

NEO CORPORATE NEO TB

THAILAND / PERSONAL PRODUCTS & PHARMACEUTICALS

BUY

UNCHANGED

Stock price reflects most concerns

- We expect 4Q24 net profit to rebound q-q and y-y, due to both a domestic and export revenue recovery.
- Its 2025 gross margin will be pressured by higher depreciation from the new plant and likely high raw material costs.
- The stock price has dropped 40%, reflecting most concerns.

TARGET PRICE	THB49.50
CLOSE	THB35.00
UP/DOWNSIDE	+41.4%
PRIOR TP	THB64.00
CHANGE IN TP	-22.7%
TP vs CONSENSUS	-0.5%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	9,484	10,009	10,711	11,537
Net profit	830	1,039	985	1,105
EPS (THB)	3.74	3.46	3.28	3.68
vs Consensus (%)	-	5.6	(2.8)	(2.6)
EBITDA	1,461	1,883	1,925	2,149
Recurring net profit	830	1,039	985	1,105
Core EPS (THB)	3.74	3.46	3.28	3.68
Chg. In EPS est. (%)	-	2.6	(11.7)	(10.6)
EPS growth (%)	47.0	(7.3)	(5.2)	12.1
Core P/E (x)	9.4	10.1	10.7	9.5
Dividend yield (%)	14.1	4.9	4.7	5.3
EV/EBITDA (x)	6.9	6.3	6.7	6.2
Price/book (x)	5.0	2.2	1.9	1.7
Net debt/Equity (%)	143.7	22.5	35.1	40.0
ROE (%)	45.0	33.1	19.0	18.7

Expect 4Q24 net profit to recover q-q and y-y

We forecast a 4Q24 net profit of THB270m (+17% q-q, +88% y-y), marking a recovery. We expect total revenue to grow by 6.9% q-q and 6.1% y-y as the flood situation eases, leading to a recovery in domestic revenue. In addition, its export revenue, particularly from D-nee products, should recover q-q after a slowdown in customer orders in 3Q24. However, export revenue is still likely to decline y-y due to a high base last year and the process of onboarding a new distributor in Vietnam. By the end of 2024, we expect a net profit of THB1b (+25% y-y).

Concerns over increase in 2025 gross margin

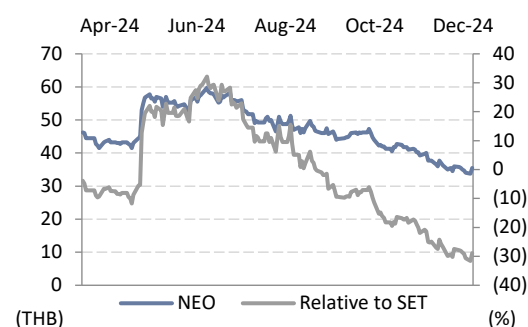
NEO has expanded its personal care capacity with a new factory investment of THB2.2b, consisting of buildings (THB2b) and machinery (THB200m). The plant is expected to be completed and operational by 2Q25, which will result in an additional depreciation cost of cTHB100m, impacting the gross margin by 1% (assuming no increase in revenue). Furthermore, NEO faces higher costs for surfactants, which currently account for c20% of total costs, due to rising palm oil prices, as it is a key ingredient extracted from palm kernels. Our sensitivity analysis indicates that, ceteris paribus, for every 5% increase in the crude palm oil price, the gross margin would drop by 0.6%, and net profit would fall by 4.9%.

Cut 2025E net profit to reflect higher raw material costs

We have revised down our 2025E net profit by 12% to THB985m (-5.2% y-y) by lowering our gross margin assumption by 1.2% to 43% (down from 45.1% in 2024E) following a 10.5% increase in crude palm oil prices to MYR4,639/tonne (+10% y-y), driven by higher demand. Major producers like Indonesia and Malaysia have increased the proportion of palm oil in biodiesel, with Indonesian producers expecting a 10-15% price increase in 1H25. The price is expected to gradually decline in 2H25 as more supply enters the market. As of December, the crude palm oil price was at MYR5,271/tonne, the highest in 31 months, while the average price for 2024 is MYR4,217/tonne.

Stock price reflects concerns, making valuation attractive

We reduce our TP to THB49.5, lowering the target P/E to 15x (from 19x). Investors should note that we have used conservative assumptions in both earnings estimates and stock valuation. The stock price has dropped by 40% over the last five months, and it now trades at a 2025E P/E of just 10.7x, with an expected dividend yield of 4-5%. Although the 2025 profit outlook may not be very exciting due to pressure from palm oil prices, the stock price has already reflected most of these concerns. If profits exceed expectations or palm oil prices decline in 2Q25, this could act as a catalyst for a stock price recovery.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(11.9)	(23.9)	n/a
Relative to country (%)	(11.2)	(28.4)	n/a
Mkt cap (USD m)	306		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	29		
Major shareholder	Thakolsri Family (65%)		
12m high/low (THB)	60.50/33.75		
Issued shares (m)	300.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

Despite high competition in the Thai consumer products industry, NEO's products stand out with one unique characteristic – their scent. It is a leader in almost every product category, such as D-nee (#1 in laundry detergent and fabric softener), Fineline (#2 in laundry detergent), and BeNice (#2 in shower cream).

Although we expect the growth to be exciting, we project it to be steady due to its leadership in the Thai consumer products market and its well-known reputation. In addition, NEO plans to expand its international market, particularly in CLMV, which prefers Thai consumer goods brands. If it grows beyond expectations, it would present an upside to our estimates.

