

# THAI UNION GROUP TU TB

## THAILAND / FOOD & BEVERAGE

**BUY**

FROM HOLD

TARGET PRICE	THB15.00
CLOSE	THB11.90
UP/DOWNSIDE	+26.1%
PRIOR TP	THB14.70
CHANGE IN TP	+2.0%
TP vs CONSENSUS	-2.0%

## Cheap valuation

- 4Q24 profit was in line, while transformation costs have increased.
- TU aims for continued growth in 2025, expecting to see the benefit from transformation program.
- Upgrade to BUY with cheap valuation, the stock price is trading at a 2025E P/E of 10x.

### 4Q24 profit was in line with our estimate, not exciting

TU reported a 4Q24 net profit of THB1.21b (-13% q-q, turning from a loss in 4Q23). Excluding an FX gain of THB118m, the core profit was at THB1.1b (-25% q-q, -7% y-y), which was in line with our estimate. Total revenue was flat q-q; although the frozen business posted a strong rise of 21% q-q, ambient declined by 11% q-q. Overall revenue decreased slightly y-y due to a 4.8% y-y decline in the frozen business. The 4Q24 gross margin declined q-q due to the pet food unit, as there was no reversal of inventory provisions as seen in 3Q24, along with higher tuna and depreciation costs.

### Transformation costs are pressuring profits

Total expenses for 4Q24 grew 5% q-q and 18% y-y, hitting a nine-quarter high. This caused SG&A to sales to exceed the target, reaching 14% – the highest in 22 quarters – driven by transformation costs of THB300m, which made up 0.85% of 4Q24 revenue, plus higher marketing and transportation costs. There were no items related to Red Lobster's lawsuit or product recall damages in this quarter's report. TU noted that the responsibility for the recall lies with the packaging manufacturer. 2024 transformation costs totaled THB700m, accounting for 0.5% of 2024 total revenue, which caused SG&A to sales to rise to 13.3%, up from 12% in 2023.

### TU guided to see the benefit from transformation program in 2025

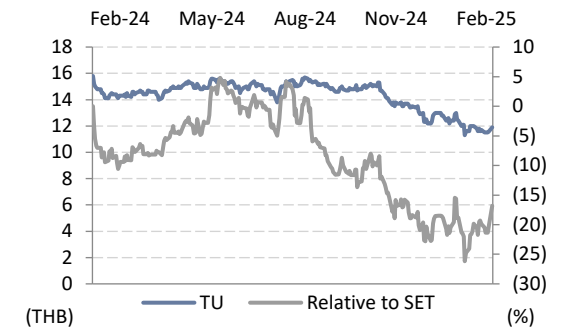
TU aims for 2025 growth as follows: 1) revenue growth of 3-4% y-y; 2) a gross margin of 18.5-19.5%, up from 18.5% in 2024, driven by the positive effects of the transformation program; and 3) an increase in SG&A to sales to 13-13.5% (from the usual 12.5-13%) due to transformation costs of c0.7% of total revenue and higher marketing expenses. TU also indicated that it will be affected by the GMT from 1Q25. The CFO guided that the top-up tax for 2025 would increase cTHB300m-350m or a new tax rate of 11-14%. We assume a 2025 tax rate at 12%, up from 7% in 2024, lower than our previous assumption of 15%.

### Upgrade to BUY with higher TP to THB15

We raise our 2025E profit by 3% to THB5.13b (+3% y-y), but increase the EPS forecast by 6.5% due to the reduction in registered capital after share buybacks. We also raise our TP to THB15. The stock price has dropped, and is currently trading at a 2025E P/E of 10x. TU announced a 2H24 DPS of THB0.35/shr, yielding 3%. Upgrade to BUY on the attractive valuation.

## KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	138,433	141,061	148,114	153,742
Net profit	4,985	5,134	5,555	5,909
EPS (THB)	1.12	1.15	1.25	1.33
vs Consensus (%)	-	3.8	8.3	5.5
EBITDA	12,725	13,220	13,925	14,568
Recurring net profit	5,119	5,134	5,555	5,909
Core EPS (THB)	1.15	1.15	1.25	1.33
Chg. In EPS est. (%)	nm	7.1	2.1	nm
EPS growth (%)	nm	0.3	8.2	6.4
Core P/E (x)	10.4	10.3	9.5	9.0
Dividend yield (%)	5.9	5.8	6.1	6.5
EV/EBITDA (x)	9.5	8.8	8.5	8.1
Price/book (x)	1.1	1.1	1.0	1.0
Net debt/Equity (%)	106.9	95.4	93.0	89.9
ROE (%)	9.5	10.4	10.8	11.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.0)	(14.4)	(25.2)
Relative to country (%)	2.4	(1.7)	(17.4)
Mkt cap (USD m)	1,465		
3m avg. daily turnover (USD m)	6.9		
Free float (%)	65		
Major shareholder	Chansiri Family (12%)		
12m high/low (THB)	16.00/10.70		
Issued shares (m)	4,455.13		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

TU is one of the world’s largest seafood companies. It is a leading producer and exporter of frozen and canned seafood such as tuna, shrimp, sardines, and mackerel. TU has affiliated companies, such as I-Tail Corporation (ITC TB, BUY), a major pet food manufacturer in Thailand. It also has overseas subsidiaries, one of which owns Chicken of the Sea, the #3 canned seafood brand in the US, and the TUE Group (formerly MWB), which owns canned seafood brands ranking among the top three in European markets, such as John West, Petit Navire, Parmentier, King Oscar, and Mareblu.

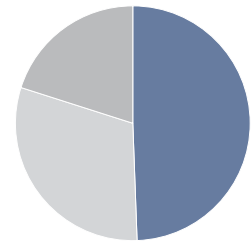
### Company profile

Thai Union was founded in 1977 as a canned tuna processor and exporter. It is now an international OEM business with a global portfolio of consumer-favourite brands. TU had 18 brands, five strategic partnerships and key joint ventures, and eight overseas sales offices. TU has 13 production locations in 12 countries and two innovation and R&D centres. In 2024, its revenue contributions from the USA, Europe, Thailand, Japan, and other were 37.7%/30%/11%/5.6%/15.6%, respectively.

