

**I-TAIL CORPORATION**

THAILAND / FOOD &amp; BEVERAGE

**ITC TB****HOLD**

FROM BUY

TARGET PRICE	THB23.00
CLOSE	THB20.10
UP/DOWNSIDE	+14.4%
PRIOR TP	THB30.00
CHANGE IN TP	-23.3%
TP vs CONSENSUS	-18.9%

**2025 to face pressure from GMT**

- Expect 4Q24 profit to be lower than previously expected, due to higher costs and expenses.
- ITC will be impacted by GMT, leading to a 19% downgrade in our 2025E net profit.
- Cut TP to THB23 and downgrade to HOLD.

**4Q24 profit to be lower than previously expected**

We expect 4Q24 net profit to be THB808m (-17% q-q, +5% y-y). Excluding an FX gain of cTHB25m, its core profit would be THB783m (-24% q-q, -4% y-y), which would be the lowest core profit of 2024. The decline is due to 1) a projected decrease in the gross margin to 23.8% from 29.8% in 3Q24, due to the absence of an inventory provision reversal as in 3Q24, higher tuna costs, and a full-quarter's depreciation recognition; and 2) an estimated 14% q-q and 44% y-y increase in expenses due to transformation costs and higher employee expenses.

**Management targets 2025 revenue growth of 13-15%**

Management maintains a positive outlook on customer demand and the continuous launch of new products. The initial target for 2025 revenue growth is around 13-15% y-y. However, while 4Q24 sales remain strong, ITC's customers are still facing container issues, resulting in unfulfilled orders of c10%. In addition, customers in the US and Europe are seeking premium products at more affordable prices. Therefore, we remain cautious about purchasing power and the global economy in 2025. Meanwhile, we have raised our 2025-26 assumption for tuna prices by 6% to USD1,600/tonne.

**ITC to be impacted by global minimum tax**

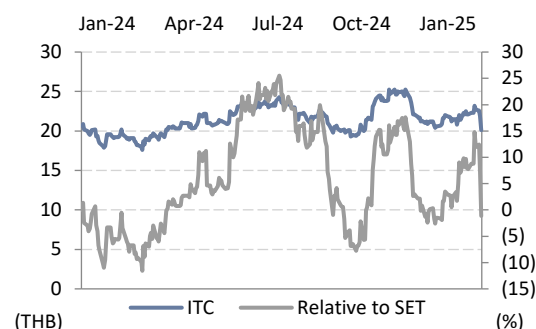
Although ITC's revenue is below target, under global minimum tax (GMT) regulations, if the parent company (TU) is charged a 15% GMT, it must be allocated to subsidiaries. The company is currently assessing the impact and negotiating with multiple parties to determine the post-allocation tax rate and any remaining tax benefits under the BOI. We have used a worst-case scenario assumption, raising the tax rate to 15% from the previous 2.8%, along with the higher tuna costs and transformation costs, resulting in a 19% reduction in 2025E net profit to THB3.4b, down 6% y-y (from +6%). Under the base-case scenario, using an 8% tax rate, 2025 profit is expected to remain flat y-y.

**Cut TP to THB23 and downgrade to HOLD**

We cut our TP to THB23 (from THB30) by lowering the P/E multiple to 20x from 22x, reflecting the potential slowdown in profit this year. We downgrade to HOLD while awaiting clarity on the impact of the GMT and the recovery of the gross margin in 1H25.

**KEY STOCK DATA**

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	15,577	17,759	19,710	21,376
Net profit	2,281	3,611	3,391	3,751
EPS (THB)	0.76	1.20	1.13	1.25
vs Consensus (%)	-	(5.4)	(20.0)	(19.7)
EBITDA	2,995	4,577	4,740	5,263
Recurring net profit	2,312	3,808	3,391	3,751
Core EPS (THB)	0.77	1.27	1.13	1.25
Chg. In EPS est. (%)	-	(9.1)	(18.9)	(18.1)
EPS growth (%)	(68.6)	64.7	(11.0)	10.6
Core P/E (x)	26.1	15.8	17.8	16.1
Dividend yield (%)	3.0	4.2	3.9	4.4
EV/EBITDA (x)	17.0	11.0	10.7	9.6
Price/book (x)	2.6	2.5	2.4	2.3
Net debt/Equity (%)	(40.0)	(41.1)	(38.6)	(37.7)
ROE (%)	9.6	16.1	13.8	14.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.6)	(18.0)	(2.0)
Relative to country (%)	(4.4)	(14.1)	0.2
Mkt cap (USD m)	1,741		
3m avg. daily turnover (USD m)	5.2		
Free float (%)	22		
Major shareholder	Thai Union Group (79%)		
12m high/low (THB)	26.00/17.50		
Issued shares (m)	3,000.00		

Sources: Bloomberg consensus; FSSIA estimates

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### Investment thesis

ITC is a leading global pet food manufacturer. It has cost and innovation advantages due partly to its parent company, Thai Union Group (TU TB), a leading global tuna processor. With over 20 years of extensive experience, its management enables ITC to adapt to changing customer needs while maintaining strong relationships with global pet food brands.

