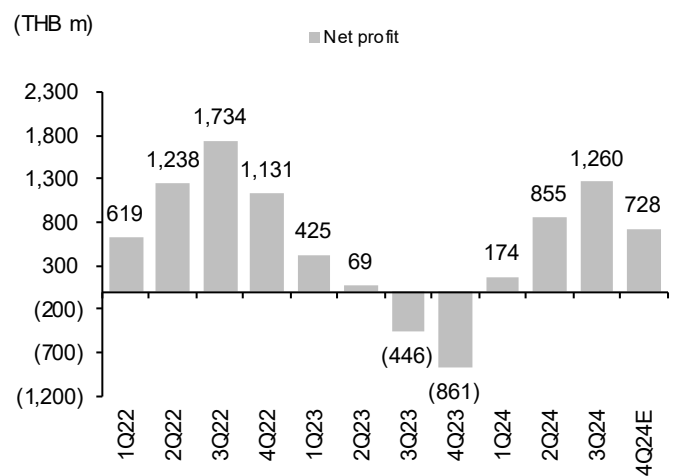
Sources: CPF, FSSIA's compilation

Exhibit 12: Domestic raw material prices

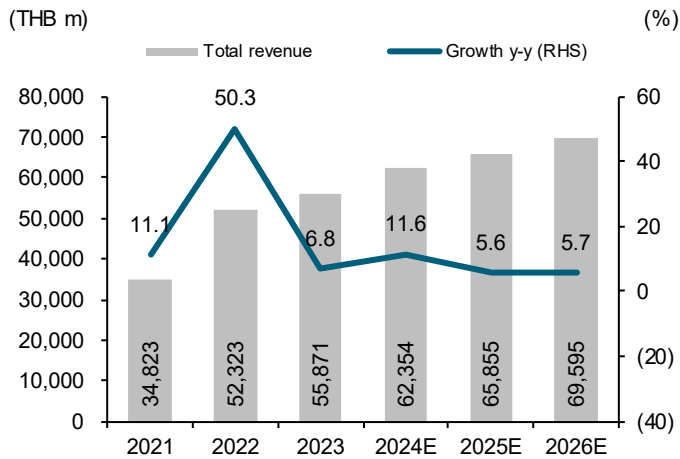


Sources: CPF, OAE, DIT, FSSIA estimates

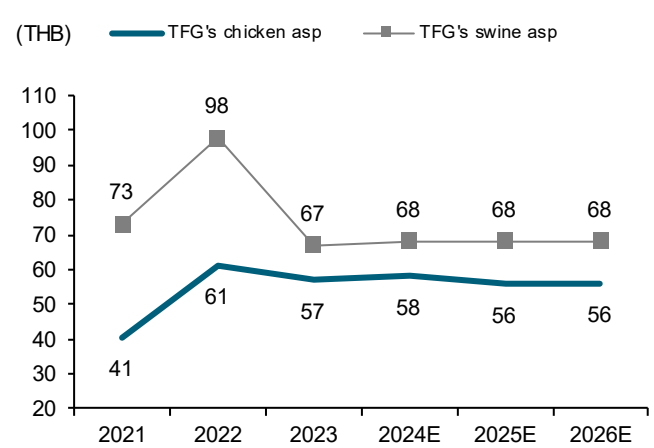
Exhibit 13: Projected net profit in 4Q24



