

SAPPE SAPPE TB

THAILAND / FOOD & BEVERAGE

BUY
 UNCHANGED

กำไรอาจฟื้นตัวใน 1Q25

- คาดกำไร 4Q24 จะต่ำกว่าที่เคยคาด 11%
- เราคาดว่าคำสั่งซื้อจะฟื้นตัวในช่วง 1Q25-2Q25 จากปัจจัยด้านฤดูกาล
- คงคำแนะนำซื้อหลังลดราคาเป้าหมายลงเหลือ 83 บาท

คาดการณ์รายได้ 4Q24 จะฟื้นตัวน้อยกว่าที่เคยคาด

เราคาดว่ากำไรสุทธิ 4Q24 อยู่ที่ 253 ลบ. (-10% q-q, +51% y-y) ต่ำกว่าที่เคยคาดประมาณ 11% โดยน่าจะโต y-y จากฐานที่ต่ำในปีที่แล้วและน่าจะลดลง q-q จากรายได้จากสหภาพยุโรปที่ฟื้นตัวช้ากว่าคาด ทั้งนี้เราคาดว่าผู้จัดจำหน่ายในยุโรปจะล้างสินค้าคงคลังอย่างต่อเนื่อง อย่างไรก็ตามเราคาดว่าจะเห็นการฟื้นตัวในตลาดอินโดนีเซีย (หลังปัญหาผู้จัดจำหน่ายคลี่คลาย) และตะวันออกกลาง (จากการเปิดท่าเรือและการขนส่งสินค้าก่อนเทศกาลรอมฎอน)

SAPPE คงเป้าการเติบโตของรายได้ในปี 2025

ผู้บริหารคงเป้าการเติบโตของรายได้ปี 2025 ไว้ที่ 15-20% y-y โดยคาดการณ์เติบโตในตลาดต่างประเทศไว้ที่กว่า 20% และในประเทศที่ 10-15% เราคาดว่าคำสั่งซื้อน่าจะฟื้นตัวใน 1Q25 หลังฤดูกาลส่งออกเริ่มต้นขึ้นโดยเฉพาะในอินโดนีเซีย ฟิลิปปินส์และตะวันออกกลางซึ่งกำลังเข้าสู่เทศกาลรอมฎอนในเดือน มี.ค. 2025 ตลาดสหรัฐ ยังติดติดเนื่องหลังกระจายสินค้าผ่านร้านค้าปลีกขนาดใหญ่ อาทิเช่น Costco และ Walmart อย่างไรก็ตามเรายังต้องจับตาการฟื้นตัวในยุโรปซึ่งบริษัท กำลังเจรจาเพื่อขายสินค้าที่ Tesco ในช่วง 1H25 รวมถึงเกาหลีใต้ซึ่งกำลังได้รับผลกระทบจากสภาวะอากาศหนาวและอำนาจในการซื้อที่อ่อนแอ

ขยายกำลังการผลิตและเตรียมเปิดตัวสินค้าใหม่

SAPPE วางแผนเปิดตัวสินค้าใหม่ในตลาดโลกในปี 2025 โดยใช้แบรนด์ Mogu Mogu ในปัจจุบันและจะขยายกำลังการผลิตของโรงงานใหม่อย่างต่อเนื่องโดยคาดว่าจะเริ่มดำเนินงานได้ในช่วง 2Q-3Q25 และจะได้ประโยชน์ทางภาษีจาก BOI ซึ่งจะช่วยชดเชยค่าเสื่อมได้บางส่วน ในขณะเดียวกัน SAPPE ได้ลดราคาน้ำตาลสำหรับปี 2025 ไว้ในราคาที่ลดลง 5-6% y-y และลดราคา PET resin ไว้ในระดับเดียวกันกับในช่วง 2H24 อย่างไรก็ตามรายได้รวมในปี 2024 อาจโตเพียง 12.6% y-y ต่ำกว่าเป้าของบริษัทฯ ที่ 15-20% จากคำสั่งซื้อที่น้อยกว่าคาดใน 4Q24 ดังนั้นเราจึงลดประมาณการกำไรสุทธิปี 2024-25 ของเราลง 2-5% เป็นโต 21% y-y และ 9.5% y-y ตามลำดับ

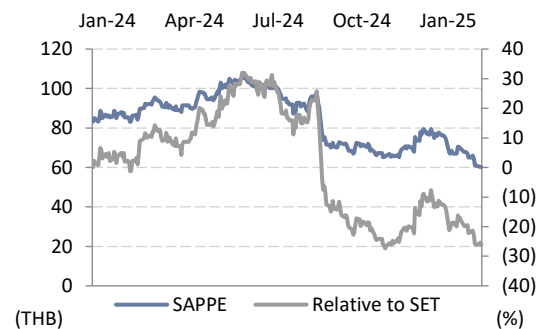
คงคำแนะนำซื้อที่ราคาเป้าหมาย 83 บาท

เราปรับลดราคาเป้าหมายของเราเหลือ 83 บาทโดยลดค่า P/E เป้าหมายเหลือ 18x (จาก 20x) ทั้งนี้ราคาหุ้นได้ลดลง 19% ในช่วงเดือนที่ผ่านมาซึ่งเราเชื่อว่าได้สะท้อนกำไรที่คาดว่าจะฟื้นตัวช้าใน 4Q24 ปัจจุบันหุ้นมีการซื้อขายที่ 2025E P/E ที่เพียง 13x และเราคาดว่าหุ้นจะให้ผลตอบแทนในรูปเงินปันผลที่ 5% สำหรับผลประกอบการในปี 2024 เราคงคำแนะนำซื้อ