Company profile

NEO operates in the marketing, production, and distribution of consumer products. The company has been in business for over 34 years and has three main product segments; 1) household products; 2) personal care products; and 3) baby and kids products. For 2023, these product segments accounted for 43.5%/24.1%/32.4% of total revenue, respectively. The majority of revenue was in Thailand, representing 87% of total revenue, while 13% came from exports.

www.neo-corporate.com

Principal activities (revenue, 2023)

Household products - 43.5 %

Personal care products - 24.1 %

Baby and kids products - 32.4 %

Source: Neo Corporate

Major shareholders

Thakolsri Family - 65.3 %

Finansa Fund Management - 6.3 %

Others - 28.4 %

Others - 0.0 %

Source: Neo Corporate

Catalysts

Potential catalysts for NEO's earnings growth in 2024-25 are 1) revenue growth driven by sales volumes; 2) gaining higher domestic market share; 3) declining raw material and packaging costs; and 4) the success of its new product launches.

Risks to our call

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

Event calendar

Date	Event
February 2025	4Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Household revenue growth (%)	(0.4)	6.0	7.0
Personal care revenue growth (%)	11.0	5.0	7.0
Baby and kids revenue growth (%)	12.5	10.1	9.2
Total revenue growth (%)	5.5	7.0	7.7
Gross margin (%)	45.1	43.0	43.4
SG&A to sales (%)	31.7	31.1	31.0

Source: FSSIA estimates

Earnings sensitivity

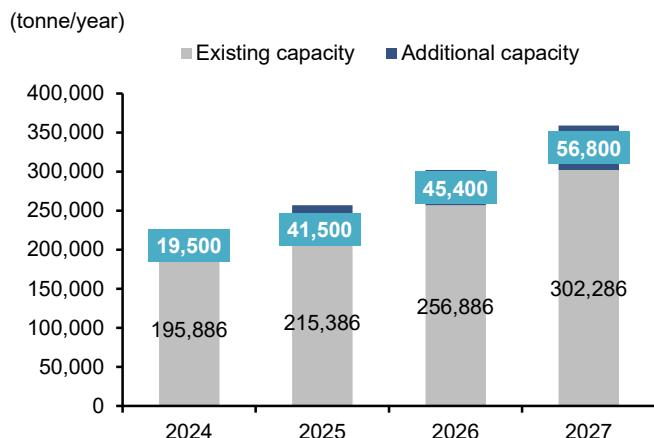
- For every 1% increase in revenue, we estimate 2025 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 4.1%, and vice versa, all else being equal.
- For every 5% increase in crude palm oil price, we estimate 2025 net profit to fall by 4.9%, and vice, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2025 net profit to fall by 1.6%, and vice versa, all else being equal.

Source: FSSIA estimates

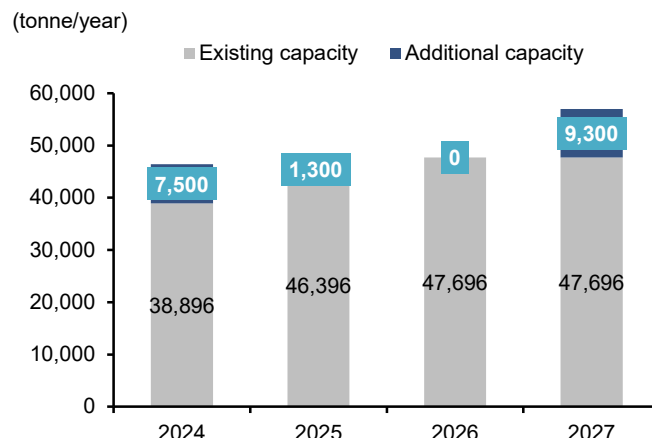
Exhibit 1: Changes in key assumptions for NEO

	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	10,009	10,711	11,537	10,438	11,336	12,241	(4.1)	(5.5)	(5.8)
Cost of sales	5,495	6,105	6,530	5,845	6,326	6,806	(6.0)	(3.5)	(4.1)
Gross profit	4,514	4,606	5,007	4,593	5,011	5,435	(1.7)	(8.1)	(7.9)
SG&A expenses	3,175	3,331	3,576	3,257	3,492	3,770	(2.5)	(4.6)	(5.1)
Operating profit	1,406	1,339	1,500	1,357	1,544	1,689	3.6	(13.3)	(11.2)
Interest expense	89	91	98	73	131	123	22.2	(30.6)	(20.4)
Tax expense	264	250	280	257	283	313	2.6	(11.7)	(10.5)
Reported net profit	1,039	985	1,105	1,012	1,116	1,237	2.6	(11.7)	(10.6)
Core profit	1,039	985	1,105	1,012	1,116	1,237	2.6	(11.7)	(10.6)
Key ratios (%)									
Total revenue growth	5.5	7.0	7.7	10.1	8.6	8.0			
Net profit growth	25.2	(5.2)	12.1	22.0	10.3	10.8			
Core profit growth	25.2	(5.2)	12.1	22.0	10.3	10.8			
Gross margin	45.1	43.0	43.4	44.0	44.2	44.4	1.1	(1.2)	(1.0)
SG&A to sales	31.7	31.1	31.0	31.2	30.8	30.8	0.5	0.3	0.2
Net margin	10.4	9.2	9.6	9.7	9.8	10.1	0.7	(0.6)	(0.5)
Core margin	10.4	9.2	9.6	9.7	9.8	10.1	0.7	(0.6)	(0.5)
Operating statistics (THB m)									
Household products revenue	4,112	4,359	4,664	4,445	4,757	5,090	(7.5)	(8.4)	(8.4)
Personal care products revenue	2,753	2,891	3,093	2,538	2,763	2,953	8.5	4.6	4.7
Baby and kids products revenue	3,144	3,462	3,780	3,454	3,817	4,198	(9.0)	(9.3)	(10.0)
Domestic revenue	9,056	9,599	10,319	9,227	9,983	10,782	(1.9)	(3.8)	(4.3)
Export revenue	954	1,112	1,218	1,211	1,353	1,459	(21.3)	(17.8)	(16.6)
Revenue proportion (%)									
Household products revenue	41.1	40.7	40.4	42.6	42.0	41.6			
Personal care products revenue	27.5	27.0	26.8	24.3	24.4	24.1			
Baby and kids products revenue	31.4	32.3	32.8	33.1	33.7	34.3			
Domestic revenue	90.5	89.6	89.4	88.4	88.1	88.1			
Export revenue	9.5	10.4	10.6	11.6	11.9	11.9			
Crude palm oil (MYR/tonne)	4,217	4,639	4,407	4,000	4,200	4,410	5.4	10.5	(0.1)
Crude palm kernel oil (MYR/tonne)	5,585	6,144	5,837	5,000	5,250	5,513	11.7	17.0	5.9