Additionally, increased pet ownership should encourage continued growth in the global pet food market value. In 2024, ITC plans to expand its capacity by 17-18% to cope with pet food growth and develop new value-added products to enhance profitability.

### Company profile

Revenue-wise, ITC is in the world’s top 10 pet food producers and the second largest in Asia. Also, it is a global pet care company of TU, which has been operating a pet food business since 1977. ITC has two factories in Samut Sakhon and Songkhla. It distributes products globally. In 2023, its revenue came mainly from the US (50.3% of total revenue), followed by Asia, Oceania, and others (37.1%), and Europe (12.6%).

[www.i-tail.com](http://www.i-tail.com)

### Principal activities (revenue, 2023)

Pet Food - 84.6 %

Treats - 12.0 %

Other - 0.1 %

Other segment - 3.3 %

Source: i-Tail Corporation

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### Major shareholders

Thai Union Group - 78.8 %

Others - 21.2 %

Source: i-Tail Corporation

### Catalysts

Potential catalysts for ITC’s earnings growth in 2025-26 are 1) revenue growth from existing customers in line with the industry and new customers; 2) capacity expansion; and 3) lower raw material costs.

### Risks to our call

Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected recovery in purchasing power; 2) more fluctuating raw material prices than expected; 3) a stronger or weaker-than-expected THB; and 4) labor shortages.

### Event calendar

Date	Event
13 February 2025	4Q24 results announcement
14 February 2025	Analyst meeting

### Key assumptions

	2024E	2025E	2026E
FX rate (USD/THB)	35.3	33.0	33.0
Tuna price (USD/tonne)	1,437	1,600	1,600
Total sales growth (%)	14.0	11.0	8.5
Gross margin (%)	27.3	25.0	25.5

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 2.9%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2025 net profit to fall by 2.8%, and vice versa, all else being equal.