[www.thaiunion.com](http://www.thaiunion.com)

### Principal activities (revenue, 2024)

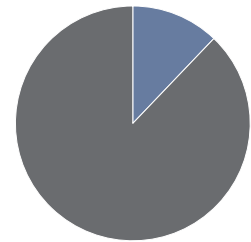
- Ambient seafood - 49.4 %
- Frozen & chilled seafood - 30.5 %
- Pet food & others - 20.1 %



Source: Thai Union Group

### Major shareholders

- Chansiri Family - 12.1 %
- Others - 87.9 %



Source: Thai Union Group

### Catalysts

Potential catalysts for TU’s 2025 earnings growth include 1) revenue growth of the three units; 2) its pet food and ready-to-eat capacity expansion; 3) the declining tuna price outlook; and 4) the absence of loss-sharing from Red Lobster after the divestment in 4Q23.

### Risks to our call

Downside risks to our 2025 TP include 1) a slower-than-expected revenue recovery; 2) higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) a stronger baht than expected.

### Event calendar

Date	Event
May 2025	1Q25 results announcement

### Key assumptions

	2025E	2026E	2025E
Total revenue (USD m)	4,275	4,488	4,659
USD/THB	33.0	33.0	33.0
Ambient sales growth (%)	0.5	4.1	2.6
Frozen, Chilled sales growth (%)	2.0	4.0	3.8
PetCare, Value added sales growth (%)	5.1	8.5	6.4
Tuna price (USD/ton)	1,600	1,600	1,600
Gross margin (%)	18.5	18.5	18.5

Source: FSSIA estimates

### Earnings sensitivity

- For every THB1/USD increase, we estimate 2025 net profit to fall by 7%, and vice versa, all else being equal.
- For every 1% increase in the tuna price, we estimate 2025 net profit to fall by 5.8%, and vice versa, all else being equal.
- For every 5% increase in the minimum wage, we estimate 2025 net profit to fall by 4.3%, and vice versa, all else being equal.

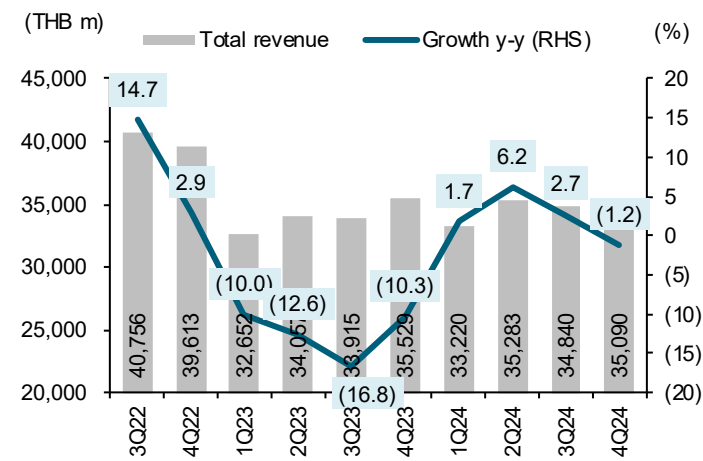
Source: FSSIA estimates

**Exhibit 1: TU – 4Q24 results summary**

	4Q23	1Q24	2Q24	3Q24	4Q24	----- Change -----		2023	2024	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales in THB m	35,529	33,220	35,283	34,840	35,090	0.7	(1.2)	136,153	138,433	1.7
Cost of sales	29,201	27,478	28,748	28,047	28,537	1.7	(2.3)	112,928	112,809	(0.1)
Gross profit	6,327	5,742	6,535	6,793	6,554	(3.5)	3.6	23,225	25,624	10.3
SG&A	4,173	4,197	4,582	4,693	4,929	5.0	18.1	16,313	18,187	11.5
Operating profit	2,521	1,772	2,290	2,382	1,915	(19.6)	(24.0)	7,972	8,574	7.6
Profit sharing	819	159	179	275	157	(43.0)	(80.8)	679	0	nm
Interest expense	630	647	620	627	598	(4.7)	(5.1)	2,302	2,492	8.3
Tax expense	(40)	128	44	208	50	(76.1)	nm	(620)	430	nm
FX gain (loss)	68	209	(237)	(54)	(100)	nm	nm	(235)	(182)	nm
Other gain (loss)	(18,413)	44	68	0	0	nm	nm	(18,413)	112	nm
Reported net profit	(17,189)	1,153	1,219	1,400	1,213	(13.4)	nm	(13,933)	4,985	nm
Core profit	1,177	900	1,456	1,454	1,095	(24.7)	(6.9)	4,736	5,119	8.1
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	17.8	17.3	18.5	19.5	18.7	(0.8)	0.9	17.1	18.5	1.5
SG&A / sales	11.7	12.6	13.0	13.5	14.0	0.6	2.3	12.0	13.1	1.1
Operating margin	7.1	5.3	6.5	6.8	5.5	(1.4)	(1.6)	5.9	6.2	0.3
Net margin	(48.4)	3.5	3.5	4.0	3.5	(0.6)	51.8	(10.2)	3.6	13.8
Core margin	3.3	2.7	4.1	4.2	3.1	(1.1)	(0.2)	3.5	3.7	0.2
<b>Operating statistics (THB m)</b>										
Ambient sales	15,693	17,156	17,376	17,920	15,961	(10.9)	1.7	63,904	68,412	7.1
Frozen, chilled seafood sales	12,525	9,618	10,842	9,836	11,930	21.3	(4.8)	47,295	42,226	(10.7)
Pet care sales	4,622	3,955	4,456	4,352	4,625	6.3	0.1	15,058	17,389	15.5
Value added, others sale	2,689	2,490	2,609	2,732	2,574	(5.8)	(4.3)	9,896	10,406	5.2
<b>Gross margin (%)</b>										
Ambient	17.4	16.6	18.9	20.1	20.6	0.5	3.2	19.0	19.1	0.1
Frozen, chilled seafood	14.4	11.8	10.7	12.0	12.1	0.1	(2.3)	11.3	11.7	0.4
Pet care	23.4	25.7	31.3	30.6	26.1	(4.5)	2.7	20.5	28.5	8.0
Value added, others	26.2	29.5	26.5	25.1	23.5	(1.6)	(2.7)	27.1	26.1	(1.0)
Tuna price (USD/tonne)	1,533	1,333	1,478	1,410	1,530	8.5	(0.2)	1,784	1,438	(19.4)
Shrimp 60 pcs/kg (THB/kg)	134	137	130	141	167	18.4	24.6	138	144	4.3
Salmon (NOK/kg)	84	108	110	78	82	5.1	(2.4)	95	94	(1.1)