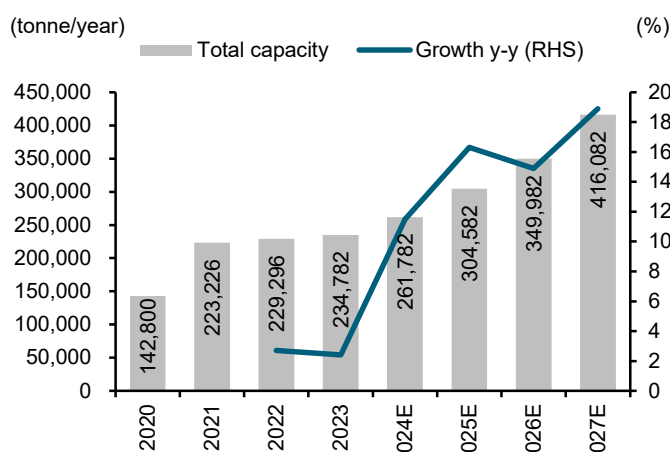
Source: FSSIA estimates

Exhibit 2: Production capacity expansion for household plant (including baby and kids)

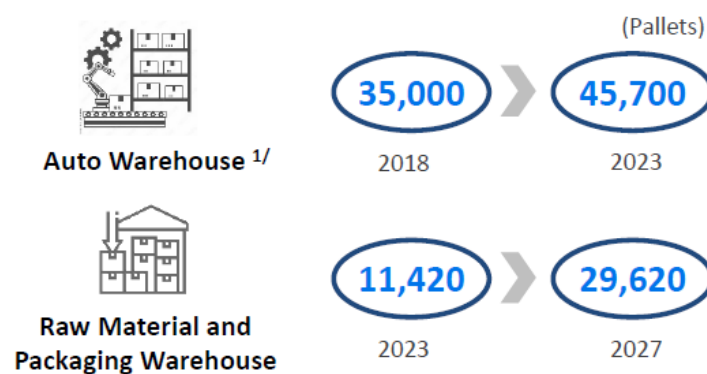
Sources: NEO, FSSIA's compilation

Exhibit 3: Production capacity expansion for personal care plant (including baby and kids)

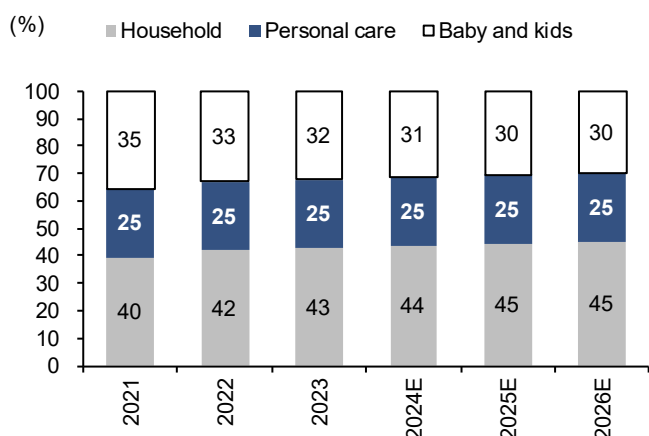
Sources: NEO, FSSIA's compilation

Exhibit 4: Total production capacity expansion

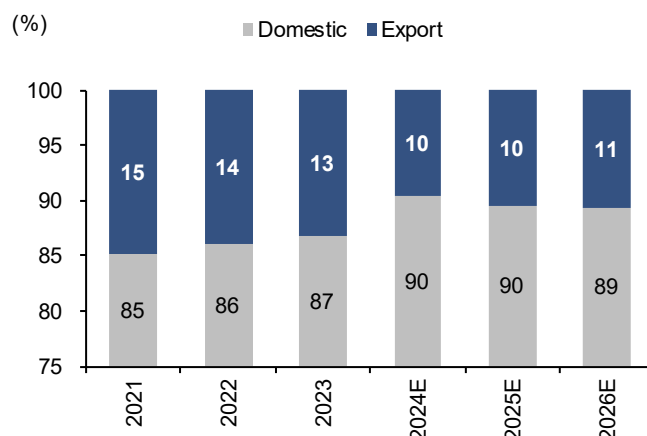
Sources: FSSIA; FSSIA's compilation

Exhibit 5: Warehouse capacity expansion

Sources: NEO, FSSIA's compilation

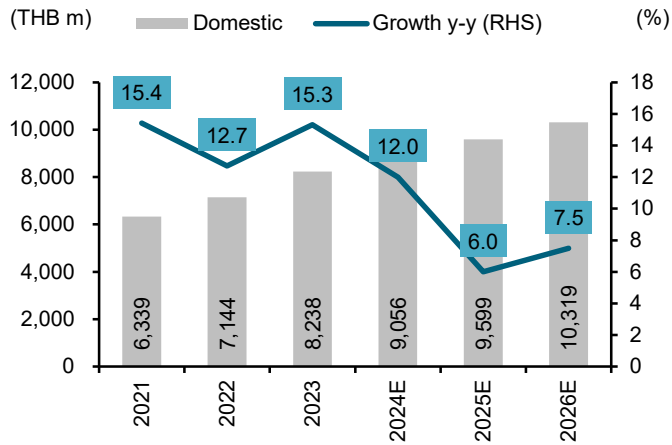
Exhibit 6: Revenue contribution by product segment