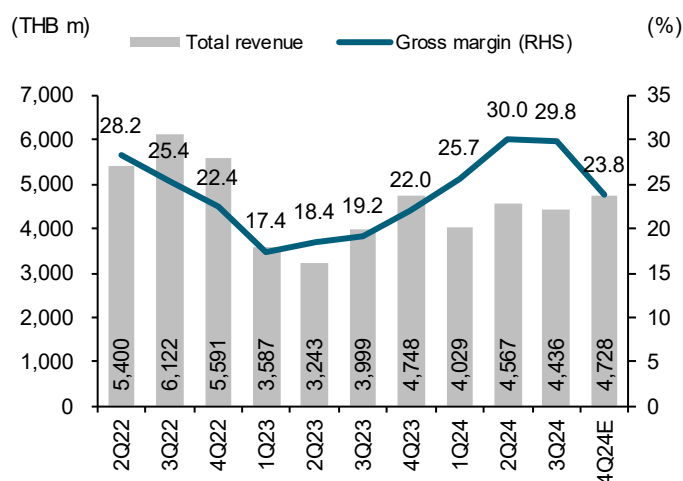
Source: FSSIA estimates

## Exhibit 1: ITC – 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	4,748	4,029	4,567	4,436	4,728	6.6	(0.4)	15,577	17,759	14.0
Cost of sales	3,702	2,994	3,199	3,115	3,603	15.6	(2.7)	12,539	12,911	3.0
Gross profit	1,046	1,034	1,368	1,320	1,125	(14.8)	7.5	3,038	4,848	59.6
SG&A	319	310	390	410	468	14.3	46.8	1,183	1,581	33.6
Operating profit	894	888	1,158	1,079	817	(24.2)	(8.6)	2,457	3,938	60.3
Other income	166	163	180	168	160	(4.6)	(3.9)	603	671	11.3
Interest expense	2	1	1	2	2	0.4	8.5	11	6	(42.1)
Tax expense	80	8	36	47	33	(31.0)	(59.2)	132	124	(5.8)
Other gain (loss)	(46)	(57)	(111)	(53)	25	(147.1)	(154.7)	(31)	(197)	nm
Reported net profit	767	821	1,010	976	808	(17.3)	5.3	2,281	3,611	58.3
Core profit	812	878	1,121	1,029	783	(24.0)	(3.7)	2,312	3,808	64.7
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	22.0	25.7	30.0	29.8	23.8	(6.0)	1.8	19.5	27.3	7.8
SG&A to sales	6.7	7.7	8.5	9.2	9.9	0.7	3.2	7.6	8.9	1.3
Operating margin	18.8	22.0	25.4	24.3	17.3	(7.0)	(1.5)	15.8	22.2	6.4
Net margin	16.2	20.4	22.1	22.0	17.1	(4.9)	0.9	14.6	20.3	5.7
Core margin	17.1	21.8	24.5	23.2	16.6	(6.7)	(0.6)	14.8	21.4	6.6
<b>Operating statistics</b>										
THB/USD	35.7	35.7	36.6	34.8	34.0	(2.3)	(4.7)	34.8	35.3	1.3
Tuna price (USD/tonne)	1,533	1,333	1,478	1,410	1,525	8.2	(0.5)	1,801	1,437	(20.2)
<b>Sales value (THB m)</b>										
Cat food	3,226	3,041	3,106	2,993	3,242	8.3	0.5	10,775	12,382	14.9
Dog food	849	511	798	857	756	(11.7)	(10.9)	2,405	2,922	21.5
Other pet	5	6	4	4	4	(9.1)	(11.1)	13	18	42.9
Other non-pet	126	73	111	83	50	(40.0)	(60.3)	519	318	(38.7)