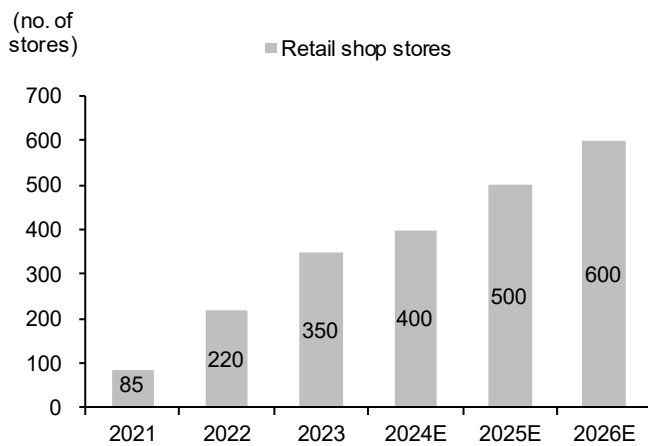
Sources: TFG, FSSIA estimates

Exhibit 14: Yearly total revenue and growth

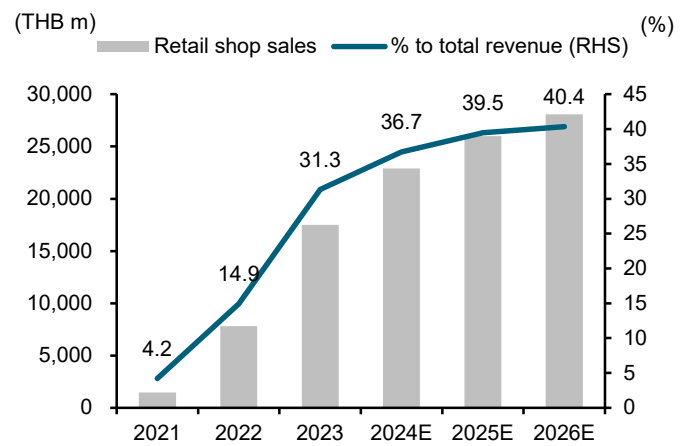
Sources: TFG, FSSIA estimates

Exhibit 15: TFG's yearly meat prices

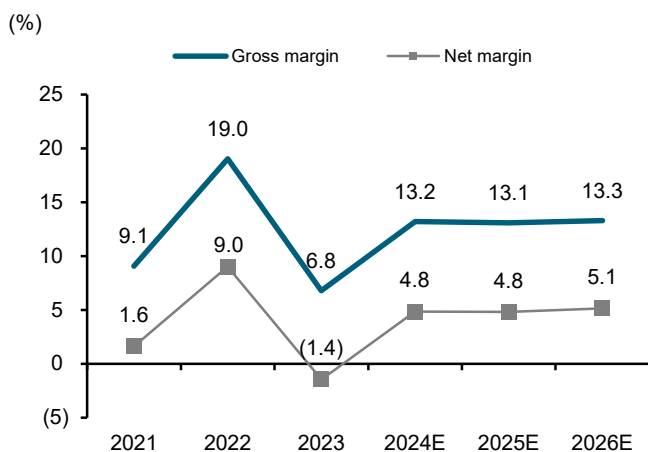
Sources: TFG, FSSIA estimates

Exhibit 16: Number of retail shops

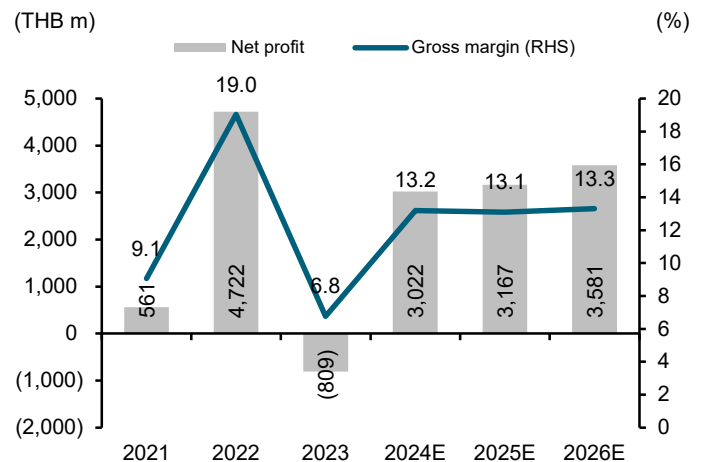
Sources: TFG, FSSIA estimates

Exhibit 17: Yearly retail shop revenue

Sources: TFG, FSSIA estimates

Exhibit 18: Gross margin and net margin

Sources: TFG, FSSIA estimates

Exhibit 19: Yearly net profit

Sources: TFG, FSSIA estimates

Lower target P/E incorporating ESG factors

We have lowered the target P/E to 10x (-0.25 SD) from 11x to reflect our view on ESG-related risks.