TARGET PRICE	THB83.00
CLOSE	THB60.25
UP/DOWNSIDE	+37.8%
PRIOR TP	THB97.00
CHANGE IN TP	-14.4%
TP vs CONSENSUS	-7.8%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	6,053	6,817	7,544	8,215
Net profit	1,074	1,301	1,424	1,604
EPS (THB)	3.48	4.22	4.62	5.20
vs Consensus (%)	-	0.9	(2.0)	(2.8)
EBITDA	1,536	1,826	1,975	2,186
Recurring net profit	1,085	1,285	1,424	1,604
Core EPS (THB)	3.52	4.17	4.62	5.20
Chg. In EPS est. (%)	-	(3.3)	(4.6)	(2.0)
EPS growth (%)	63.1	18.5	10.8	12.7
Core P/E (x)	17.1	14.5	13.0	11.6
Dividend yield (%)	3.6	5.3	5.7	6.5
EV/EBITDA (x)	10.5	9.0	8.5	7.6
Price/book (x)	4.9	4.5	4.1	3.8
Net debt/Equity (%)	(63.2)	(51.8)	(42.7)	(41.2)
ROE (%)	30.7	32.3	33.0	34.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(18.6)	(7.7)	(28.9)
Relative to country (%)	(13.9)	0.0	(26.1)
Mkt cap (USD m)	535		
3m avg. daily turnover (USD m)	2.2		
Free float (%)	25		
Major shareholder	Ruckariyapong Family (65%)		
12m high/low (THB)	107.50/59.75		
Issued shares (m)	308.29		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

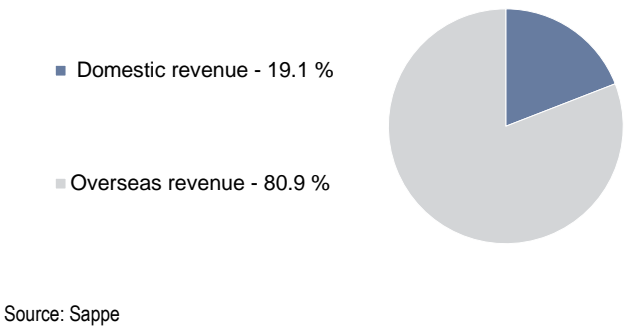
SAPPE is a leader in the Thai functional drink market. It has been exporting to overseas markets over the past ten years with product champions like Mogu Mogu and Aloe Vera. Those products received such favorable responses that it resulted in continued increases in the export sales mix. According to the latest data in 2023, exports stood at 81% of total revenue, with solid growth in all key markets, such as Asia (Indonesia, the Philippines, and South Korea), Europe (France and the UK), the US, and the Middle East. For 2025-26, management has set a continued revenue growth target of 20-25% p.a. with a long-term revenue target of THB10b by 2026.

Company profile

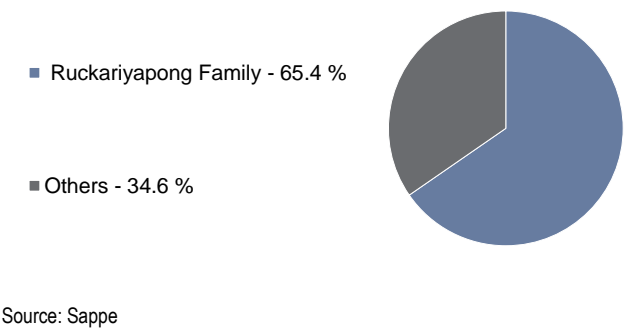
SAPPE manufactures and distributes healthy food and beverages, with Mogu Mogu, fruit juice with nata de coco, as its first beverage in 2001. Later, it expanded product lines and brands, including Beauti Drink, Aloe Vera, and Preaw Coffee. In 2016, SAPPE invested in All Coco coconut juice. In 2019, it partnered with Danone to set up Danone Sappe Beverage to introduce beverages under the B'LUE brand.

www.sappe.com

Principal activities (revenue, 2023)



Major shareholders



Catalysts

Potential catalysts for SAPPE’s earnings growth in 2025 include 1) overseas market growth, especially new or low-base markets, such as France, the UK, the US, India, and the Middle East; 2) successful new products; 3) lower plastic pellet costs; and 4) capacity expansion.

Risks to our call

Downside risks to our P/E-based TP include 1) lower purchasing power; 2) higher raw material and packaging costs; 3) baht strength; and 4) increased competition and product infringement.