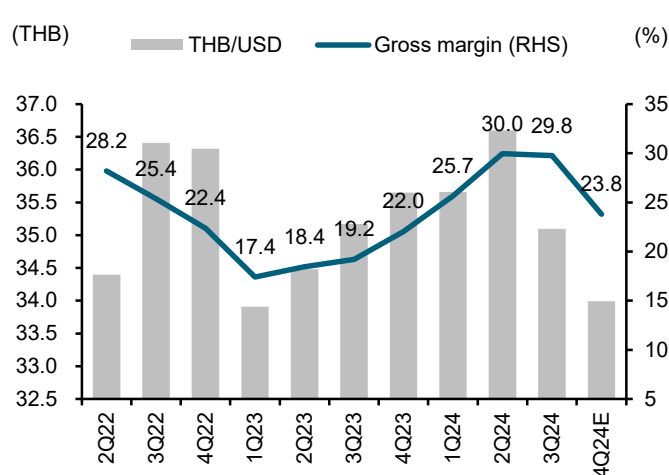
Sources: ITC, FSSIA estimates

## Exhibit 2: Quarterly total revenue and gross margin



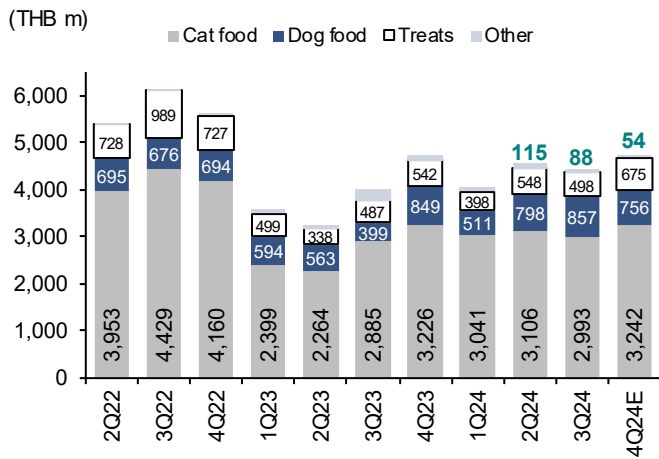
Sources: ITC; FSSIA estimates

## Exhibit 3: Quarterly THB/USD and gross margin



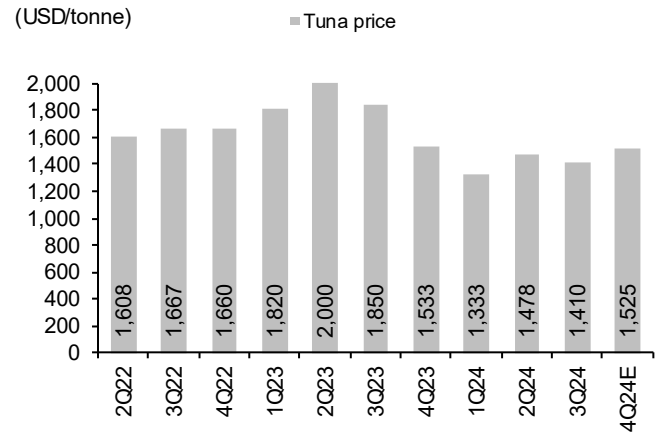
Sources: ITC; BOT, FSSIA estimates

Exhibit 4: Quarterly revenue by product segment



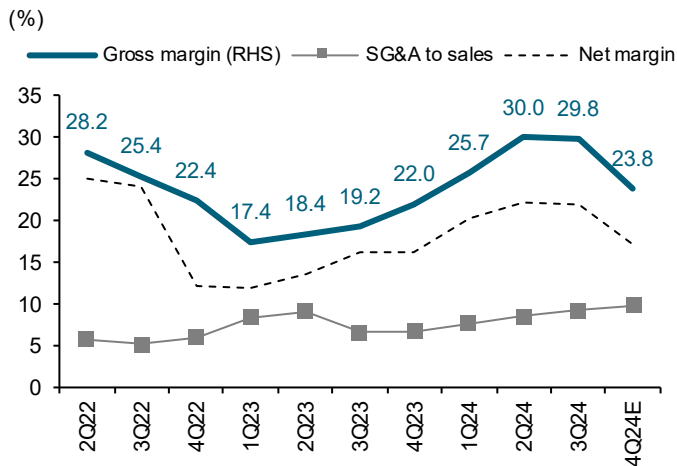
Sources: ITC, FSSIA estimates

Exhibit 5: Quarterly tuna price



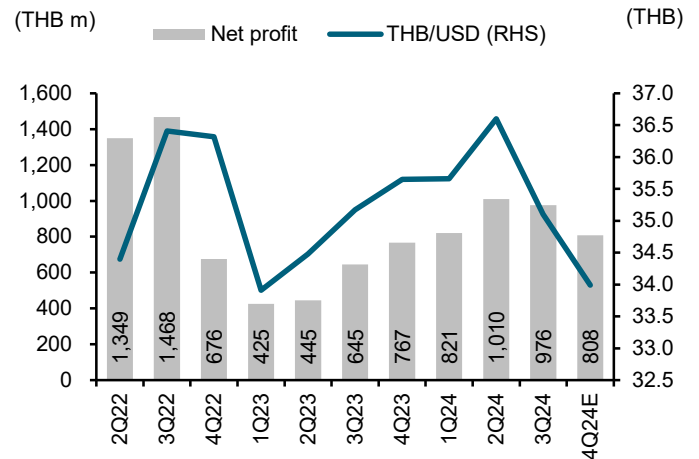
Sources: TU, FSSIA estimates

Exhibit 6: Quarterly profit margin



Sources: ITC, FSSIA estimates

Exhibit 7: Quarterly net profit and growth



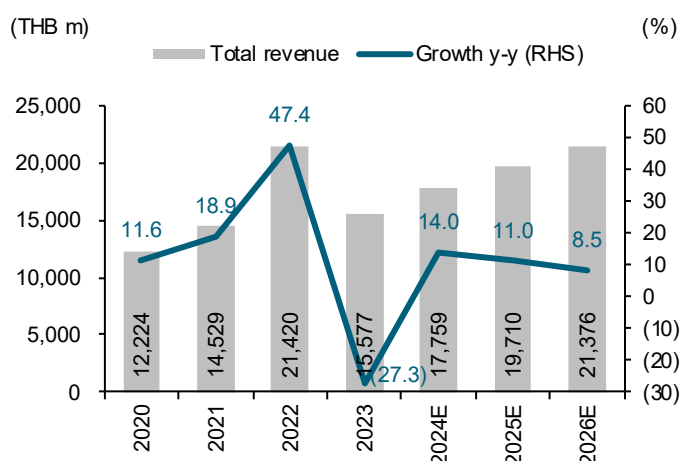
Sources: ITC, FSSIA estimates

## Exhibit 8: Changes in key assumptions for ITC

	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	17,759	19,710	21,376	18,395	20,327	22,048	(3.5)	(3.0)	(3.1)
Cost	12,911	14,783	15,925	13,208	15,144	16,382	(2.2)	(2.4)	(2.8)
Gross profit	4,848	4,928	5,451	5,187	5,183	5,666	(6.5)	(4.9)	(3.8)
SG&A expenses	1,581	1,636	1,774	1,508	1,585	1,720	4.8	3.2	3.2
Report net profit	3,611	3,391	3,751	3,941	4,180	4,578	(8.4)	(18.9)	(18.1)
Core profit	3,808	3,391	3,751	4,191	4,180	4,578	(9.1)	(18.9)	(18.1)