According to the latest report on Securities Pledged in Margin Accounts by SET as of September 2024, about 2.541 billion shares of TFG, or 43.74% of the total shares, have been pledged as collateral. While this is a financial instrument permitted by the SET and the SEC, it has raised concerns among investors due to several previous cases of forced selling. Such selling events can lead to panic selling, potentially causing significant damage to share prices.

On the other hand, we have found that TFG's shares have been pledged as collateral since the first year of listing in 2015, when the share price ranged between THB1.5–1.8 per share. Over the past nine years, the share price dropped to its lowest level of THB2.64 in 2020 (excluding 2015-16).

We have revised our 2025 target price to THB4.6, which implies an upside of 22%. The stock is currently trading at a 2025E P/E of just 8.1x, the lowest in the meat sector. Therefore, we maintain our BUY call and expect TFG's performance in 2025 to be relatively stable, as the Thai swine business remains strong and the expansion into the retail business should provide additional support (with the combined revenue contribution from Thai swine and the retail business accounting for 52% of total revenue). However, in the short term, there are no catalysts for the stock price, as it is the low season for the business and we expect the price of meat to soften during 4Q24-1Q25.

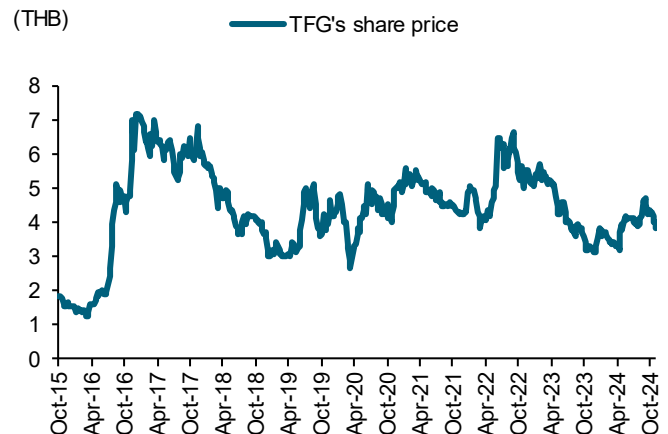
Exhibit 20: Securities Pledged in Margin Accounts by SET (as of Sep 2024)

Source : Excluding Stock Dividend and newly issued share which have not been listed in SET.

| Ranking | Security | Number of shares pledged in the margin account comparing with paid-up | Number of shares pledged in margin accounts (shares) | % Free float |
|---------|----------|---|--|--------------|
| 1 | GPI | 52.19 | 313,152,374 | 42.12 |
| 2 | SCM | 52.08 | 314,893,298 | 24.55 |
| 3 | BABA80 | 49.58 | 247,890,535 | |
| 4 | A5 | 45.13 | 545,818,567 | 20.76 |
| 5 | SAAM | 45.05 | 135,155,102 | 25.64 |
| 6 | TFG | 43.74 | 2,541,532,684 | 17.35 |
| 7 | SA | 39.44 | 472,830,307 | 17.50 |
| 8 | JSP | 31.70 | 150,431,986 | 32.64 |
| 9 | KUN | 30.76 | 230,458,098 | 24.67 |
| 10 | CGD | 27.29 | 2,255,498,879 | 55.65 |