Event calendar

Date	Event
25 February 2025	4Q24 results announcement
7 March 2025	Analyst meeting

Key assumptions

	2024E	2025E	2026E
Domestic revenue (THB m)	1,302	1,415	1,501
Overseas revenue (THB m)	5,514	6,129	6,714
Total revenue (THB m)	6,817	7,544	8,215
Total revenue growth (%)	12.6	10.7	8.9
Gross margin (%)	45.9	45.5	45.8
SG&A to sales (%)	26.3	26.0	26.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 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: Changes in key assumptions for SAPPE

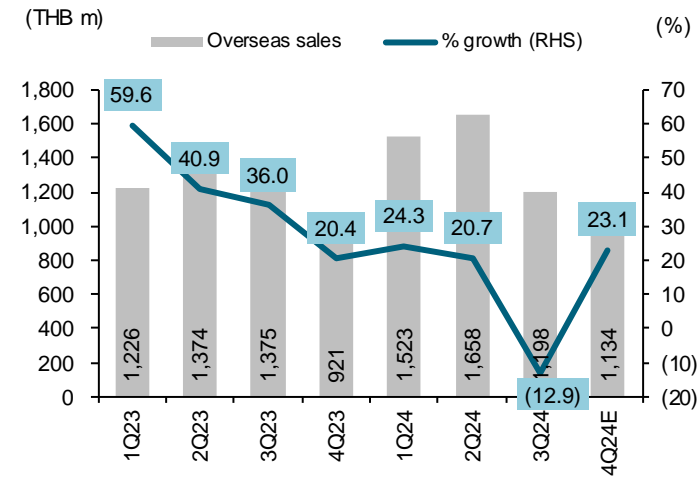
	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total sales value (THB m)	6,817	7,544	8,215	6,936	7,665	8,347	(1.7)	(1.6)	(1.6)
Costs	3,688	4,111	4,452	3,753	4,139	4,507	(1.7)	(0.7)	(1.2)
Gross profit	3,129	3,432	3,762	3,184	3,526	3,840	(1.7)	(2.6)	(2.0)
SG&A expense	1,793	1,961	2,136	1,779	1,932	2,087	0.8	1.5	2.4
Interest expense	2	3	3	2	3	3	0.0	0.0	0.0
Reported net profit	1,301	1,424	1,604	1,329	1,492	1,638	(2.1)	(4.6)	(2.0)
Core profit	1,285	1,424	1,604	1,329	1,492	1,638	(3.3)	(4.6)	(2.0)
Key ratios (%)									
Total revenue growth	12.6	10.7	8.9	14.6	10.5	8.9	(2.0)	0.2	(0.0)
Net profit growth	21.1	9.5	12.7	23.7	12.2	9.8	(2.7)	(2.8)	2.9
Core profit growth	18.5	10.8	12.7	22.6	12.2	9.8	(4.1)	(1.4)	2.9
Gross margin	45.9	45.5	45.8	45.9	46.0	46.0	0.0	(0.5)	(0.2)
SG&A to sales	26.3	26.0	26.0	25.7	25.2	25.0	0.6	0.8	1.0
Net margin	19.1	18.9	19.5	19.2	19.5	19.6	(0.1)	(0.6)	(0.1)
Core margin	18.8	18.9	19.5	19.2	19.5	19.6	(0.3)	(0.6)	(0.1)
Operating statistics (no.)									
Domestic revenue	1,302	1,415	1,501	1,307	1,415	1,501	(0.4)	0.0	0.0
Overseas revenue	5,514	6,129	6,714	5,629	6,250	6,846	(2.0)	(1.9)	(1.9)
Domestic revenue growth	12.6	8.6	6.1	13.1	8.2	6.1	(0.4)	0.4	0.0
Overseas revenue growth	12.6	11.1	9.5	15.0	11.0	9.5	(2.4)	0.1	0.0
Domestic revenue proportion	19.1	18.8	18.3	18.8	18.5	18.0	0.3	0.3	0.3
Overseas revenue proportion	80.9	81.2	81.7	81.2	81.5	82.0	(0.3)	0.0	(0.3)

Source: FSSIA estimates

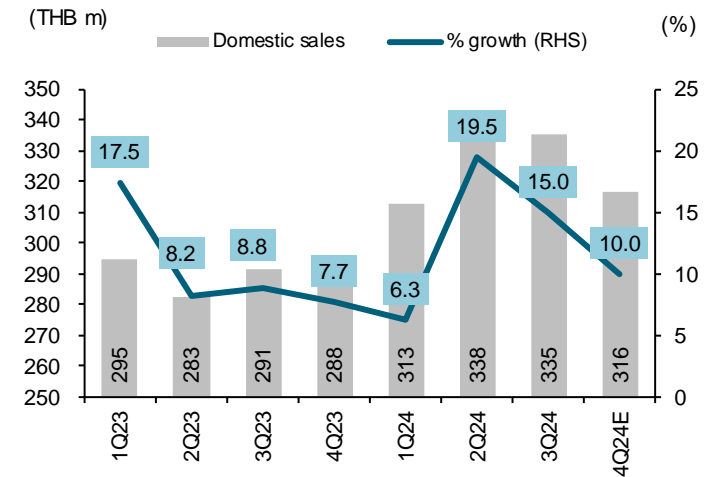
Exhibit 2: SAPPE – 4Q24 earnings preview