<b>Key ratios (%)</b>									
Total revenue growth	14.0	11.0	8.5	18.1	10.5	8.5	(4.1)	0.5	(0.0)
Net profit growth	58.3	(6.1)	10.6	72.7	6.1	9.5	(14.5)	(12.2)	1.1
Core profit growth	64.7	(11.0)	10.6	81.2	(0.3)	9.5	(16.6)	(10.7)	1.1
Gross margin	27.3	25.0	25.5	28.2	25.5	25.7	0.9	0.5	0.2
SG&A to sales	8.9	8.3	8.3	8.2	7.8	7.8	(0.7)	(0.5)	(0.5)
Net margin	20.3	17.2	17.5	21.4	20.6	20.8	1.1	3.4	3.2
Core margin	21.4	17.2	17.5	22.8	20.6	20.8	1.3	3.4	3.2
Effective tax rate	2.9	15.0	15.0	2.9	2.8	2.8	0.0	(12.2)	(12.2)
<b>Operating statistics</b>									
THB/USD	35.3	33.0	33.0	33.0	33.0	33.0	6.8	0.0	0.0
Tuna price (USD/tonne)	1,437	1,600	1,600	1,449	1,500	1,500	(0.9)	6.7	6.7
<b>Revenue breakdown (THB m)</b>									
Cat food	12,382	13,815	15,069	13,110	14,431	15,742	(5.6)	(4.3)	(4.3)
Dog food	2,922	2,973	3,168	2,655	2,973	3,168	10.1	0.0	0.0
Treats	2,119	2,536	2,752	2,206	2,536	2,752	(3.9)	0.0	0.0
Others	18	14	15	80	14	15	(77.5)	0.0	0.0
Other segment	318	372	372	345	372	372	(7.7)	0.0	0.0

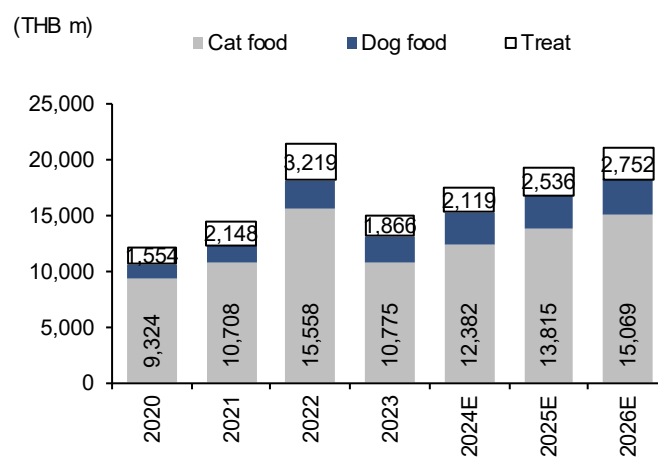
Sources: FSSIA estimates

## Exhibit 9: Yearly total revenue and growth

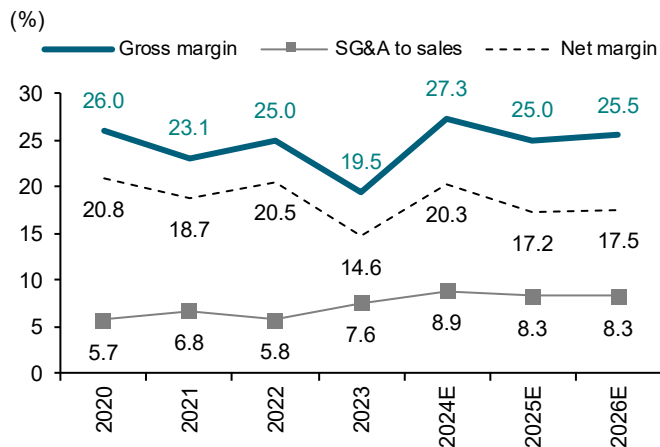


Sources: ITC; FSSIA estimates

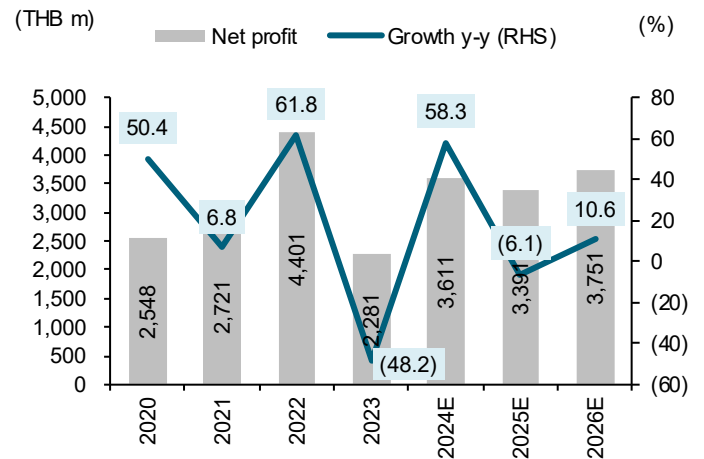
## Exhibit 10: Yearly revenue by type of product