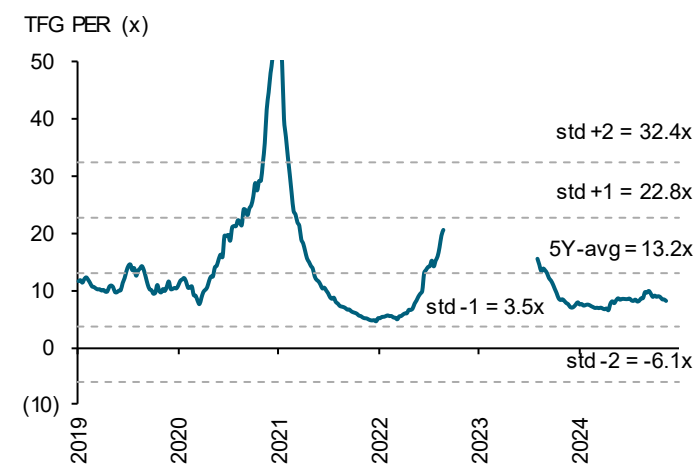
Sources: SET, FSSIA's compilation

Exhibit 21: TFG's share price 2015-present



Sources: SET, FSSIA's compilation

Exhibit 22: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 23: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 24: Peers comparisons as of 18 Nov 2024

| Company | BBG | Rec | Share price | | | Market Cap | PE | | ROE | | PBV | | EV/EBITDA | |
|------------------------|----------|------|-------------|--------|--------|------------|---------|------|------|------|-----|-----|-----------|------|
| | | | Current | Target | Upside | | 24E | 25E | 24E | 25E | 24E | 25E | 24E | 25E |
| | | | (LCY) | (LCY) | (%) | | (USD m) | (x) | (x) | (%) | (%) | (x) | (x) | (x) |
| Thailand | | | | | | | | | | | | | | |
| Charoen Pokphand Foods | CPF TB | BUY | 24.30 | 28.00 | 15 | 5,753 | 11.8 | 14.5 | 7.1 | 5.6 | 0.8 | 0.8 | 11.7 | 12.9 |
| Thai Union Group | TU TB | BUY | 13.60 | 19.40 | 43 | 1,662 | 12.6 | 11.3 | 8.7 | 9.5 | 1.1 | 1.1 | 9.5 | 9.0 |
| Betagro | BTG TB | BUY | 19.60 | 22.00 | 12 | 1,089 | 18.5 | 16.0 | 8.2 | 9.0 | 1.4 | 1.4 | 6.6 | 6.1 |
| Thaifoods Group | TFG TB | BUY | 3.78 | 4.60 | 22 | 614 | 7.7 | 8.1 | 20.5 | 18.7 | 1.5 | 1.4 | 5.0 | 4.8 |
| GFPT | GFPT TB | HOLD | 10.70 | 12.50 | 17 | 385 | 6.6 | 8.6 | 11.0 | 7.9 | 0.7 | 0.7 | 5.3 | 5.3 |
| Asian Sea | ASIAN TB | n/a | 8.85 | n/a | n/a | 207 | 8.7 | 8.6 | 13.3 | 12.2 | 1.1 | 1.0 | 4.7 | 4.6 |
| Average | | | | | | 9,710 | 11.0 | 11.2 | 11.5 | 10.5 | 1.1 | 1.0 | 7.2 | 7.1 |