	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24 (THB m)	4Q24E (THB m)	Change		2023 (THB m)	2024E (THB m)	Change
							(q-q%)	(y-y%)			(y-y%)
Sales	1,667	1,209	1,836	1,996	1,533	1,450	(5.4)	20.0	6,053	6,817	12.6
Cost of sales	897	661	991	1,056	843	798	(5.4)	20.8	3,341	3,688	10.4
Gross profit	770	548	845	940	690	653	(5.4)	19.1	2,711	3,129	15.4
SG&A	389	403	459	499	417	421	0.9	4.4	1,499	1,793	19.6
Operating profit	412	189	455	505	338	297	(12.1)	57.5	1,358	1,598	17.7
Other income	32	43	68	64	65	65	0.0	50.4	146	262	79.8
Interest expense	0.60	0.61	0.57	0.53	0.53	0.54	1.9	(10.7)	3	2	(15.4)
Tax expense	83	43	90	104	67	47	(29.7)	9.5	275	309	12.3
Profit (loss) sharing	(9)	1	2	(1)	(1)	(1)	nm	nm	(20)	1	nm
Reported net profit	319	168	352	411	281	253	(9.9)	50.6	1,074	1,301	21.1
Core profit	325	151	365	399	269	248	(7.8)	64.6	1,085	1,285	18.5
Key ratios (%)							(ppt)	(ppt)			
Gross margin	46.2	45.3	46.0	47.1	45.0	45.0	0.0	(0.3)	44.8	45.9	1.1
SG&A to sales	23.4	33.3	25.0	25.0	27.2	29.0	1.8	(4.3)	24.8	26.3	1.5
Operating margin	24.7	15.6	24.8	25.3	22.0	20.5	(1.6)	4.9	22.4	23.4	1.0
Net margin	19.1	13.9	19.2	20.6	18.3	17.4	(0.9)	3.5	17.7	19.1	1.3
Core margin	19.5	12.5	19.9	20.0	17.5	17.1	(0.4)	4.6	17.9	18.8	0.9
Operating statistics (THB m)											
Domestic revenue	291	288	312	338	335	316	(5.6)	10.0	1,156	1,302	12.6
Overseas revenue	1,375	921	1,524	1,658	1,198	1,134	(5.4)	23.1	4,896	5,514	12.6
Asia	601	489	728	669	511	523	2.4	7.0	2,398	2,431	1.4
Europe	500	246	367	508	440	278	(36.8)	13.2	1,414	1,592	12.6
America	77	89	90	127	92	103	11.6	15.0	325	412	26.9
Middle East and others	198	98	338	355	156	231	47.8	135.8	759	1,079	42.1