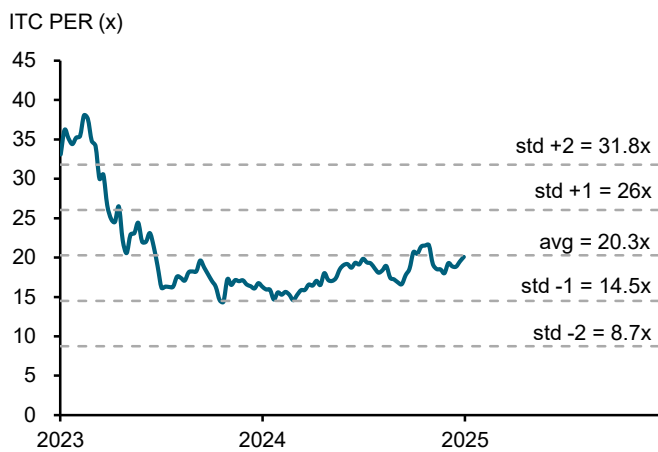
Sources: ITC; FSSIA estimates

**Exhibit 11: Yearly gross margin and net margin**

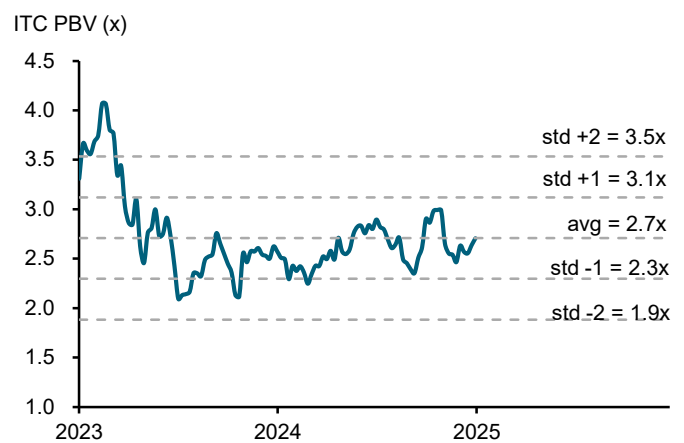
Sources: ITC; FSSIA estimates

**Exhibit 12: Yearly net profit and growth**

Sources: ITC; FSSIA estimates

**Exhibit 13: Historical P/E band**

Sources: Bloomberg, FSSIA estimates

**Exhibit 14: Historical P/BV band**

Sources: Bloomberg, FSSIA estimates

## Financial Statements

### i-Tail Corporation

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	21,420	15,577	17,759	19,710	21,376
Cost of goods sold	(16,071)	(12,539)	(12,911)	(14,783)	(15,925)
<b>Gross profit</b>	<b>5,349</b>	<b>3,038</b>	<b>4,848</b>	<b>4,928</b>	<b>5,451</b>
Other operating income	247	603	671	710	748
Operating costs	(1,239)	(1,183)	(1,581)	(1,636)	(1,774)
<b>Operating EBITDA</b>	<b>4,928</b>	<b>2,995</b>	<b>4,577</b>	<b>4,740</b>	<b>5,263</b>
Depreciation	(571)	(539)	(639)	(739)	(839)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>4,357</b>	<b>2,457</b>	<b>3,938</b>	<b>4,001</b>	<b>4,425</b>
Net financing costs	(83)	(11)	(6)	(7)	(8)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	175	(31)	(197)	0	0
<b>Profit before tax</b>	<b>4,450</b>	<b>2,415</b>	<b>3,735</b>	<b>3,994</b>	<b>4,417</b>
Tax	(48)	(132)	(124)	(599)	(663)
<b>Profit after tax</b>	<b>4,401</b>	<b>2,283</b>	<b>3,611</b>	<b>3,395</b>	<b>3,755</b>
Minority interests	0	(1)	0	(4)	(4)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>4,401</b>	<b>2,281</b>	<b>3,611</b>	<b>3,391</b>	<b>3,751</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(175)</b>	<b>31</b>	<b>197</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>4,226</b>	<b>2,312</b>	<b>3,808</b>	<b>3,391</b>	<b>3,751</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.46	0.77	1.27	1.13	1.25
Reported EPS	2.56	0.76	1.20	1.13	1.25
DPS	1.66	0.60	0.84	0.79	0.88
Diluted shares (used to calculate per share data)	1,720	3,000	3,000	3,000	3,000
<b>Growth</b>					
Revenue (%)	47.4	(27.3)	14.0	11.0	8.5
Operating EBITDA (%)	62.6	(39.2)	52.8	3.6	11.0
Operating EBIT (%)	74.6	(43.6)	60.3	1.6	10.6
Recurring EPS (%)	(63.7)	(68.6)	64.7	(11.0)	10.6
Reported EPS (%)	(66.1)	(70.3)	58.3	(6.1)	10.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	25.0	19.5	27.3	25.0	25.5
Gross margin exc. depreciation (%)	27.6	23.0	30.9	28.7	29.4
Operating EBITDA margin (%)	23.0	19.2	25.8	24.0	24.6
Operating EBIT margin (%)	20.3	15.8	22.2	20.3	20.7
Net margin (%)	19.7	14.8	21.4	17.2	17.5
Effective tax rate (%)	1.1	5.5	3.3	15.0	15.0
Dividend payout on recurring profit (%)	67.6	77.8	66.4	70.0	70.0
Interest cover (X)	52.8	223.0	617.3	551.9	590.0
Inventory days	93.6	117.0	100.8	98.6	101.8
Debtor days	48.8	86.4	79.7	76.0	76.9
Creditor days	46.3	58.9	46.3	44.4	45.8
Operating ROIC (%)	33.7	15.8	23.3	21.9	22.5
ROIC (%)	32.5	14.6	21.7	21.0	21.7
ROE (%)	26.5	9.6	16.1	13.8	14.6
ROA (%)	21.6	8.7	14.7	12.6	13.3