Sources: Bloomberg, FSSIA estimates

Financial Statements

Thai Foods Group

| Profit and Loss (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|---------------|--------------|--------------|--------------|---------------|
| Revenue | 52,323 | 55,871 | 62,354 | 65,855 | 69,595 |
| Cost of goods sold | (42,367) | (52,086) | (54,124) | (57,228) | (60,339) |
| Gross profit | 9,956 | 3,785 | 8,231 | 8,627 | 9,256 |
| Other operating income | 369 | 453 | 374 | 395 | 383 |
| Operating costs | (3,243) | (3,678) | (4,302) | (4,478) | (4,732) |
| Operating EBITDA | 10,419 | 5,287 | 9,229 | 9,671 | 10,233 |
| Depreciation | (3,337) | (4,727) | (4,927) | (5,127) | (5,327) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 7,082 | 560 | 4,302 | 4,544 | 4,906 |
| Net financing costs | (845) | (1,117) | (1,132) | (1,032) | (944) |
| Associates | (9) | (20) | (34) | (7) | 1 |
| Recurring non-operating income | (9) | (20) | (34) | (7) | 1 |
| Non-recurring items | (657) | (313) | 0 | 0 | 0 |
| Profit before tax | 5,571 | (890) | 3,136 | 3,506 | 3,963 |
| Tax | (845) | 77 | (127) | (351) | (396) |
| Profit after tax | 4,726 | (813) | 3,009 | 3,154 | 3,567 |
| Minority interests | (4) | 3 | 12 | 13 | 14 |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | 4,722 | (809) | 3,022 | 3,167 | 3,581 |
| Non-recurring items & goodwill (net) | 657 | 313 | 0 | 0 | 0 |
| Recurring net profit | 5,379 | (496) | 3,022 | 3,167 | 3,581 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.95 | (0.09) | 0.49 | 0.47 | 0.53 |
| Reported EPS | 0.84 | (0.14) | 0.49 | 0.47 | 0.53 |
| DPS | 0.40 | 0.03 | 0.22 | 0.21 | 0.24 |
| Diluted shares (used to calculate per share data) | 5,654 | 5,811 | 6,168 | 6,749 | 6,749 |
| Growth | | | | | |
| Revenue (%) | 50.3 | 6.8 | 11.6 | 5.6 | 5.7 |
| Operating EBITDA (%) | 167.0 | (49.3) | 74.6 | 4.8 | 5.8 |
| Operating EBIT (%) | 379.5 | (92.1) | 668.7 | 5.6 | 8.0 |
| Recurring EPS (%) | 1,099.8 | nm | nm | (4.2) | 13.0 |
| Reported EPS (%) | 739.9 | nm | nm | (4.2) | 13.0 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 19.0 | 6.8 | 13.2 | 13.1 | 13.3 |
| Gross margin exc. depreciation (%) | 25.4 | 15.2 | 21.1 | 20.9 | 21.0 |
| Operating EBITDA margin (%) | 19.9 | 9.5 | 14.8 | 14.7 | 14.7 |
| Operating EBIT margin (%) | 13.5 | 1.0 | 6.9 | 6.9 | 7.1 |
| Net margin (%) | 10.3 | (0.9) | 4.8 | 4.8 | 5.1 |
| Effective tax rate (%) | 15.2 | 8.7 | 4.0 | 10.0 | 10.0 |
| Dividend payout on recurring profit (%) | 42.0 | (35.1) | 45.0 | 45.0 | 45.0 |
| Interest cover (X) | 8.4 | 0.5 | 3.8 | 4.4 | 5.2 |
| Inventory days | 55.3 | 53.7 | 53.4 | 53.4 | 53.4 |
| Debtor days | 22.2 | 22.6 | 20.9 | 21.4 | 21.4 |
| Creditor days | 38.2 | 43.6 | 49.2 | 48.1 | 48.1 |
| Operating ROIC (%) | 18.5 | 1.4 | 10.8 | 11.4 | 12.5 |
| ROIC (%) | 16.0 | 1.1 | 8.7 | 9.2 | 10.0 |
| ROE (%) | 39.7 | (3.4) | 20.5 | 18.7 | 18.8 |
| ROA (%) | 14.9 | 0.8 | 8.2 | 8.2 | 8.9 |

* Pre-exceptional, pre-goodwill and fully diluted

| Revenue by Division (THB m) | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------------------|--------|--------|--------|--------|--------|
| Poultry | 23,298 | 17,421 | 17,536 | 17,676 | 18,653 |
| Swine | 12,457 | 11,349 | 13,054 | 13,061 | 13,453 |
| Feed | 8,533 | 9,397 | 8,641 | 8,900 | 9,167 |
| Retail Shop and other | 8,036 | 17,704 | 23,124 | 26,218 | 28,321 |