Sources: NEO, FSSIA estimates

Exhibit 7: Revenue contribution by destination

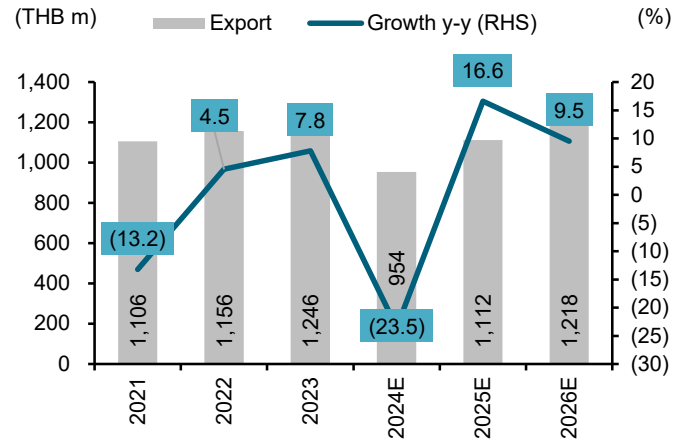
Sources: NEO, FSSIA estimates

Exhibit 8: Yearly domestic revenue



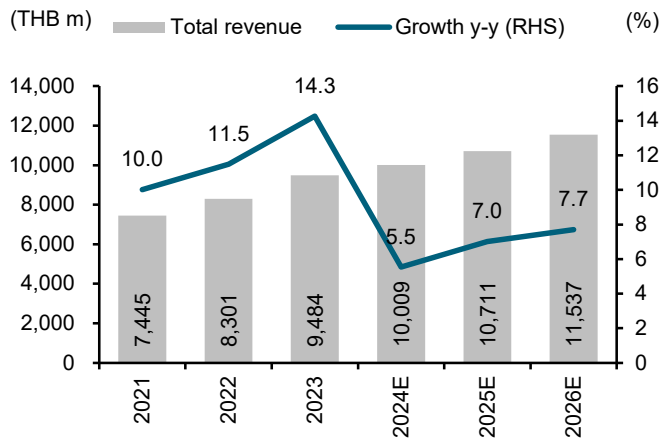
Sources: NEO, FSSIA estimates

Exhibit 9: Yearly export revenue



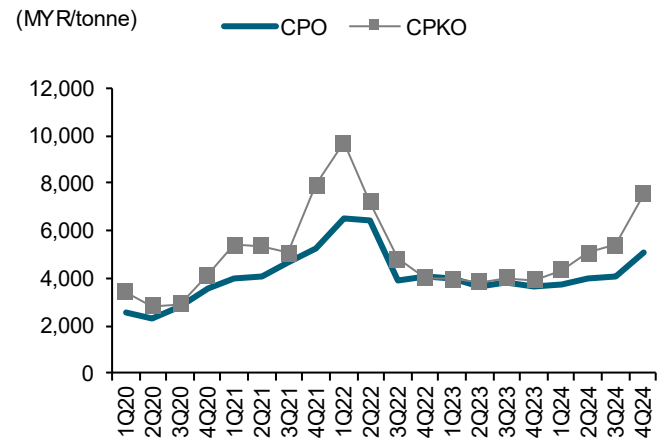
Sources: NEO, FSSIA estimates

Exhibit 10: Yearly total revenue and growth



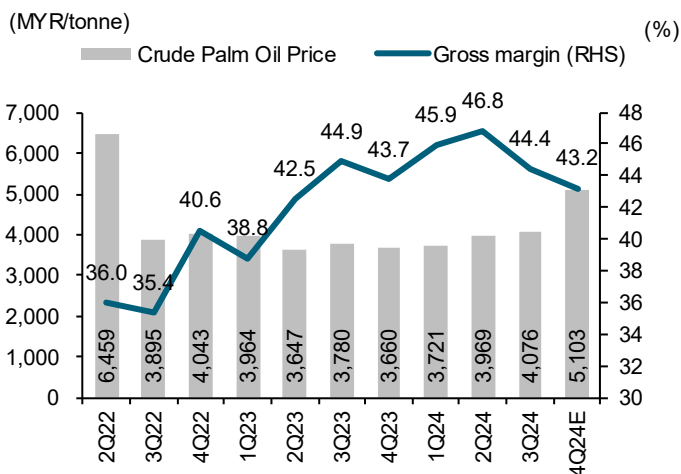
Sources: NEO, FSSIA estimates

Exhibit 11: Crude palm oil and crude palm kernel oil prices



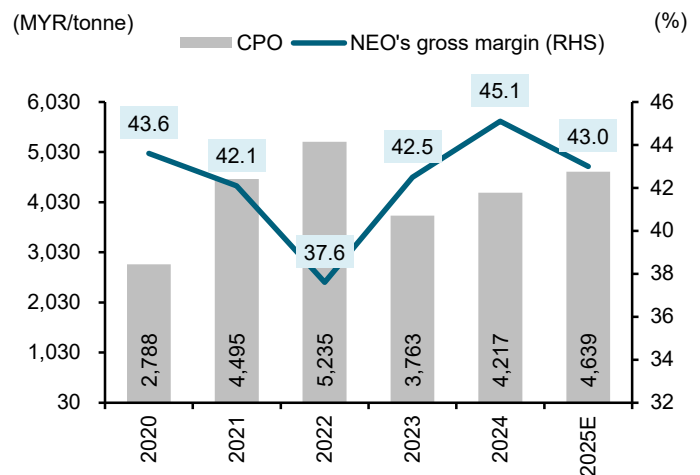
Sources: Investing.com, FSSIA's compilation