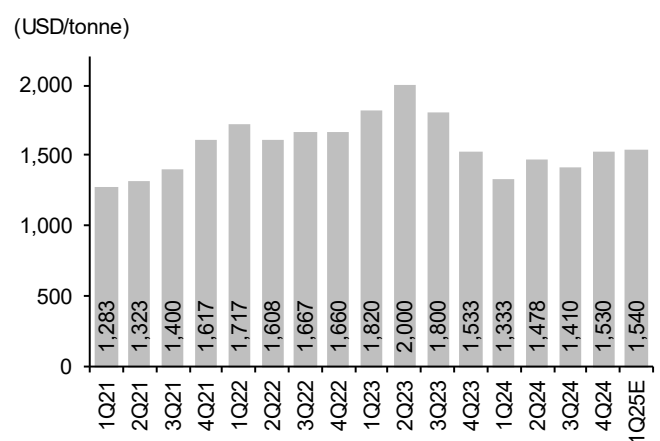
Sources: TU, FSSIA's compilation

**Exhibit 2: Quarterly total revenue and growth**



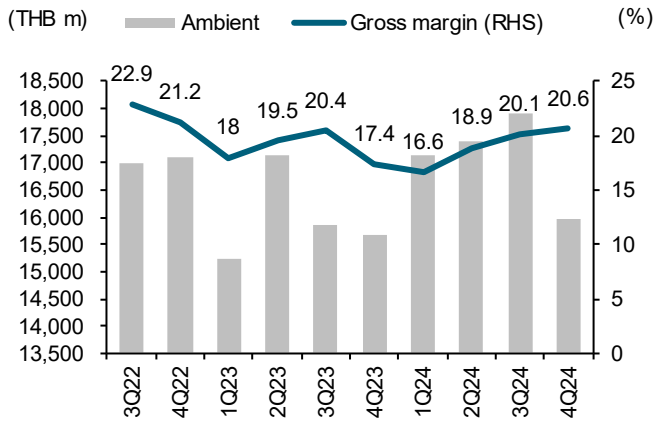
Sources: TU, FSSIA's compilation

**Exhibit 3: Quarterly tuna prices**



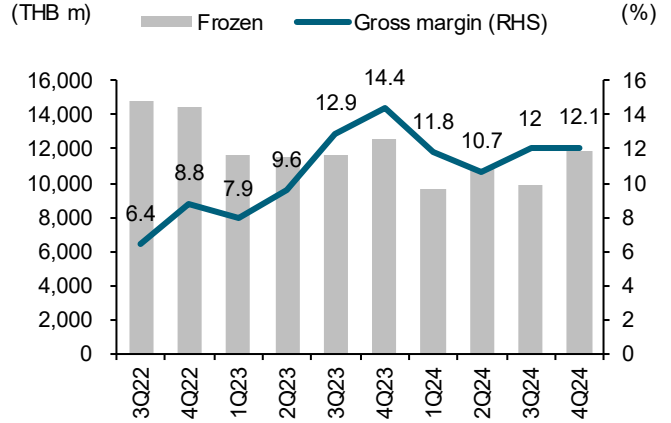
Sources: TU, FSSIA estimates

**Exhibit 4: Quarterly revenue from ambient and margin**



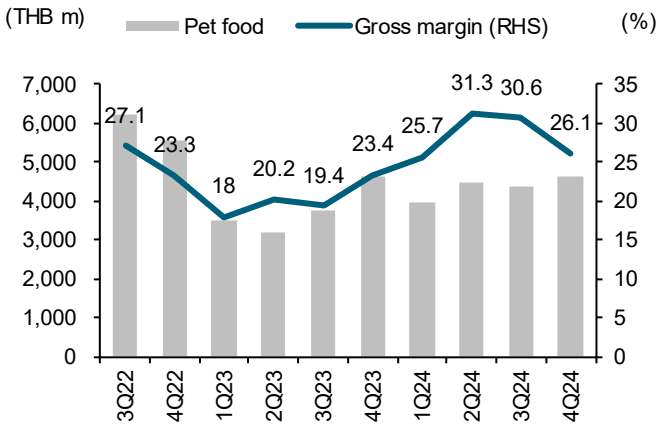
Sources: TU, FSSIA's compilation

**Exhibit 5: Quarterly revenue from frozen and margin**



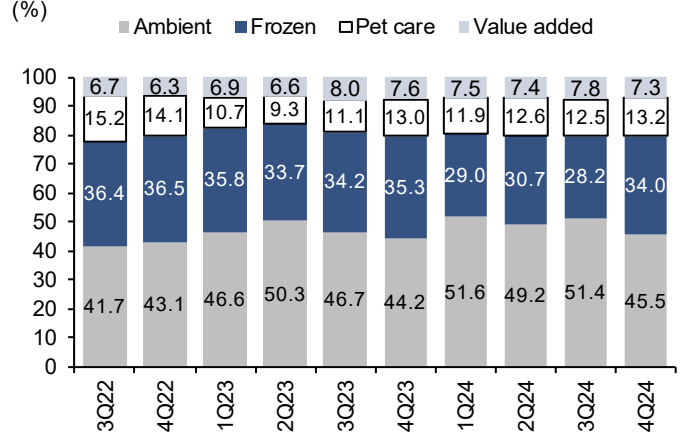
Sources: TU, FSSIA's compilation

**Exhibit 6: Quarterly revenue from pet food and margin**



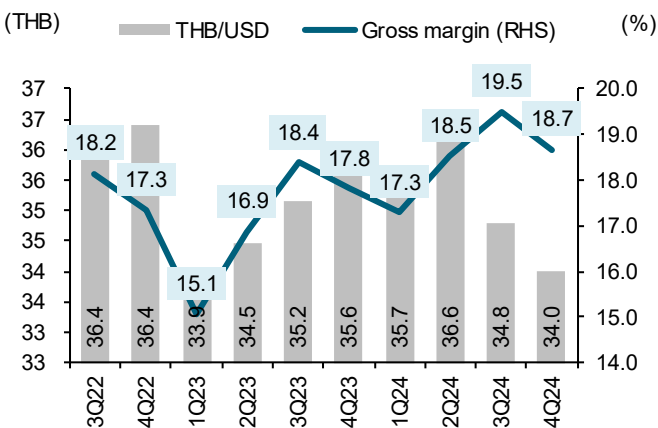
Sources: TU, FSSIA's compilation

**Exhibit 7: Revenue contribution by product segment**



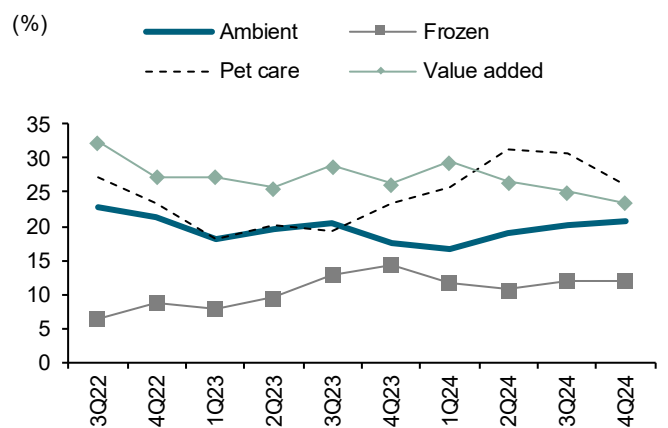
Sources: TU, FSSIA's compilation

**Exhibit 8: Quarterly THB/USD and gross margin**



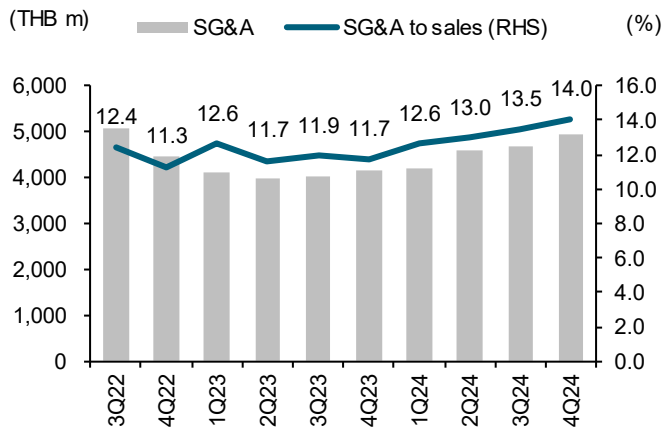
Sources: TU, FSSIA's compilation

**Exhibit 9: Quarterly gross margin by product segment**



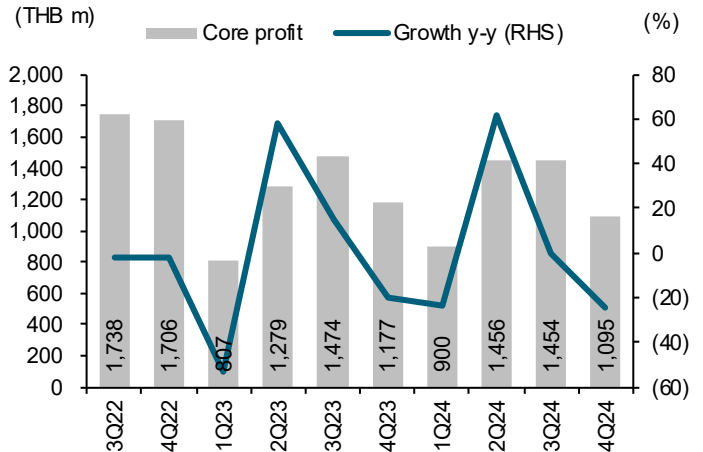
Sources: TU, FSSIA's compilation

**Exhibit 10: Quarterly SG&A and SG&A to sales**



Sources: TU, FSSIA's compilation

**Exhibit 11: Quarterly core profit and growth**



Sources: TU, FSSIA's compilation

**Exhibit 12: TU – 2025 financial targets**

	2025 Guidance	Key drivers
<b>Sales growth</b>	<b>+ 3 - 4% YoY</b> <i>(2024A: +1.7%)</i>	<ul style="list-style-type: none"> <li>Strong organic growth of +6 – 7% across all categories</li> <li>Partially offset with ~3% negative FX impact.</li> </ul>
<b>GPM</b>	<b>~18.5 – 19.5%</b> <i>(2024A: 18.5%)</i>	<ul style="list-style-type: none"> <li>Improvement of all categories, except PetCare, which is normalizing</li> </ul>
<b>SG&amp;A to sales</b>	<b>~13 - 13.5%</b> <i>(2024A: 13.3%)</i>	<ul style="list-style-type: none"> <li>Transformation costs (0.7%)</li> <li>Marketing expenses to boost sales of branded products</li> </ul>