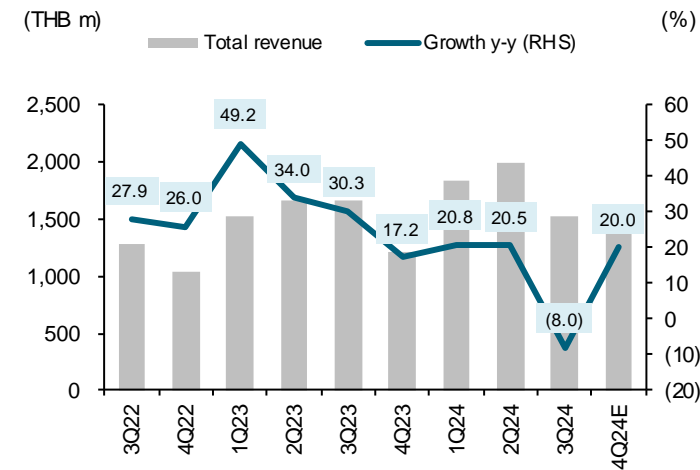
Sources: SAPPE, FSSIA estimates

Exhibit 3: Quarterly overseas revenue and growth


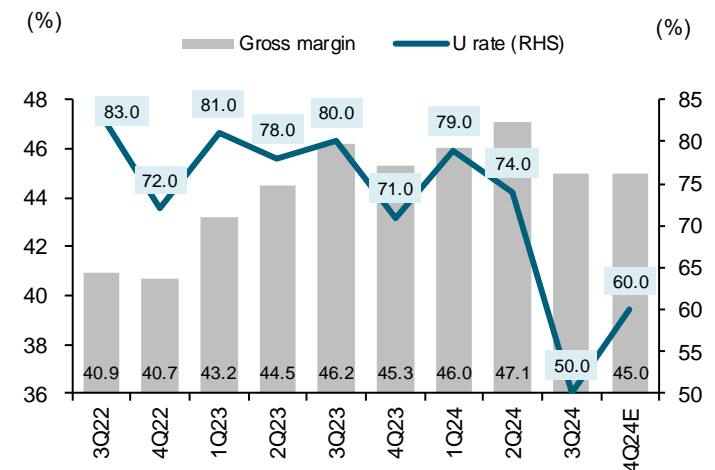
Sources: SAPPE, FSSIA estimates

Exhibit 4: Quarterly domestic revenue and growth


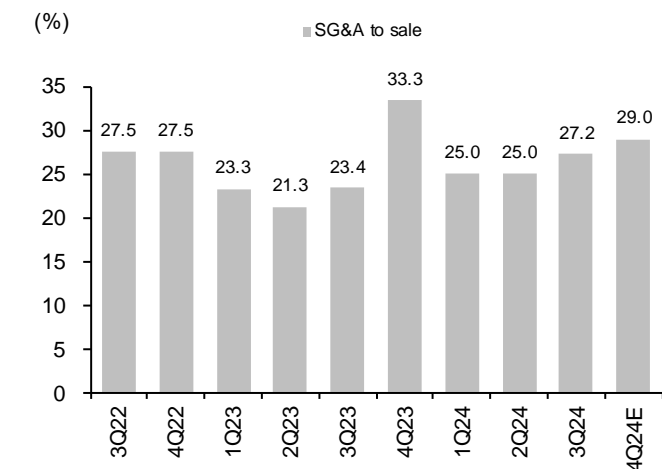
Sources: SAPPE, FSSIA estimates

Exhibit 5: Quarterly total revenue and growth


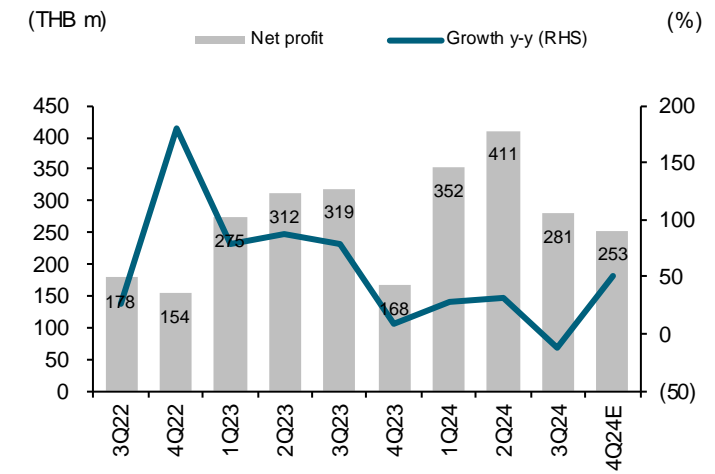
Sources: SAPPE, FSSIA estimates

Exhibit 6: Quarterly gross margin and utilization rate


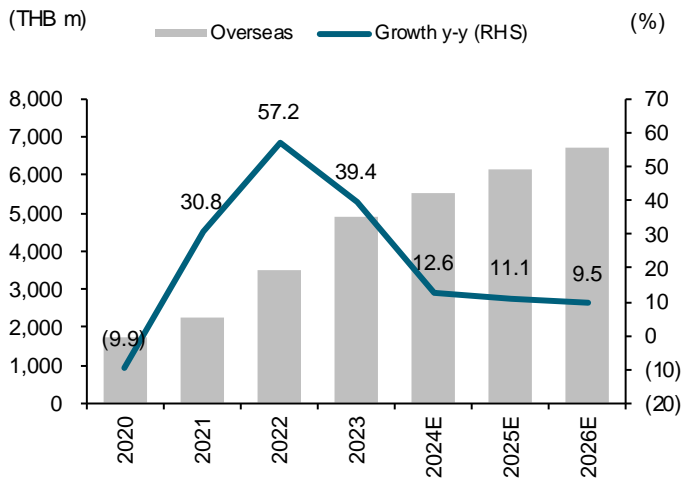
Sources: SAPPE, FSSIA estimates

Exhibit 7: Quarterly SG&A to sales


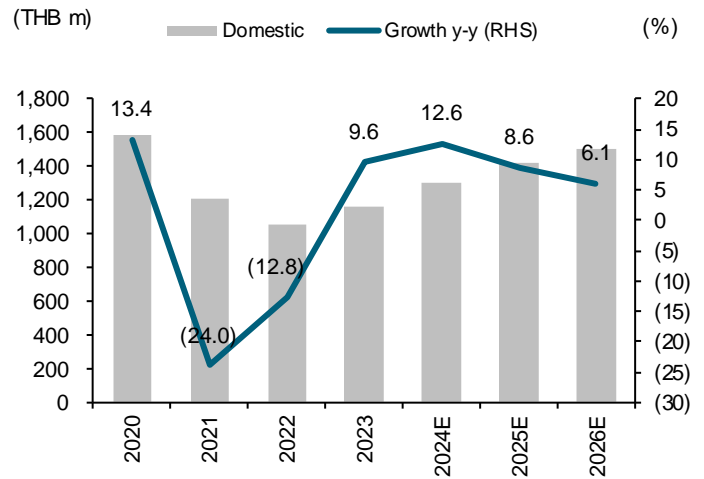
Sources: SAPPE, FSSIA estimates

Exhibit 8: Quarterly net profit and growth


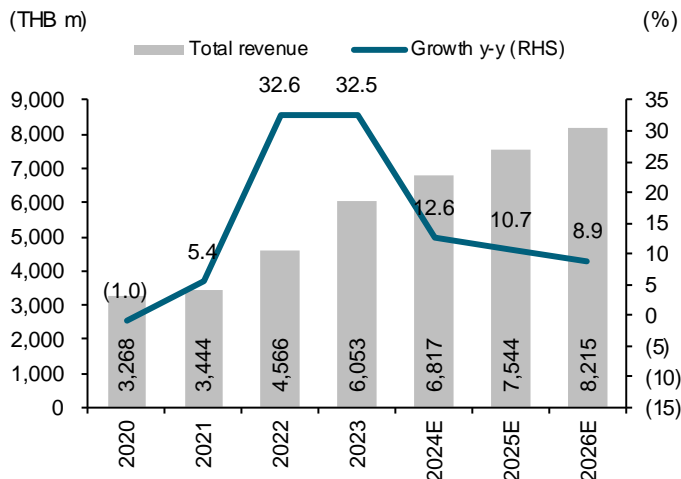
Sources: SAPPE, FSSIA estimates

Exhibit 9: Yearly overseas revenue and growth


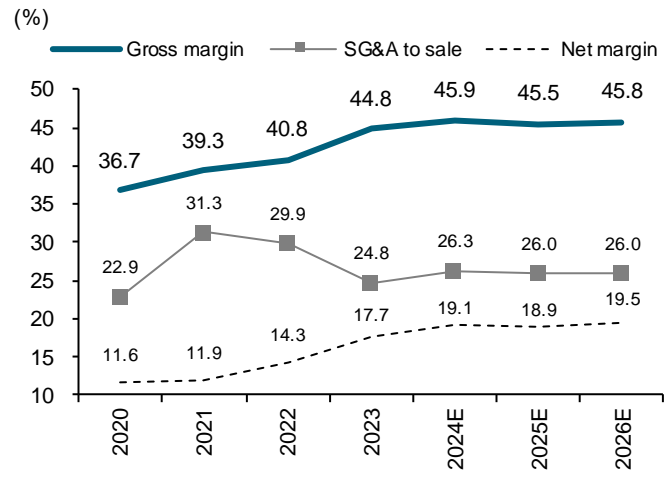
Sources: SAPPE, FSSIA estimates

Exhibit 10: Yearly domestic revenue and growth


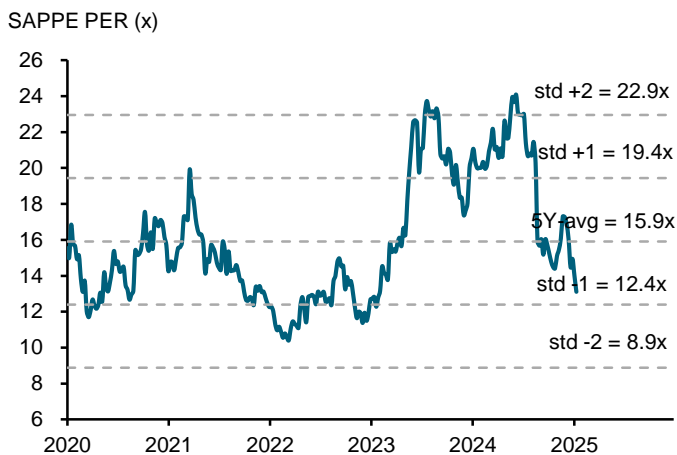
Sources: SAPPE, FSSIA estimates

Exhibit 11: Yearly total revenue and growth


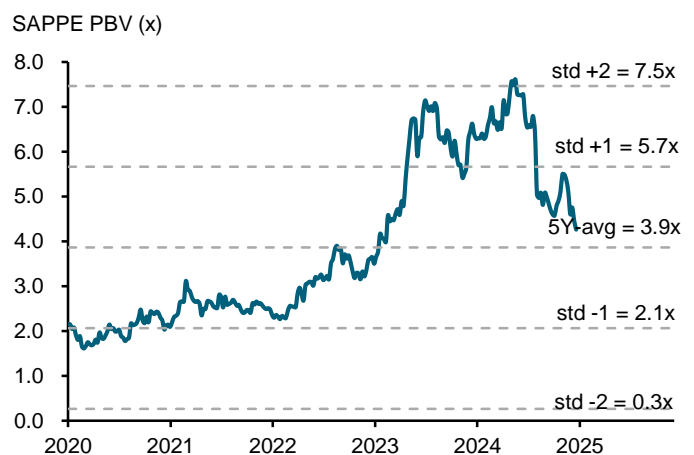
Sources: SAPPE, FSSIA estimates

Exhibit 12: Yearly gross margin and SG&A to sales


Sources: SAPPE, FSSIA estimates

Exhibit 13: Historical P/E band


Sources: Bloomberg; FSSIA estimates

Exhibit 14: Historical P/BV band


Sources: Bloomberg; FSSIA estimates

Financial Statements

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Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	4,566	6,053	6,817	7,544	8,215
Cost of goods sold	(2,703)	(3,341)	(3,688)	(4,111)	(4,452)
Gross profit	1,863	2,711	3,129	3,432	3,762
Other operating income	333	146	262	226	246
Operating costs	(1,366)	(1,499)	(1,793)	(1,961)	(2,136)
Operating EBITDA	1,018	1,536	1,826	1,975	2,186
Depreciation	(187)	(178)	(228)	(278)	(313)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	830	1,358	1,598	1,697	1,873
Net financing costs	(2)	(3)	(2)	(3)	(3)
Associates	0	(20)	1	5	5
Recurring non-operating income	0	(20)	1	5	5
Non-recurring items	(12)	(10)	16	0	0
Profit before tax	816	1,325	1,612	1,699	1,875
Tax	(162)	(275)	(309)	(272)	(263)
Profit after tax	654	1,051	1,304	1,427	1,613
Minority interests	(1)	24	(3)	(4)	(8)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	653	1,074	1,301	1,424	1,604