Exhibit 12: Quarterly crude palm oil price and gross margin



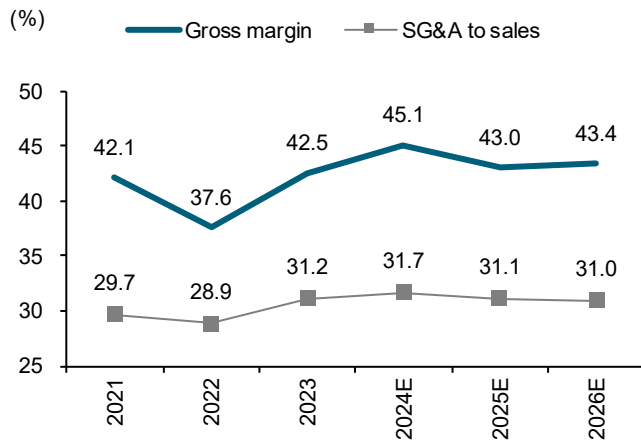
Sources: Investing.com, FSSIA estimates

Exhibit 13: Yearly crude palm oil price and gross margin



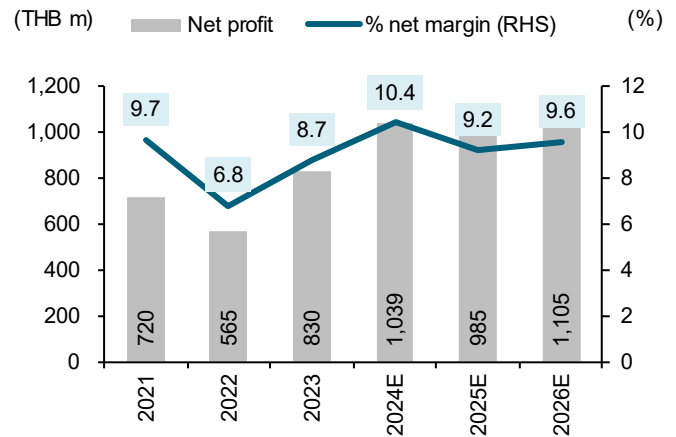
Sources: Investing.com, FSSIA estimates

Exhibit 14: Yearly gross margin and SG&A to sales



Sources: NEO, FSSIA estimates

Exhibit 15: Yearly net profit and net margin



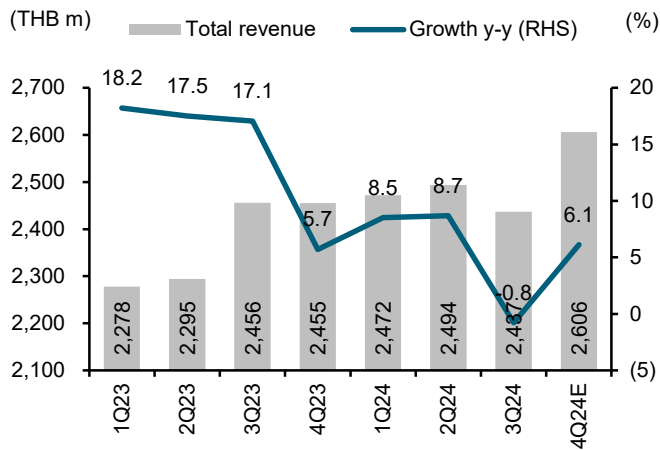
Sources: NEO, FSSIA estimates

Exhibit 16: NEO – 4Q24 earnings preview

	4Q23	1Q24	2Q24	3Q24	4Q24E	----- Change -----		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	2,455	2,472	2,494	2,437	2,606	6.9	6.1	9,484	10,009	5.5
Cost of sales	1,381	1,337	1,326	1,355	1,480	9.3	7.2	5,449	5,495	0.8
Gross profit	1,074	1,136	1,168	1,082	1,126	4.0	4.8	4,035	4,514	11.9
SG&A	881	780	827	788	782	(0.7)	(11.2)	2,957	3,175	7.4
Operating profit	207	364	361	314	363	15.5	75.3	1,106	1,406	27.1
Interest expense	20	24	21	22	22	1.8	10.4	55	89	62.5
Tax expense	37	68	67	58	68	16.4	83.1	212	264	24.3
Reported net profit	144	268	269	231	270	17.0	87.6	830	1,039	25.2
Core profit	144	268	269	231	270	17.0	87.6	830	1,039	25.2
Key Ratios (%)						(ppt)	(ppt)			
Gross margin	43.7	45.9	46.8	44.4	43.2	(1.2)	(0.5)	42.5	45.1	2.6
SG&A / Sales	35.9	31.5	33.2	32.3	30.0	(2.3)	(5.9)	31.2	31.7	0.5
Operating margin	8.4	14.7	14.5	12.9	13.9	1.0	5.5	11.7	14.0	2.4
Net margin	5.9	10.8	10.8	9.5	10.4	0.9	4.5	8.7	10.4	1.6
Core margin	5.9	10.8	10.8	9.5	10.4	0.9	4.5	8.7	10.4	1.6
Operating Statistics (THB m)										
Household products revenue	1,065	1,024	1,004	1,025	1,059	3.3	(0.6)	4,127	4,112	(0.4)
Personal care products revenue	553	699	643	705	706	0.1	27.7	2,287	2,753	20.4
Baby and kids products revenue	837	749	847	707	841	19.0	0.5	3,070	3,144	2.4
Domestic revenue	2,136	2,250	2,206	2,244	2,356	5.0	10.3	8,238	9,056	9.9
Export revenue	319	223	288	193	250	29.5	(21.7)	1,246	954	(23.5)
Crude palm oil (MYR/tonne)	3,660	3,721	3,969	4,076	5,103	25.2	39.4	3,762.9	4,217.3	12.1
Crude palm kernel oil (MYR/tonne)	3,920	4,343	5,069	5,402	7,527	39.3	92.0	3,928.8	5,585.4	42.2