<b>Effective interest rate</b>	<b>No material change</b>	<ul style="list-style-type: none"> <li>Perpetual refinanced interest is now flowing into P&amp;L and is being offset by the expected interest rate decrease.</li> </ul>
<b>CAPEX</b>	<b>~ THB 4.5 - 5.0bn</b> <i>(2024A: THB 3.5bn)</i>	<ul style="list-style-type: none"> <li>Expansion of Automated Storage Retrieval System (ASRS) warehouse of PetCare</li> </ul>
<b>Dividend policy</b>	<b>At least 50% dividend payout ratio</b>	

Source: TU's 2024 presentation

**Exhibit 13: TU – Guidance for the top-up tax impact on TU Group in 2025**

**BEPS 2.0 - Pillar 2**

**Base Erosion and Profit Shifting (“BEPS”) 2.0 - Pillar 2** is international tax reforms that aim to introduce a Global Minimum Tax.

**Effective:** January 1, 2025  
*(Emergency Decree on Top-up Tax, BE 2567 (2024))*

**Apply to:** Multinational enterprise (MNE) groups with a total consolidated revenue above EUR 750mn

**Pillar 2 – Global Minimum Tax**

**15% min. tax** for each jurisdiction in which an MNE operates.

**Top-up tax** will be liable in case jurisdictional effective tax rate is less than 15%.

**Application of BEPS 2.0 - Pillar 2**

For TU Group, the impact from BEPS 2.0 Pillar 2 will mainly come from the businesses in Thailand.

**Example of top-up tax calculation:**

```

graph TD
    A["ETR  
Effective tax rate (ETR) of  
TU businesses in Thailand"] -- "Calculate top-up tax rate" --> B["Top-up tax rate  
= Minimum Tax 15% - ETRi"]
    A -- "Calculate top-up tax amount" --> C["Top-up tax amount  
= Top-up tax rate × Excess profit  
(Excess profit = Total EBT* - SBIE**)"]
    C -- "Allocate top-up tax to  
each entity in Thailand" --> D["Entity top-up tax"]
    
```

**Top-up tax impact of TU Group in 2025 is estimated around THB 300 – 350mm**

**Relief measure:**  
It is expected that the Government will provide relief measures which the Group will closely follow and monitor so that appropriate mitigation approach will be implemented.