Sources: Thai Foods Group; FSSIA estimates

Financial Statements

Thai Foods Group

| Cash Flow (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|-----------------|----------------|----------------|----------------|----------------|
| Recurring net profit | 5,379 | (496) | 3,022 | 3,167 | 3,581 |
| Depreciation | 3,337 | 4,727 | 4,927 | 5,127 | 5,327 |
| Associates & minorities | 9 | 20 | 34 | 7 | (1) |
| Other non-cash items | 343 | 82 | 34 | 6 | (1) |
| Change in working capital | (1,281) | 1,421 | (1,397) | (695) | (739) |
| Cash flow from operations | 7,787 | 5,754 | 6,620 | 7,613 | 8,167 |
| Capex - maintenance | (8,633) | (4,138) | (5,631) | (4,134) | (4,399) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | (34) | (19) | 53 | 0 | 0 |
| Other investments (net) | (1,854) | (2,266) | (293) | (327) | (373) |
| Cash flow from investing | (10,521) | (6,422) | (5,871) | (4,460) | (4,772) |
| Dividends paid | (797) | (1,815) | (1,360) | (1,425) | (1,611) |
| Equity finance | 56 | 862 | 358 | 581 | 0 |
| Debt finance | 4,132 | 1,970 | (1,496) | (2,175) | (1,904) |
| Other financing cash flows | 20 | 78 | 84 | 35 | 37 |
| Cash flow from financing | 3,411 | 1,095 | (2,415) | (2,984) | (3,478) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 1,593 | 97 | 200 |
| Net other adjustments | 0 | 0 | 1,593 | 97 | 200 |
| Movement in cash | 677 | 426 | (73) | 265 | 116 |
| Free cash flow to firm (FCFF) | (1,888.67) | 451.64 | 1,880.95 | 4,184.24 | 4,338.55 |
| Free cash flow to equity (FCFE) | 1,418.57 | 1,379.53 | 929.76 | 1,109.34 | 1,727.61 |
| Per share (THB) | | | | | |
| FCFF per share | (0.33) | 0.08 | 0.32 | 0.72 | 0.75 |
| FCFE per share | 0.24 | 0.24 | 0.16 | 0.19 | 0.30 |
| Recurring cash flow per share | 1.60 | 0.75 | 1.30 | 1.23 | 1.32 |
| Balance Sheet (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
| Tangible fixed assets (gross) | 24,693 | 27,597 | 29,182 | 32,182 | 35,182 |
| Less: Accumulated depreciation | (3,391) | (6,934) | (9,445) | (13,572) | (17,899) |
| Tangible fixed assets (net) | 21,302 | 20,663 | 19,736 | 18,609 | 17,282 |
| Intangible fixed assets (net) | 213 | 232 | 179 | 179 | 179 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 605 | 1,092 | 1,092 | 1,092 | 1,092 |
| Cash & equivalents | 1,093 | 1,518 | 1,446 | 1,711 | 1,827 |
| A/C receivable | 3,531 | 3,398 | 3,758 | 3,969 | 4,195 |
| Inventories | 6,963 | 6,971 | 7,414 | 7,840 | 8,266 |
| Other current assets | 7,177 | 7,396 | 8,106 | 8,561 | 9,047 |
| Current assets | 18,764 | 19,284 | 20,724 | 22,081 | 23,335 |
| Other assets | 4,786 | 5,875 | 6,235 | 6,586 | 6,959 |
| Total assets | 45,670 | 47,146 | 47,967 | 48,546 | 48,847 |
| Common equity | 15,568 | 13,681 | 15,798 | 18,121 | 19,891 |
| Minorities etc. | 18 | 15 | 15 | 14 | 14 |
| Total shareholders' equity | 15,587 | 13,696 | 15,813 | 18,136 | 19,905 |
| Long term debt | 11,960 | 10,106 | 10,957 | 9,767 | 8,577 |
| Other long-term liabilities | 462 | 540 | 624 | 659 | 696 |
| Long-term liabilities | 12,422 | 10,646 | 11,581 | 10,426 | 9,273 |
| A/C payable | 4,733 | 6,584 | 6,673 | 7,056 | 7,439 |
| Short term debt | 12,370 | 15,998 | 13,651 | 12,666 | 11,952 |
| Other current liabilities | 557 | 222 | 249 | 263 | 278 |
| Current liabilities | 17,661 | 22,804 | 20,573 | 19,985 | 19,669 |
| Total liabilities and shareholders' equity | 45,670 | 47,146 | 47,967 | 48,546 | 48,847 |
| Net working capital | 12,381 | 10,960 | 12,356 | 13,051 | 13,790 |
| Invested capital | 39,287 | 38,821 | 39,599 | 39,516 | 39,303 |
| * Includes convertibles and preferred stock which is being treated as debt | | | | | |
| Per share (THB) | | | | | |
| Book value per share | 2.75 | 2.35 | 2.56 | 2.68 | 2.95 |
| Tangible book value per share | 2.72 | 2.31 | 2.53 | 2.66 | 2.92 |
| Financial strength | | | | | |
| Net debt/equity (%) | 149.1 | 179.5 | 146.5 | 114.3 | 94.0 |
| Net debt/total assets (%) | 50.9 | 52.1 | 48.3 | 42.7 | 38.3 |
| Current ratio (x) | 1.1 | 0.8 | 1.0 | 1.1 | 1.2 |
| CF interest cover (x) | 2.7 | 2.2 | 1.8 | 2.1 | 2.8 |
| Valuation | 2022 | 2023 | 2024E | 2025E | 2026E |
| Recurring P/E (x) * | 4.0 | (44.2) | 7.7 | 8.1 | 7.1 |
| Recurring P/E @ target price (x) * | 4.8 | (53.8) | 9.4 | 9.8 | 8.7 |
| Reported P/E (x) | 4.5 | (27.1) | 7.7 | 8.1 | 7.1 |
| Dividend yield (%) | 10.6 | 0.8 | 5.8 | 5.6 | 6.3 |
| Price/book (x) | 1.4 | 1.6 | 1.5 | 1.4 | 1.3 |
| Price/tangible book (x) | 1.4 | 1.6 | 1.5 | 1.4 | 1.3 |
| EV/EBITDA (x) ** | 4.3 | 8.8 | 5.0 | 4.8 | 4.3 |
| EV/EBITDA @ target price (x) ** | 4.7 | 9.7 | 5.6 | 5.4 | 4.9 |
| EV/invested capital (x) | 1.1 | 1.2 | 1.2 | 1.2 | 1.1 |
| * Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income | | | | | |