Non-recurring items & goodwill (net)	12	10	(16)	0	0
Recurring net profit	666	1,085	1,285	1,424	1,604
Per share (THB)					
Recurring EPS *	2.16	3.52	4.17	4.62	5.20
Reported EPS	2.12	3.48	4.22	4.62	5.20
DPS	1.65	2.18	3.16	3.46	3.90
Diluted shares (used to calculate per share data)	308	308	308	308	308
Growth					
Revenue (%)	32.6	32.5	12.6	10.7	8.9
Operating EBITDA (%)	36.9	51.0	18.9	8.2	10.7
Operating EBIT (%)	52.2	63.6	17.7	6.2	10.3
Recurring EPS (%)	59.5	63.1	18.5	10.8	12.7
Reported EPS (%)	57.8	64.5	21.1	9.5	12.7
Operating performance					
Gross margin inc. depreciation (%)	40.8	44.8	45.9	45.5	45.8
Gross margin exc. depreciation (%)	44.9	47.7	49.2	49.2	49.6
Operating EBITDA margin (%)	22.3	25.4	26.8	26.2	26.6
Operating EBIT margin (%)	18.2	22.4	23.4	22.5	22.8
Net margin (%)	14.6	17.9	18.8	18.9	19.5
Effective tax rate (%)	19.8	20.7	19.1	16.0	14.0
Dividend payout on recurring profit (%)	76.5	62.0	75.9	75.0	75.0
Interest cover (X)	363.6	524.4	740.2	625.7	666.9
Inventory days	53.3	50.9	47.1	45.8	46.5
Debtor days	26.6	19.7	23.8	28.6	28.8
Creditor days	29.8	28.9	32.9	35.6	36.2
Operating ROIC (%)	63.7	96.7	85.6	65.7	59.5
ROIC (%)	48.3	73.7	70.6	56.6	52.4
ROE (%)	21.6	30.7	32.3	33.0	34.2
ROA (%)	15.9	20.8	21.6	21.8	22.6

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Domestic revenue	1,055	1,156	1,302	1,415	1,501
Overseas revenue	3,511	4,896	5,514	6,129	6,714

Sources: Sappe; FSSIA estimates

Financial Statements

Sappe

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	666	1,085	1,285	1,424	1,604
Depreciation	187	178	228	278	313
Associates & minorities	0	20	(1)	(5)	(5)
Other non-cash items	1	(24)	71	13	14
Change in working capital	191	581	(11)	85	80
Cash flow from operations	1,045	1,840	1,572	1,795	2,006
Capex - maintenance	-	-	-	-	-
Capex - new investment	(376)	(935)	(776)	(955)	(700)
Net acquisitions & disposals	6	4	0	0	0
Other investments (net)	(41)	(1)	(25)	(7)	(7)
Cash flow from investing	(411)	(931)	(801)	(962)	(707)
Dividends paid	(348)	(521)	(975)	(1,068)	(1,203)
Equity finance	63	0	0	0	0
Debt finance	0	(2)	28	3	3
Other financing cash flows	25	18	(54)	4	3
Cash flow from financing	(259)	(506)	(1,001)	(1,061)	(1,197)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	375	403	(231)	(229)	103
Free cash flow to firm (FCFF)	636.44	911.11	772.88	835.02	1,302.57