Sources: TU's 2024 presentation

**Exhibit 14: Changes in key assumptions for TU**

	Current			Previous			Change		
	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Total revenue (USD m)	4,275	4,488	4,659	4,238	4,450	4,619	0.9	0.9	0.9
Fx rate (THB/USD)	33.0	33.0	33.0	33.0	33.0	33.0	0.0	0.0	0.0
Total sales value (THB m)	141,061	148,114	153,742	139,866	146,859	152,439	0.9	0.9	0.9
Costs	114,964	120,713	125,300	114,690	120,130	124,391	0.2	0.5	0.7
Gross profit	26,096	27,401	28,442	25,176	26,728	28,049	3.7	2.5	1.4
SG&A expenses	18,620	19,551	20,294	18,183	19,092	19,817	2.4	2.4	2.4
Interest expense	2,655	2,652	2,659	2,414	2,357	2,300	10.0	12.5	15.6
Profit sharing	886	975	1,072	863	932	1,053	2.7	4.6	1.8
Tax expense	714	766	806	855	968	1,073	(16.5)	(20.9)	(24.8)
Reported net profit	5,134	5,555	5,909	5,007	5,684	6,370	2.5	(2.3)	(7.2)
Core profit	5,134	5,555	5,909	5,007	5,684	6,370	2.5	(2.3)	(7.2)

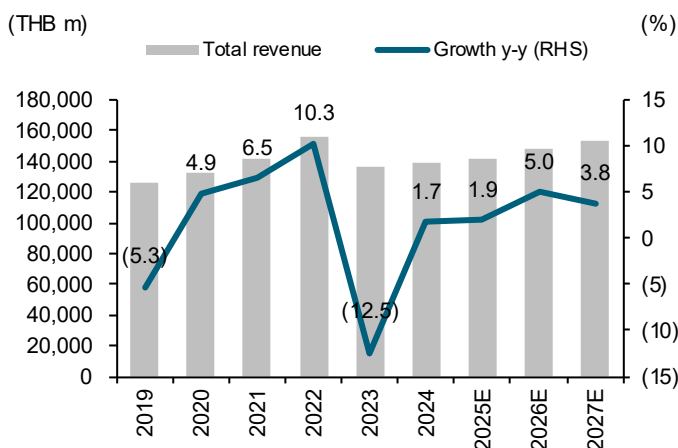
Key ratios (%)									
Total revenue growth	1.9	5.0	3.8	1.0	5.0	3.8	0.9	0.0	0.0
Net profit growth	3.0	8.2	6.4	0.7	13.5	12.1	2.3	(5.3)	(5.7)
Core profit growth	0.3	8.2	6.4	(2.4)	13.5	12.1	2.7	(5.3)	(5.7)
Gross margin	18.5	18.5	18.5	18.0	18.2	18.4	0.5	0.3	0.1
SG&A to sales	13.2	13.2	13.2	13.0	13.0	13.0	0.2	0.2	0.2
Net margin	3.6	3.8	3.8	3.6	3.9	4.2	0.1	(0.1)	(0.3)
Norm margin	3.6	3.8	3.8	3.6	3.9	4.2	0.1	(0.1)	(0.3)
Effective tax rate	12.0	12.0	12.0	15.0	15.0	15.0	(3.0)	(3.0)	(3.0)

Operating statistics (THB m)									
Ambient sales	68,770	71,615	73,504	67,759	70,553	72,401	1.5	1.5	1.5
Frozen, chilled sales	43,071	44,793	46,495	42,783	44,494	46,185	0.7	0.7	0.7
Pet care sales	18,606	20,560	22,040	18,576	20,527	22,005	0.2	0.2	0.2
Value added, others sales	10,614	11,145	11,702	10,747	11,284	11,848	(1.2)	(1.2)	(1.2)