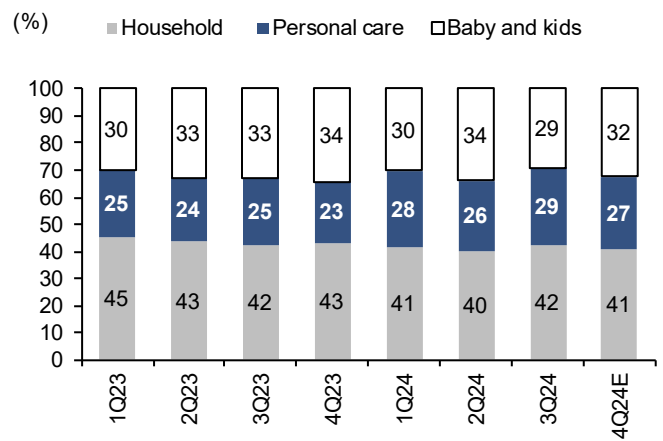
Sources: NEO, FSSIA estimates

Exhibit 17: Quarterly total revenue and growth



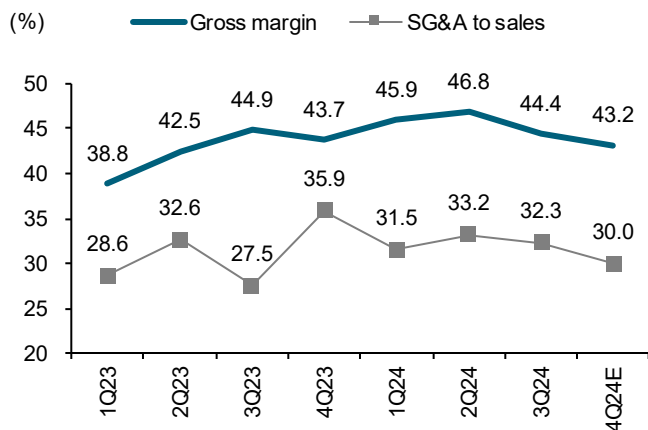
Sources: NEO, FSSIA estimates

Exhibit 18: Quarterly revenue breakdown by product



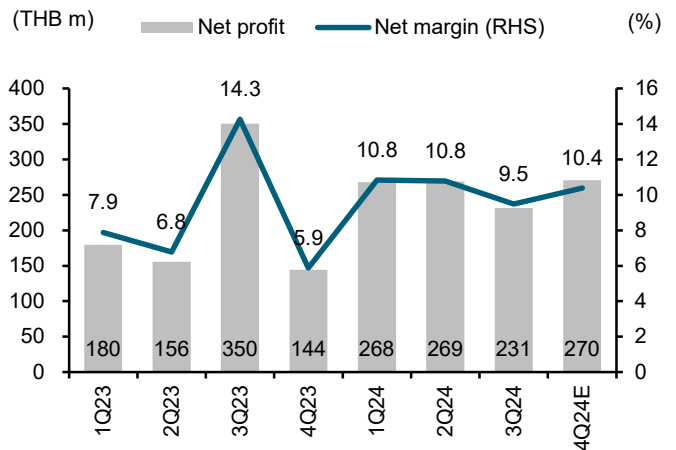
Sources: NEO, FSSIA estimates

Exhibit 19: Quarterly gross margin and SG&A to sales



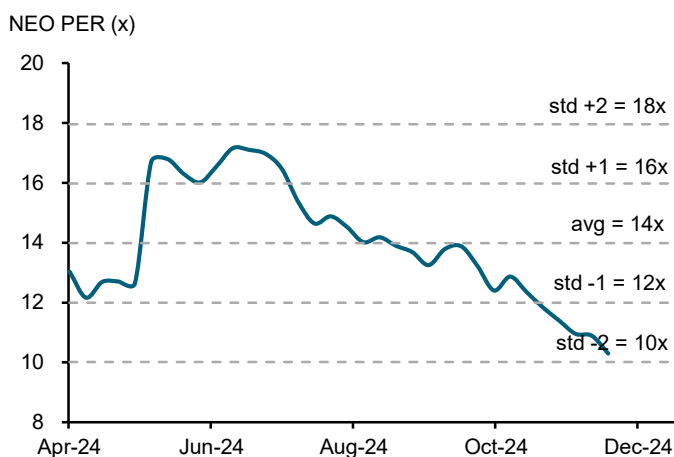
Sources: NEO, FSSIA estimates

Exhibit 20: Quarterly net profit and net margin



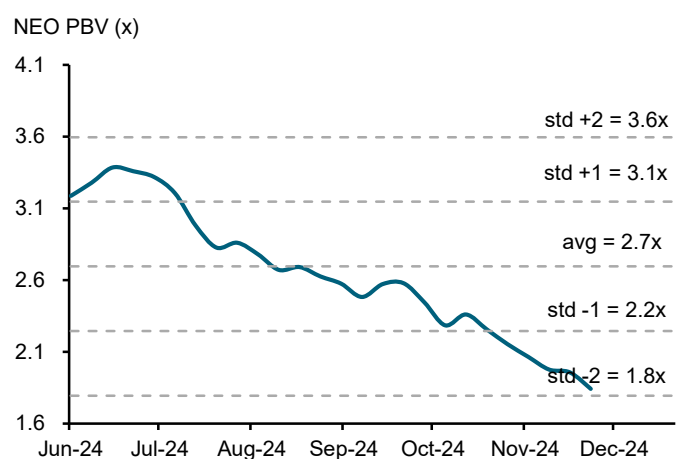
Sources: NEO, FSSIA estimates

Exhibit 21: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 22: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

Neo Corporate

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	8,301	9,484	10,009	10,711	11,537
Cost of goods sold	(5,181)	(5,449)	(5,495)	(6,105)	(6,530)
Gross profit	3,120	4,035	4,514	4,606	5,007
Other operating income	22	28	67	64	69
Operating costs	(2,395)	(2,957)	(3,175)	(3,331)	(3,576)
Operating EBITDA	1,070	1,461	1,883	1,925	2,149
Depreciation	(323)	(355)	(476)	(586)	(649)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	746	1,106	1,406	1,339	1,500
Net financing costs	(36)	(55)	(89)	(91)	(98)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	710	1,052	1,318	1,248	1,402
Tax	(142)	(212)	(264)	(250)	(280)
Profit after tax	569	840	1,054	998	1,122
Minority interests	(4)	(10)	(15)	(13)	(17)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	565	830	1,039	985	1,105
Non-recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	565	830	1,039	985	1,105
Per share (THB)					
Recurring EPS *	2.54	3.74	3.46	3.28	3.68
Reported EPS	2.54	3.74	3.46	3.28	3.68
DPS	2.56	4.95	1.73	1.64	1.84
Diluted shares (used to calculate per share data)	222	222	300	300	300
Growth					
Revenue (%)	11.5	14.3	5.5	7.0	7.7
Operating EBITDA (%)	(15.2)	36.6	28.9	2.3	11.6
Operating EBIT (%)	(21.1)	48.2	27.1	(4.8)	12.0
Recurring EPS (%)	(21.5)	47.0	(7.3)	(5.2)	12.1
Reported EPS (%)	(21.5)	47.0	(7.3)	(5.2)	12.1
Operating performance					