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Pet Food	18,119	13,180	15,304	16,787	18,237
Treats	3,219	1,866	2,119	2,536	2,752
Other	82	13	18	14	15
Other segment		519	318	372	372

Sources: i-Tail Corporation; FSSIA estimates

## Financial Statements

### i-Tail Corporation

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	4,226	2,312	3,808	3,391	3,751
Depreciation	571	539	639	739	839
Associates & minorities	16	(15)	1	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(2,972)	(578)	(575)	(963)	(754)
<b>Cash flow from operations</b>	<b>1,841</b>	<b>2,258</b>	<b>3,873</b>	<b>3,166</b>	<b>3,836</b>
Capex - maintenance	(817)	(1,532)	(1,053)	(1,000)	(1,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(222)	(838)	798	(59)	(50)
<b>Cash flow from investing</b>	<b>(1,039)</b>	<b>(2,370)</b>	<b>(255)</b>	<b>(1,059)</b>	<b>(1,050)</b>
Dividends paid	(7,471)	(3,791)	(2,528)	(2,374)	(2,625)
Equity finance	20,795	0	0	0	0
Debt finance	(1,559)	4	(211)	(5)	(19)
Other financing cash flows	(16)	(50)	(214)	39	33
<b>Cash flow from financing</b>	<b>11,749</b>	<b>(3,837)</b>	<b>(2,952)</b>	<b>(2,340)</b>	<b>(2,612)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>12,551</b>	<b>(3,949)</b>	<b>665</b>	<b>(232)</b>	<b>174</b>
Free cash flow to firm (FCFF)	884.37	(101.04)	3,623.93	2,114.98	2,793.32
Free cash flow to equity (FCFE)	(773.10)	(157.69)	3,193.18	2,141.75	2,799.64
<b>Per share (THB)</b>					
FCFF per share	0.29	(0.03)	1.21	0.70	0.93
FCFE per share	(0.26)	(0.05)	1.06	0.71	0.93
Recurring cash flow per share	2.80	0.95	1.48	1.38	1.53
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	7,968	8,905	9,449	9,853	10,162
Less: Accumulated depreciation	(3,075)	(3,423)	(3,560)	(3,703)	(3,851)
<b>Tangible fixed assets (net)</b>	<b>4,893</b>	<b>5,482</b>	<b>5,889</b>	<b>6,150</b>	<b>6,312</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	42	923	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	13,254	9,305	9,970	9,739	9,913
A/C receivable	3,517	3,860	3,892	4,320	4,685
Inventories	4,454	3,243	3,537	4,050	4,363
Other current assets	1,526	2,165	2,486	2,759	2,993
<b>Current assets</b>	<b>22,750</b>	<b>18,573</b>	<b>19,886</b>	<b>20,868</b>	<b>21,953</b>
Other assets	493	452	533	591	641
<b>Total assets</b>	<b>28,178</b>	<b>25,431</b>	<b>26,308</b>	<b>27,610</b>	<b>28,906</b>
Common equity	25,029	23,118	24,149	25,166	26,291
Minorities etc.	16	1	2	2	2
<b>Total shareholders' equity</b>	<b>25,045</b>	<b>23,119</b>	<b>24,150</b>	<b>25,168</b>	<b>26,293</b>
Long term debt	29	33	28	23	4
Other long-term liabilities	588	569	355	394	428
<b>Long-term liabilities</b>	<b>617</b>	<b>602</b>	<b>383</b>	<b>417</b>	<b>431</b>
A/C payable	2,353	1,520	1,592	1,823	1,963
Short term debt	14	14	5	5	5
Other current liabilities	150	177	178	197	214
<b>Current liabilities</b>	<b>2,517</b>	<b>1,710</b>	<b>1,774</b>	<b>2,025</b>	<b>2,182</b>
<b>Total liabilities and shareholders' equity</b>	<b>28,178</b>	<b>25,431</b>	<b>26,308</b>	<b>27,610</b>	<b>28,906</b>
Net working capital	6,994	7,572	8,146	9,110	9,864
Invested capital	12,422	14,429	14,568	15,851	16,816
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	8.34	7.71	8.05	8.39	8.76
Tangible book value per share	8.34	7.71	8.05	8.39	8.76
<b>Financial strength</b>					
Net debt/equity (%)	(52.8)	(40.0)	(41.1)	(38.6)	(37.7)
Net debt/total assets (%)	(46.9)	(36.4)	(37.8)	(35.2)	(34.3)
Current ratio (x)	9.0	10.9	11.2	10.3	10.1
CF interest cover (x)	(8.4)	(13.3)	501.5	296.4	374.3
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>8.2</b>	<b>26.1</b>	<b>15.8</b>	<b>17.8</b>	<b>16.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>9.4</b>	<b>29.8</b>	<b>18.1</b>	<b>20.3</b>	<b>18.4</b>
Reported P/E (x)	7.9	26.4	16.7	17.8	16.1
Dividend yield (%)	8.3	3.0	4.2	3.9	4.4
Price/book (x)	2.4	2.6	2.5	2.4	2.3
Price/tangible book (x)	2.4	2.6	2.5	2.4	2.3
EV/EBITDA (x) **	9.6	17.0	11.0	10.7	9.6
EV/EBITDA @ target price (x) **	11.3	19.9	12.9	12.5	11.2
EV/invested capital (x)	3.8	3.5	3.5	3.2	3.0
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: i-Tail Corporation; FSSIA estimates