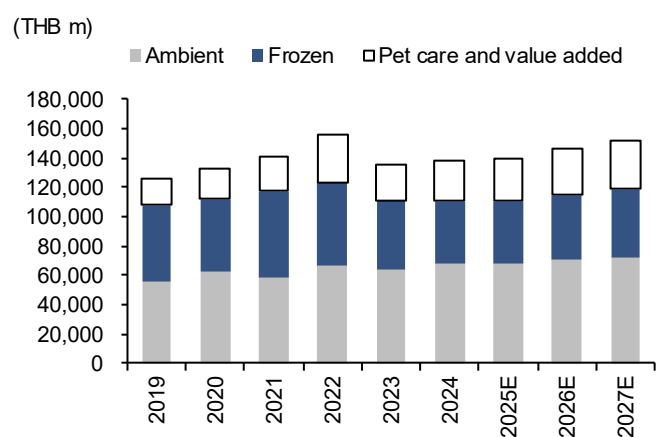
Source: FSSIA estimates

**Exhibit 15: Yearly total revenue and growth**



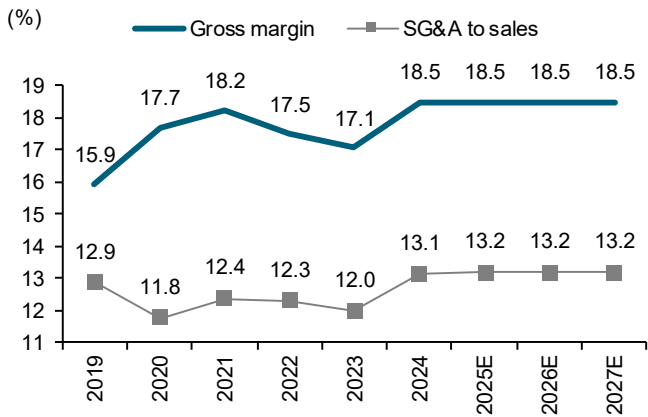
Sources: TU, FSSIA estimates

**Exhibit 16: Yearly revenue breakdown by product segment**



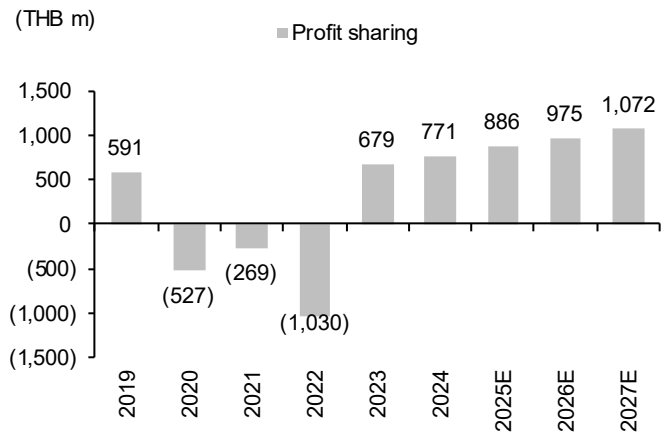
Sources: TU, FSSIA estimates

**Exhibit 17: Yearly gross margin and SG&A to sales**



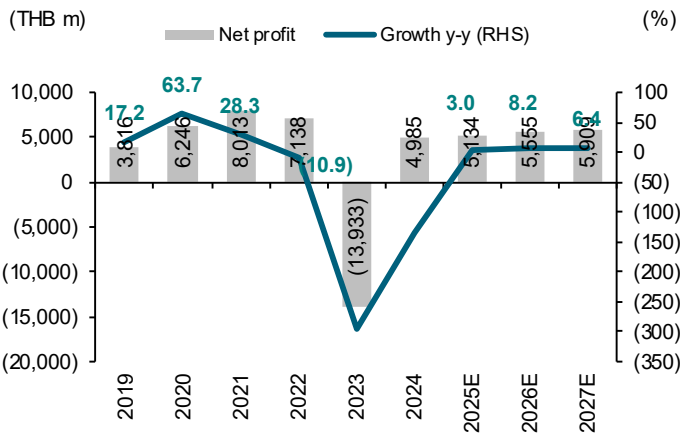
Sources: TU, FSSIA estimates

**Exhibit 18: Yearly share of profits from associate companies**



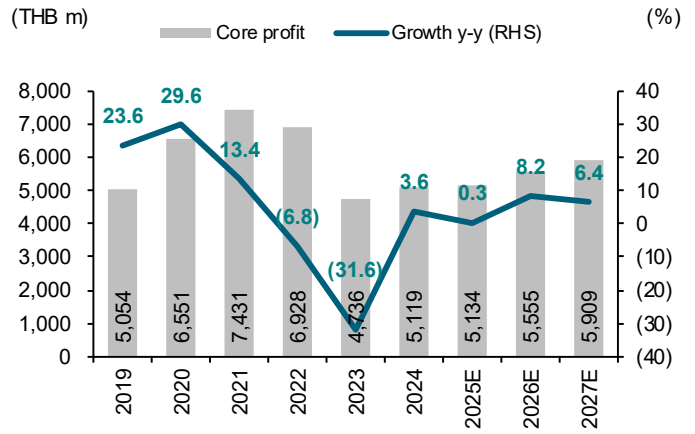
Sources: TU, FSSIA estimates

**Exhibit 19: Yearly net profit and growth**



Sources: TU, FSSIA estimates

**Exhibit 20: Yearly core profit and growth**



Sources: TU, FSSIA estimates

**Exhibit 21: Historical P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 22: Historical P/BV band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 23: Peers comparison as of 17 Feb 2025**

Company	BBG	Rec	--- Share price ---			Market Cap (USD m)	----- PE -----		----- ROE -----		----- PBV -----		- EV/EBITDA -	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
<b>Thailand</b>														
Charoen Pokphand Foods	CPF TB	BUY	21.80	28.00	28	5,333	11.4	13.1	6.6	5.6	0.7	0.7	11.8	12.2
Thai Union Group	TU TB	BUY	11.90	15.00	26	1,465	10.4	10.3	9.5	10.4	1.1	1.1	9.5	8.8
Betagro	BTG TB	BUY	17.90	24.00	34	1,028	15.2	12.9	9.1	10.1	1.3	1.2	6.0	5.5
Thaifoods Group	TFG TB	BUY	3.26	4.10	26	547	5.6	6.8	24.3	19.1	1.3	1.2	4.5	4.5
GFPT	GFPT TB	BUY	9.30	12.50	34	346	5.8	7.5	11.0	7.9	0.6	0.6	4.7	4.7
Asian Sea*	ASIAN TB	n/a	7.45	n/a	n/a	180	6.8	7.0	13.5	12.6	0.9	0.9	4.0	4.0
<b>Average</b>						<b>8,898</b>	<b>9.2</b>	<b>9.6</b>	<b>12.3</b>	<b>10.9</b>	<b>1.0</b>	<b>0.9</b>	<b>6.8</b>	<b>6.6</b>

Sources: \*Bloomberg, FSSIA estimates

## Financial Statements

### Thai Union Group

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	136,153	138,433	141,061	148,114	153,742
Cost of goods sold	(112,928)	(112,809)	(114,964)	(120,713)	(125,300)
<b>Gross profit</b>	<b>23,225</b>	<b>25,624</b>	<b>26,096</b>	<b>27,401</b>	<b>28,442</b>
Other operating income	1,060	1,137	1,128	1,185	1,230
Operating costs	(16,313)	(18,401)	(18,620)	(19,551)	(20,294)
<b>Operating EBITDA</b>	<b>12,163</b>	<b>12,725</b>	<b>13,220</b>	<b>13,925</b>	<b>14,568</b>
Depreciation	(4,191)	(4,365)	(4,615)	(4,890)	(5,190)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>7,972</b>	<b>8,360</b>	<b>8,605</b>	<b>9,035</b>	<b>9,378</b>
Net financing costs	(2,302)	(2,492)	(2,655)	(2,652)	(2,659)
Associates	679	771	886	975	1,072
Recurring non-operating income	(19,490)	771	886	975	1,072
Non-recurring items	0	(134)	0	0	0
<b>Profit before tax</b>	<b>(13,820)</b>	<b>6,504</b>	<b>6,836</b>	<b>7,357</b>	<b>7,792</b>
Tax	620	(430)	(714)	(766)	(806)
<b>Profit after tax</b>	<b>(13,200)</b>	<b>6,074</b>	<b>6,122</b>	<b>6,591</b>	<b>6,986</b>
Minority interests	(733)	(1,089)	(987)	(1,037)	(1,076)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(13,933)</b>	<b>4,985</b>	<b>5,134</b>	<b>5,555</b>	<b>5,909</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(13,933)</b>	<b>5,119</b>	<b>5,134</b>	<b>5,555</b>	<b>5,909</b>
<b>Per share (THB)</b>					
Recurring EPS *	(2.99)	1.15	1.15	1.25	1.33
Reported EPS	(2.99)	1.12	1.15	1.25	1.33
DPS	0.53	0.70	0.69	0.72	0.77
Diluted shares (used to calculate per share data)	4,655	4,455	4,455	4,455	4,455
<b>Growth</b>					
Revenue (%)	(12.5)	1.7	1.9	5.0	3.8
Operating EBITDA (%)	(8.9)	4.6	3.9	5.3	4.6
Operating EBIT (%)	(11.7)	4.9	2.9	5.0	3.8
Recurring EPS (%)	nm	nm	0.3	8.2	6.4
Reported EPS (%)	nm	nm	3.0	8.2	6.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	17.1	18.5	18.5	18.5	18.5
Gross margin exc. depreciation (%)	20.1	21.7	21.8	21.8	21.9
Operating EBITDA margin (%)	8.9	9.2	9.4	9.4	9.5
Operating EBIT margin (%)	5.9	6.0	6.1	6.1	6.1
Net margin (%)	(10.2)	3.7	3.6	3.8	3.8
Effective tax rate (%)	4.5	6.6	10.4	10.4	10.3
Dividend payout on recurring profit (%)	(17.7)	60.7	60.0	58.0	58.0
Interest cover (X)	(5.0)	3.7	3.6	3.8	3.9
Inventory days	173.0	158.4	147.7	147.5	148.5
Debtor days	45.0	43.4	41.7	38.9	39.1
Creditor days	68.5	62.8	64.5	66.1	66.6
Operating ROIC (%)	7.9	8.2	8.5	8.8	8.8
ROIC (%)	(6.7)	5.7	6.1	6.4	6.5
ROE (%)	(20.0)	9.5	10.4	10.8	11.0
ROA (%)	(6.5)	5.1	5.3	5.6	5.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Ambient seafood	63,904	68,412	68,770	71,615	73,504
Frozen & chilled seafood	47,295	42,226	43,071	44,793	46,495
Pet food & others	24,954	27,795	29,220	31,705	33,742