Gross margin inc. depreciation (%)	37.6	42.5	45.1	43.0	43.4
Gross margin exc. depreciation (%)	41.5	46.3	49.9	48.5	49.0
Operating EBITDA margin (%)	12.9	15.4	18.8	18.0	18.6
Operating EBIT margin (%)	9.0	11.7	14.0	12.5	13.0
Net margin (%)	6.8	8.7	10.4	9.2	9.6
Effective tax rate (%)	19.9	20.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	100.8	132.5	50.0	50.0	50.0
Interest cover (X)	20.6	20.3	15.9	14.7	15.3
Inventory days	59.3	58.6	60.9	63.1	64.5
Debtor days	80.7	75.4	76.3	77.4	77.1
Creditor days	84.5	127.3	130.7	84.1	85.9
Operating ROIC (%)	18.3	23.8	21.9	14.7	13.7
ROIC (%)	17.5	22.5	20.9	14.3	13.4
ROE (%)	28.0	45.0	33.1	19.0	18.7
ROA (%)	9.8	13.0	12.8	9.6	9.5

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Household products	3,498	4,127	4,112	4,359	4,664
Personal care products	2,071	2,287	2,753	2,891	3,093
Baby and kids products	2,731	3,070	3,144	3,462	3,780

Sources: Neo Corporate; FSSIA estimates

Financial Statements

Neo Corporate

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	565	830	1,039	985	1,105
Depreciation	323	355	476	586	649
Associates & minorities	-	-	-	-	-
Other non-cash items	4	(243)	259	5	4
Change in working capital	(152)	157	(162)	(15)	(34)
Cash flow from operations	740	1,098	1,612	1,562	1,724
Capex - maintenance	(663)	(704)	(3,156)	(2,034)	(1,708)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	3	(132)	105	(9)	(11)
Cash flow from investing	(660)	(837)	(3,051)	(2,044)	(1,719)
Dividends paid	(307)	(1,657)	(520)	(493)	(553)
Equity finance	0	0	3,078	0	0
Debt finance	(106)	1,652	(668)	767	218
Other financing cash flows	79	9	9	28	33
Cash flow from financing	(335)	3	1,899	302	(301)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(255)	265	460	(180)	(296)
Free cash flow to firm (FCFF)	116.06	315.80	(1,350.86)	(391.17)	103.60
Free cash flow to equity (FCFE)	52.45	1,921.90	(2,098.79)	313.02	256.78

Per share (THB)

FCFF per share	0.39	1.05	(4.50)	(1.30)	0.35
FCFE per share	0.17	6.41	(7.00)	1.04	0.86
Recurring cash flow per share	4.02	4.24	5.91	5.26	5.86