Sources: Thai Foods Group; FSSIA estimates

Thai Foods Group PCL (TFG TB)

FSSIA ESG rating


33.07 /100

Exhibit 25: FSSIA ESG score implication

| Rating | Score | Implication |
|--------|---------|--|
| ★★★★★ | >79-100 | Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability. |
| ★★★★☆ | >59-79 | A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers. |
| ★★★☆☆ | >39-59 | Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually. |
| ★★☆☆☆ | >19-39 | Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable. |
| ★☆☆☆☆ | 1-19 | The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC. |

Source: FSSIA estimates

Exhibit 26: 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 |
| BTG | 28.98 | -- | -- | -- | 4.00 | 3.00 | Certified | High | -- | BB | -- | -- | -- | -- | 57.48 |
| CPF | 80.89 | Y | Y | Y | 5.00 | 4.00 | Certified | Medium | 73.14 | BBB | 44.00 | 66.71 | 85.00 | 4.43 | 67.93 |
| GFPT | 50.93 | -- | Y | Y | 5.00 | 5.00 | Certified | High | -- | -- | -- | 62.77 | 24.00 | 4.22 | 57.60 |
| TU | 63.91 | Y | -- | -- | -- | 5.00 | Certified | High | 59.31 | A | 41.00 | 64.47 | 85.00 | -- | 77.68 |
| TFG | 33.07 | -- | -- | Y | 5.00 | 4.00 | Certified | High | -- | -- | -- | 42.53 | -- | -- | -- |