Sources: Thai Union Group; FSSIA estimates

## Financial Statements

### Thai Union Group

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	(13,933)	5,119	5,134	5,555	5,909
Depreciation	4,191	4,365	4,615	4,890	5,190
Associates & minorities	679	771	886	975	1,072
Other non-cash items	(20,169)	(268)	0	0	0
Change in working capital	2,378	4,068	1,629	(2,092)	(1,670)
<b>Cash flow from operations</b>	<b>(26,854)</b>	<b>14,054</b>	<b>12,264</b>	<b>9,327</b>	<b>10,502</b>
Capex - maintenance	(5,557)	(3,605)	(5,000)	(5,500)	(6,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	34,495	(13,143)	(1,960)	(587)	(763)
Other investments (net)	(851)	2,133	2,774	(1,622)	(1,295)
<b>Cash flow from investing</b>	<b>28,087</b>	<b>(14,615)</b>	<b>(4,187)</b>	<b>(7,709)</b>	<b>(8,057)</b>
Dividends paid	(6,811)	(5,774)	(3,081)	(3,222)	(3,427)
Equity finance	(29)	(50)	1	1	1
Debt finance	7,631	523	(5,291)	(68)	148
Other financing cash flows	223	(295)	(249)	458	366
<b>Cash flow from financing</b>	<b>1,015</b>	<b>(5,596)</b>	<b>(8,620)</b>	<b>(2,830)</b>	<b>(2,913)</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>2,248</b>	<b>(6,156)</b>	<b>(542)</b>	<b>(1,212)</b>	<b>(468)</b>
Free cash flow to firm (FCFF)	3,535.97	1,931.67	10,733.00	4,270.25	5,103.21
Free cash flow to equity (FCFE)	9,088.36	(332.11)	2,537.78	2,008.30	2,958.43

Per share (THB)	2023	2024	2025E	2026E	2027E
FCFF per share	0.79	0.43	2.41	0.96	1.15
FCFE per share	2.04	(0.07)	0.57	0.45	0.66
Recurring cash flow per share	(6.28)	2.24	2.39	2.56	2.73

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	64,122	65,367	70,617	76,392	82,692
Less: Accumulated depreciation	(32,736)	(34,742)	(39,606)	(44,771)	(50,261)
<b>Tangible fixed assets (net)</b>	<b>31,385</b>	<b>30,626</b>	<b>31,011</b>	<b>31,621</b>	<b>32,431</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	-	-	-	-	-
Invest. in associates & subsidiaries	10,885	9,420	9,420	9,420	9,420
Cash & equivalents	14,490	8,333	7,792	6,579	6,111
A/C receivable	16,031	16,876	15,381	16,150	16,764
Inventories	50,482	43,626	45,671	47,954	49,777
Other current assets	4,827	10,813	11,668	11,851	11,997
<b>Current assets</b>	<b>85,829</b>	<b>79,649</b>	<b>80,511</b>	<b>82,535</b>	<b>84,649</b>
Other assets	37,351	35,218	32,444	34,066	35,361
<b>Total assets</b>	<b>165,450</b>	<b>154,912</b>	<b>153,386</b>	<b>157,642</b>	<b>161,861</b>
Common equity	58,628	48,635	50,368	52,702	55,184
Minorities etc.	7,389	7,678	7,758	8,146	8,456
<b>Total shareholders' equity</b>	<b>66,017</b>	<b>56,313</b>	<b>58,126</b>	<b>60,848</b>	<b>63,640</b>
Long term debt	39,248	38,594	37,844	37,094	36,344
Other long-term liabilities	9,712	9,418	9,169	9,627	9,993
<b>Long-term liabilities</b>	<b>48,960</b>	<b>48,012</b>	<b>47,013</b>	<b>46,722</b>	<b>46,338</b>
A/C payable	18,798	18,522	20,473	21,497	22,314
Short term debt	28,740	29,917	25,376	26,058	26,956
Other current liabilities	2,935	2,149	2,398	2,518	2,614
<b>Current liabilities</b>	<b>50,473</b>	<b>50,588</b>	<b>48,247</b>	<b>50,073</b>	<b>51,883</b>
<b>Total liabilities and shareholders' equity</b>	<b>165,450</b>	<b>154,912</b>	<b>153,386</b>	<b>157,642</b>	<b>161,861</b>
Net working capital	49,607	50,645	49,849	51,941	53,611
Invested capital	129,228	125,909	122,724	127,048	130,823

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

Per share (THB)	2023	2024	2025E	2026E	2027E
Book value per share	12.59	10.92	11.31	11.83	12.39
Tangible book value per share	12.59	10.92	11.31	11.83	12.39

Financial strength	2023	2024	2025E	2026E	2027E
Net debt/equity (%)	81.0	106.9	95.4	93.0	89.9
Net debt/total assets (%)	32.3	38.8	36.1	35.9	35.3
Current ratio (x)	1.7	1.6	1.7	1.6	1.6
CF interest cover (x)	4.9	0.9	2.0	1.8	2.1

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>(4.0)</b>	<b>10.4</b>	<b>10.3</b>	<b>9.5</b>	<b>9.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(5.0)</b>	<b>13.1</b>	<b>13.0</b>	<b>12.0</b>	<b>11.3</b>
Reported P/E (x)	(4.0)	10.6	10.3	9.5	9.0
Dividend yield (%)	4.4	5.9	5.8	6.1	6.5
Price/book (x)	0.9	1.1	1.1	1.0	1.0
Price/tangible book (x)	0.9	1.1	1.1	1.0	1.0
EV/EBITDA (x) **	9.6	9.5	8.8	8.5	8.1
EV/EBITDA @ target price (x) **	10.7	10.6	9.8	9.4	9.1
EV/invested capital (x)	0.9	1.0	0.9	0.9	0.9

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

Sources: Thai Union Group; FSSIA estimates

# Thai Union Group PCL (TU TB)

**FSSIA ESG rating**

★ ★ ★ ★

**68.12 /100**

**Exhibit 24: 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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.