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	4,900	4,900	7,452	9,762	11,085
Less: Accumulated depreciation	(1,781)	(1,204)	(1,490)	(1,952)	(2,217)
Tangible fixed assets (net)	3,119	3,696	5,961	7,809	8,868
Intangible fixed assets (net)	0	0	47	47	47
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	11	6	6	6	6
Cash & equivalents	224	488	948	768	473
A/C receivable	1,929	1,992	2,194	2,348	2,529
Inventories	864	772	903	1,004	1,073
Other current assets	45	52	50	54	58
Current assets	3,061	3,304	4,095	4,173	4,132
Other assets	144	282	130	139	150
Total assets	6,335	7,287	10,239	12,174	13,202
Common equity	2,144	1,544	4,727	5,620	6,173
Minorities etc.	267	24	283	287	291
Total shareholders' equity	2,411	1,568	5,010	5,907	6,464
Long term debt	726	1,740	1,748	2,065	2,390
Other long-term liabilities	383	392	400	428	461
Long-term liabilities	1,108	2,131	2,148	2,493	2,851
A/C payable	1,162	2,391	1,204	1,338	1,431
Short term debt	364	1,001	325	775	668
Other current liabilities	1,290	196	1,551	1,660	1,788
Current liabilities	2,816	3,588	3,081	3,773	3,887
Total liabilities and shareholders' equity	6,335	7,287	10,239	12,174	13,202
Net working capital	386	229	391	406	440
Invested capital	3,659	4,212	6,535	8,407	9,510

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

Per share (THB)

Book value per share	9.66	6.95	15.76	18.73	20.58
Tangible book value per share	9.66	6.95	15.60	18.58	20.42

Financial strength

Net debt/equity (%)	35.9	143.7	22.5	35.1	40.0
Net debt/total assets (%)	13.7	30.9	11.0	17.0	19.6
Current ratio (x)	1.1	0.9	1.3	1.1	1.1
CF interest cover (x)	2.5	36.2	(22.7)	4.4	3.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	13.8	9.4	10.1	10.7	9.5
Recurring P/E @ target price (x) *	19.5	13.2	14.3	15.1	13.4
Reported P/E (x)	13.8	9.4	10.1	10.7	9.5
Dividend yield (%)	7.3	14.1	4.9	4.7	5.3
Price/book (x)	3.6	5.0	2.2	1.9	1.7
Price/tangible book (x)	3.6	5.0	2.2	1.9	1.7
EV/EBITDA (x) **	8.3	6.9	6.3	6.7	6.2
EV/EBITDA @ target price (x) **	11.3	9.1	8.6	8.9	8.2
EV/invested capital (x)	2.4	2.4	1.8	1.5	1.4

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

Sources: Neo Corporate; FSSIA estimates

Neo Corporate PCL (NEO TB)

FSSIA ESG rating

n/a

Exhibit 23: 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 24: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	67.71	5.69	4.38	4.05	4.77	4.43	4.02	Medium	57.34	BBB	22.70	60.82	67.31	1.19	35.34
Coverage	66.17	5.16	4.33	3.94	4.81	4.43	3.83	Medium	56.41	BBB	18.92	59.20	65.82	1.38	35.46
APCO	16.00	--	--	--	4.00	4.00	Declared	--	--	--	--	--	--	--	--
DDD	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--
NEO	n/a	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

Exhibit 25: ESG disclosure from the company's one report

FY ending Dec 31	FY 2023	FY ending Dec 31	FY 2023
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	9 / 4 / 3
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	9 / 98.8%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	Yes	Number of non-executive directors on board	4
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	Yes	Age of the youngest / oldest director	30 / 62
Waste reduction policy	Yes	Number of executives / female	7 / 6
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	6
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	Size of compensation committee	3 / 2
Quality assurance and recall policy	Yes	Number of compensation committee meetings	2
Consumer data protection policy	--	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	Size of nomination committee / ID	3 / 2
Gender pay gap breakout	--	Number of nomination committee meetings	2
Pct women in workforce	Yes	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	2.87
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	3.93
Health and safety policy	Yes	(EY Office Limited)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
Social supply chain management	Yes		

Source: FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
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
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B	1.429-2.856																				
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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

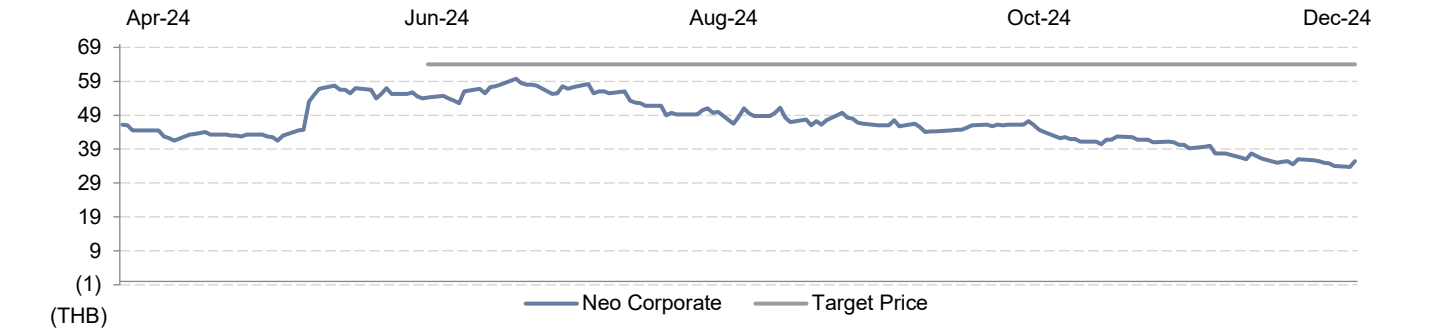
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

Neo Corporate (NEO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
06-Jun-2024	BUY	64.00	-	-	-	-	-	-

Sureeporn Teewasuwet started covering this stock from 06-Jun-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Neo Corporate	NEO TB	THB 35.00	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) the high volatility of raw material prices; 3) changing consumer demand and lifestyles; and 4) the failure of new products.

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 04-Dec-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.