Free cash flow to equity (FCFE)	659.23	924.28	744.87	838.93	1,306.11
Per share (THB)					
FCFF per share	2.06	2.96	2.51	2.71	4.23
FCFE per share	2.14	3.00	2.42	2.72	4.24
Recurring cash flow per share	2.77	4.08	5.13	5.55	6.25
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	2,530	3,121	4,121	5,121	5,821
Less: Accumulated depreciation	(1,398)	(1,403)	(1,631)	(1,909)	(2,222)
Tangible fixed assets (net)	1,132	1,718	2,490	3,212	3,599
Intangible fixed assets (net)	128	124	124	124	124
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	186	140	140	145	150
Cash & equivalents	2,129	2,532	2,301	2,072	2,175
A/C receivable	459	642	645	660	715
Inventories	444	438	455	507	549
Other current assets	47	45	34	38	41
Current assets	3,079	3,656	3,435	3,277	3,480
Other assets	36	43	68	75	82
Total assets	4,561	5,680	6,257	6,833	7,435
Common equity	3,258	3,818	4,139	4,495	4,896
Minorities etc.	102	78	149	162	176
Total shareholders' equity	3,360	3,896	4,288	4,656	5,072
Long term debt	61	49	48	51	54
Other long-term liabilities	70	88	34	38	41
Long-term liabilities	130	137	82	89	95
A/C payable	230	271	354	394	427
Short term debt	21	21	34	34	34
Other current liabilities	820	1,356	1,500	1,660	1,807
Current liabilities	1,071	1,647	1,887	2,088	2,268
Total liabilities and shareholders' equity	4,561	5,680	6,257	6,833	7,435
Net working capital	(99)	(502)	(719)	(849)	(929)
Invested capital	1,383	1,522	2,103	2,707	3,026
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	10.56	12.38	13.42	14.58	15.88
Tangible book value per share	10.15	11.98	13.02	14.18	15.48
Financial strength					
Net debt/equity (%)	(60.9)	(63.2)	(51.8)	(42.7)	(41.2)
Net debt/total assets (%)	(44.9)	(43.3)	(35.5)	(29.1)	(28.1)
Current ratio (x)	2.9	2.2	1.8	1.6	1.5
CF interest cover (x)	453.9	729.4	705.0	660.5	713.4
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	27.9	17.1	14.5	13.0	11.6
Recurring P/E @ target price (x) *	38.5	23.6	19.9	18.0	15.9
Reported P/E (x)	28.5	17.3	14.3	13.0	11.6
Dividend yield (%)	2.7	3.6	5.3	5.7	6.5
Price/book (x)	5.7	4.9	4.5	4.1	3.8
Price/tangible book (x)	5.9	5.0	4.6	4.2	3.9
EV/EBITDA (x) **	16.4	10.5	9.0	8.5	7.6
EV/EBITDA @ target price (x) **	23.2	15.1	12.9	12.0	10.8
EV/invested capital (x)	12.0	10.6	7.8	6.2	5.5
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Sappe; FSSIA estimates