Sources: FSSIA estimates

**Exhibit 25: ESG – peer comparison**

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		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
BTG	8.00	--	--	--	--	--	Declared	--	--	--	--	--	--	--	--
CPF	78.94	Y	Y	Y	5.00	5.00	Certified	High	50.25	BBB	43.00	70.21	85.00	4.08	62.09
GFPT	53.67	--	Y	Y	5.00	5.00	Certified	High	56.79	--	--	61.87	19.00	--	55.41
TU	68.12	Y	--	--	5.00	5.00	Certified	High	44.49	A	35.00	66.15	87.00	2.99	--
TFG	33.01	--	--	Y	4.00	5.00	Certified	High	--	--	--	42.11	--	--	--
RBF	34.45	--	--	--	5.00	4.00	Declared	High	51.04	--	--	30.50	--	2.34	--

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

**Exhibit 26: ESG score by Bloomberg**

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>2.37</b>	<b>2.62</b>	<b>2.56</b>	<b>2.86</b>	<b>2.84</b>	<b>3.00</b>	<b>3.01</b>	<b>2.99</b>
BESG environmental pillar score	2.52	2.49	2.51	3.33	3.36	3.58	3.54	—
BESG social pillar score	0.95	1.32	1.28	1.41	1.36	1.53	1.53	—
BESG governance pillar score	3.94	4.42	4.21	3.95	3.89	3.93	4.02	—
<b>ESG disclosure score</b>	<b>50.93</b>	<b>56.98</b>	<b>56.98</b>	<b>60.30</b>	<b>60.75</b>	<b>63.74</b>	<b>64.21</b>	<b>—</b>
Environmental disclosure score	38.75	44.64	44.64	48.32	48.66	48.66	50.08	—
Social disclosure score	35.34	42.59	42.59	42.59	43.62	52.60	52.60	—
Governance disclosure score	78.60	83.59	83.59	89.86	89.86	89.86	89.86	—
<b>Environmental</b>								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	Yes	Yes	Yes	Yes
GHG scope 1	385	423	367	370	337	311	323	—
GHG scope 2 location-based	161	176	179	170	173	183	188	—
GHG Scope 3	—	—	—	—	—	—	3,786	—
Carbon per unit of production	1	1	1	1	1	1	1	—
Biodiversity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Total energy consumption	1,129	1,328	1,251	1,196	1,097	1,181	1,209	—
Renewable energy use	25	54	48	40	53	75	122	—
Electricity used	310	360	369	350	354	379	384	—
Fuel used - natural gas	4,142	8,254	7,918	7,030	3,052	7,182	8,309	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 27: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	0	0	1	1	1	3	—
Total waste	—	41	27	57	45	84	66	—
Waste recycled	—	—	—	27	26	51	32	—
Waste sent to landfills	—	41	27	22	14	14	14	—
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	Yes	Yes	No
Pct women in workforce	—	—	—	—	—	—	—	65
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	1	1	1	1	0	0	0	—
Total recordable incident rate - employees	—	—	—	—	—	1	1	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of employees – CSR	39,864	49,177	51,143	47,314	44,551	44,101	44,705	44,705
Employee turnover pct	15	14	15	13	16	17	13	—
Total hours spent by firm - employee training	305,452	885,186	767,145	264,958	209,390	260,196	299,524	168,216
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
<b>Board size</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>
No. of women on board	0	0	0	0	0	0	2	2
No. of non-executive directors on board	6	6	6	6	6	6	6	6
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	8	8	6	5	6	7	5	8
Board meeting attendance pct	90	94	89	85	90	92	95	92
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	41	42	42	43	44	45	46	47
Age of the oldest director	81	82	83	84	85	86	87	80
<b>No. of executives / company managers</b>	<b>10</b>	<b>10</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>11</b>
No. of female executives	1	1	1	1	1	1	0	0
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	23	23	21	14	21	12	5	13
Audit meeting attendance %	—	97	89	93	97	94	100	97
<b>Size of compensation committee</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	4	3	2	2	2	2	4	3
Compensation meeting attendance %	100	100	100	100	100	100	100	100
<b>Size of nomination committee</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
No. of nomination committee meetings	4	3	2	2	2	2	4	3
Nomination meeting attendance %	100	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
Verification type	No	No	No	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; 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 <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 border="1" style="margin-top: 10px;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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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 border="1" style="margin-top: 10px;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	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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Company	Ticker	Price	Rating	Valuation & Risks
Thai Union Group	TU TB	THB 11.90	BUY	Downside risks to our 2025 TP include 1) a slower-than-expected revenue recovery; 2) higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) a stronger baht than expected.
Charoen Pokphand Foods	CPF TB	THB 21.80	BUY	Downside risks to our P/E-based TP include 1) slow purchasing power, 2) a slower-than-expected meat price recovery, 3) higher feed costs, 4) Baht strength, and 5) a minimum wage increase and labor shortages.
Betagro	BTG TB	THB 17.90	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected purchasing power recovery; 2) a slower-than-expected meat price increase; 3) a slower-than-expected decrease in feed costs; and 4) a stronger-than-expected THB.
Thai Foods Group	TFG TB	THB 3.26	BUY	Downside and upside risks to our P/E-based TP are 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; 3) a stronger or weaker-than-expected THB.
GFPT	GFPT TB	THB 9.30	BUY	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; 3) a stronger or weaker-than-expected THB; and 4) a minimum wage increase and/or a labour shortage.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 17-Feb-2025 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

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

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

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

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

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

## Industry Recommendations

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

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

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

## Country (Strategy) Recommendations

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

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

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