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

Exhibit 27: ESG disclosure from the company's one report

| FY ending Dec 31 | FY 2022 | FY 2023 | FY ending Dec 31 | FY 2022 | FY 2023 |
|---|---------|---------|---|------------------|------------------|
| Environmental | | | Governance | | |
| Climate change policy | Yes | Yes | Board size / Independent directors (ID) / Female | 9 / 6 / 1 | 9 / 6 / 1 |
| Climate change opportunities discussed | -- | -- | No. of board meetings for the year / % attendance | 7 / 100% | 6 / 100% |
| GHG scope 2 location-based policy | Yes | Yes | Company conducts board evaluations | Yes | Yes |
| Biodiversity policy | Yes | Yes | Number of non-executive directors on board | 6 | 6 |
| Energy efficiency policy | Yes | Yes | Director share ownership guidelines | No | No |
| Electricity used | -- | -- | Board age limit | No | No |
| Fuel used - crude oil/diesel | -- | 35.686 | Age of the youngest / oldest director | 38 / 74 | 39 / 77 |
| Waste reduction policy | Yes | Yes | Number of executives / female | 10 / 2 | 7 / 1 |
| Water policy | Yes | Yes | Executive share ownership guidelines | No | No |
| Water consumption | -- | Yes | Size of audit committee / ID | 3 / 3 | 3 / 3 |
| Social | | | Audit committee meetings | 5 | 5 |
| Human rights policy | Yes | Yes | Audit committee meeting attendance (%) | 100 | 100 |
| Policy against child labor | Yes | Yes | Size of compensation committee | 3 / 2 | 3 / 2 |
| Quality assurance and recall policy | Yes | Yes | Number of compensation committee meetings | 2 | 2 |
| Consumer data protection policy | -- | -- | Compensation committee meeting attendance (%) | 100 | 100 |
| Equal opportunity policy | Yes | Yes | Size of nomination committee / ID | 3 / 2 | 3 / 2 |
| Gender pay gap breakout | -- | -- | Number of nomination committee meetings | 2 | 2 |
| Pct women in workforce | 52.66 | 54.44 | Nomination committee meeting attendance (%) | 100 | 100 |
| Business ethics policy | Yes | Yes | Board compensation (THB m) | 10.68 | 12.06 |
| Anti-bribery ethics policy | Yes | Yes | Auditor fee (THB m) | 2.42 | 2.55 |
| Health and safety policy | Yes | Yes | <i>(KPMG Phoomchai Audit Co., Ltd.)</i> | | |
| Lost time incident rate - employees | -- | -- | | | |
| Training policy | Yes | Yes | | | |
| Fair remuneration policy | Yes | Yes | | | |
| Number of employees - CSR | -- | -- | | | |
| Total hours spent by firm - employee training | -- | -- | | | |
| Social supply chain management | Yes | 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. | | | | | | | | | | | | | | | | | | | |
| SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET) | SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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 |
| 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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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| Company | Ticker | Price | Rating | Valuation & Risks |
|------------------------|---------|-----------|--------|--|
| Thai Foods Group | TFG TB | THB 3.78 | BUY | Downside and upside risks to our P/E-based TP are 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; and 3) a stronger or weaker-than-expected THB. |
| Charoen Pokphand Foods | CPF TB | THB 24.30 | BUY | Downside risks to our P/E-based TP include 1) slow purchasing power, 2) a slower-than-expected meat price recovery, 3) higher feed costs, 4) Baht strength, and 5) a minimum wage increase and labor shortages. |
| Thai Union Group | TU TB | THB 13.60 | BUY | Downside risks to our SoTP-based 2025 TP include 1) a slower-than-expected revenue recovery; 2) a disruption on shipping routes, resulting in higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) stronger Baht than expected. |
| Betagro | BTG TB | THB 19.60 | HOLD | Downside risks to our P/E-based TP include 1) a slower-than-expected purchasing power recovery; 2) a slower-than-expected meat price increase; 3) a slower-than-expected decrease in feed costs; and 4) a stronger-than-expected THB. |
| GFPT | GFPT TB | THB 10.70 | HOLD | Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; 3) a stronger or weaker-than-expected THB; and 4) a minimum wage increase and/or a labour shortage. |

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 18-Nov-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.