SAPPE PCL (SAPPE TB)

FSSIA ESG rating


35.25 /100

Exhibit 15: 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 16: ESG – peer comparison

	FSSIA 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	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
CBG	51.54	--	Y	Y	4.00	4.00	Declared	High	59.58	B	--	33.28	56.00	2.12	--
SAPPE	35.25	--	Y	Y	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
OSP	61.48	--	Y	Y	5.00	4.00	Declared	Medium	68.64	BBB	--	63.08	51.00	3.00	63.65
TACC	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--
ICHI	43.67	--	Y	Y	5.00	5.00	Certified	High	61.36	--	--	--	18.00	--	--

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

Exhibit 17: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	10 / 5 / 3
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	8 / 96.75%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	6
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	44 / 79
Waste reduction policy	Yes	Number of executives / female	5 / 2
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	--	Size of audit committee / ID	4 / 4
Social		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	Size of compensation committee	--
Quality assurance and recall policy	Yes	Number of compensation committee meetings	--
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	--
Equal opportunity policy	Yes	Size of nomination committee / ID	--
Gender pay gap breakout	--	Number of nomination committee meetings	--
Pct women in workforce	55	Nomination committee meeting attendance (%)	--
Business ethics policy	Yes	Board compensation (THB m)	4.1
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	3.13
Health and safety policy	Yes	(P&L Corporation Co., Ltd.)	
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	--		

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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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

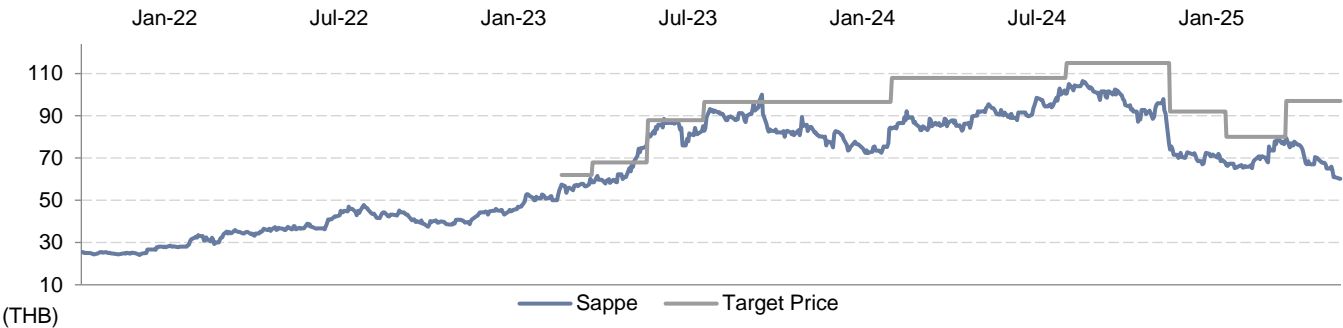
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Sappe (SAPPE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Mar-2023	BUY	62.00	11-Jul-2023	BUY	96.50	19-Aug-2024	BUY	92.00
05-Apr-2023	BUY	68.00	21-Dec-2023	BUY	108.00	07-Oct-2024	BUY	80.00
23-May-2023	BUY	88.00	21-May-2024	BUY	115.00	28-Nov-2024	BUY	97.00

Sureeporn Teewasuwet started covering this stock from 09-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sappe	SAPPE TB	THB 60.25	BUY	Downside risks to our P/E-based TP include 1) lower purchasing power; 2) higher raw material and packaging costs; 3) baht strength; and 4) increased competition and product infringement.

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 15-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.