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
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 <b>SETESG inclusion</b> , 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. <b>SETESG Index</b> 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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

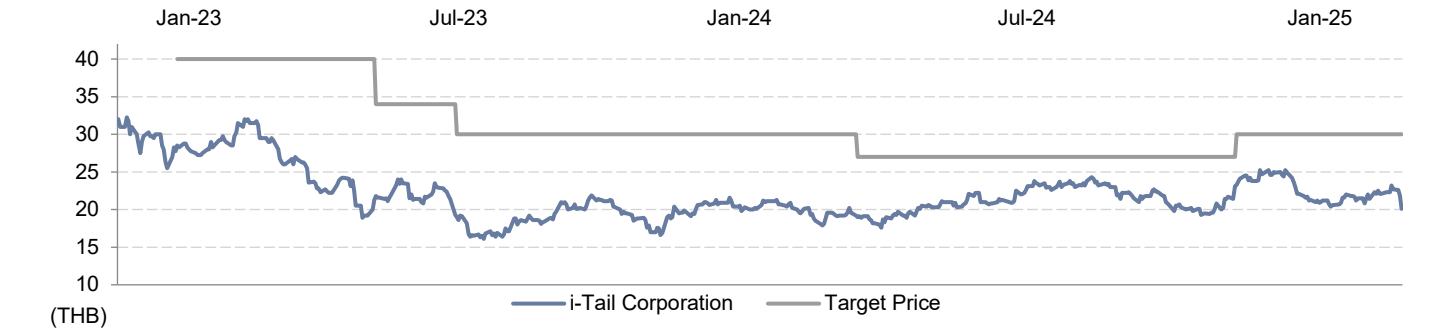
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

i-Tail Corporation (ITC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Jan-2023	BUY	40.00	26-Jun-2023	BUY	30.00	01-Oct-2024	BUY	30.00
09-May-2023	BUY	34.00	19-Feb-2024	BUY	27.00			

Sureeporn Teewasuwet started covering this stock from 11-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
i-Tail Corporation	ITC TB	THB 20.10	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected recovery in purchasing power, 2) more fluctuating raw material prices than expected, 3) a stronger or weaker-than-expected THB, and 4) labour shortages.

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 08-Jan-2025 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.