

ZEN CORPORATION GROUP

THAILAND / FOOD & BEVERAGE

ZEN TB

REDUCE

UNCHANGED

TARGET PRICE	THB6.00
CLOSE	THB6.75
UP/DOWNSIDE	-11.1%
PRIOR TP	THB6.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-11.1%

4Q24 results at first glance

4Q24 net profit has not recovered

Highlights

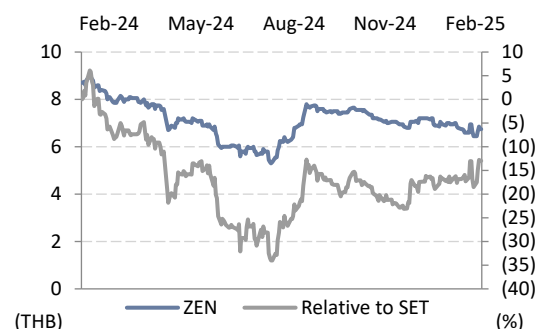
- ZEN posted a 4Q24 net profit of THB18m (-19% q-q, -52% y-y), which has not recovered. Although revenue from the retail business reached a new high, its contribution rose to 20% of total revenue, helping to stabilize total revenue both q-q and y-y. The lower gross margin of the retail business compared to the restaurant business prevented profit growth.
- 4Q24 restaurant revenue (accounting for 74% of total revenue) declined by 3% q-q and 8.5% y-y due to SSS of -9.6% y-y. There was also a net closure of six branches from 3Q24, leaving 317 branches at the end of 4Q24. The total net closure for 2024 was 24 branches.
- The 4Q24 gross margin decreased to 38.9% from 39.9% in 3Q24 and 41.1% in 4Q23, due to the lower gross margin of the retail business compared to the restaurant business, along with continued promotional activities to boost restaurant sales.
- ZEN has continued to effectively manage expenses in an environment with weak purchasing power.
- By the end of 2024, ZEN reported a net profit of THB57b, which dropped by 64% y-y.

Outlook

- ZEN's 2024 net profit was THB57m (-64% y-y), and the company announced a 2024 DPS of THB0.17/shr (payout ratio 90%), yielding 2.5%. The company still had an accumulated deficit of THB92m in 2024.
- We maintain our aggressive 2025 net profit forecast of THB113m (+98% y-y) and target price of THB6, based on a P/E ratio of 20x.

KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	4,066	4,303	4,556	4,783
Net profit	57	113	126	138
EPS (THB)	0.19	0.38	0.42	0.46
vs Consensus (%)	-	70.4	32.5	8.7
EBITDA	580	707	783	859
Recurring net profit	57	113	126	138
Core EPS (THB)	0.19	0.38	0.42	0.46
Chg. In EPS est. (%)	nm	(0.8)	(0.6)	nm
EPS growth (%)	(64.9)	98.3	11.7	9.4
Core P/E (x)	35.6	18.0	16.1	14.7
Dividend yield (%)	2.5	3.1	3.4	3.7
EV/EBITDA (x)	5.3	4.2	3.6	3.2
Price/book (x)	1.5	1.4	1.4	1.3
Net debt/Equity (%)	65.1	58.7	48.2	38.5
ROE (%)	4.1	8.2	8.8	9.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.6)	(5.6)	(21.5)
Relative to country (%)	4.7	9.1	(12.2)
Mkt cap (USD m)	60		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	27		
Major shareholder	AGB Sibling Holdings (25%)		
12m high/low (THB)	9.25/5.20		
Issued shares (m)	300.00		

Sources: Bloomberg consensus; FSSIA estimates



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Exhibit 1: ZEN – 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	1,048	1,014	1,012	1,011	1,029	1.8	(1.8)	3,915	4,066	3.9
Cost of sales	618	585	605	607	628	3.5	1.7	2,239	2,426	8.3
Gross profit	430	430	407	403	400	(0.8)	(6.9)	1,676	1,640	(2.1)
SG&A	377	396	396	364	362	(0.4)	(4.0)	1,448	1,518	4.8
Operating profit	67	39	16	48	46	(3.0)	(31.1)	258	148	(42.5)
Interest expense	12	15	14	14	15	4.8	26.4	42	57	36.2
Tax expense	7	2	(3)	3	7	106.5	(8.1)	34	8	(75.8)
Reported net profit	38	16	0.6	22	18	(19.2)	(52.0)	158	57	(63.9)
Core profit	42	16	0.6	22	18	(19.2)	(56.8)	162	57	(64.9)
Key ratios (%)						(ppt)	(ppt)			
Gross margin	41.1	42.4	40.2	39.9	38.9	(1.0)	(2.1)	42.8	40.3	(2.5)
SG&A to sales	36.0	39.0	39.2	36.0	35.2	(0.8)	(0.8)	37.0	37.3	0.3
Operating margin	6.4	3.8	1.6	4.7	4.5	(0.2)	(1.9)	6.6	3.6	(2.9)
Net margin	3.6	1.5	0.1	2.2	1.8	(0.5)	(1.8)	4.0	1.4	(2.6)
Core margin	4.0	1.5	0.1	2.2	1.8	(0.5)	(2.2)	4.1	1.4	(2.7)
Operating statistics										
SSSG (%)	(7.9)	(7.8)	(14.8)	(13.0)	(9.6)			0.1	(11.3)	
Total stores (no.)	341	338	331	323	317	(1.9)	(7.0)	341	317	(7.0)
Restaurant sales (THB m)	828	803	779	779	758	(2.7)	(8.5)	3,159	3,123	(1.1)
Franchise sales (THB m)	51	48	50	48	63	31.3	23.5	210	209	(0.5)
Retail sales (THB m)	169	163	183	183	208	13.7	23.1	546	734	34.4

Sources: ZEN, FSSIA's compilation

Financial Statements

Zen Corporation Group

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	3,915	4,066	4,303	4,556	4,783
Cost of goods sold	(2,239)	(2,426)	(2,479)	(2,619)	(2,746)
Gross profit	1,676	1,640	1,824	1,936	2,038
Other operating income	30	26	34	36	38
Operating costs	(1,448)	(1,518)	(1,657)	(1,754)	(1,842)
Operating EBITDA	643	580	707	783	859
Depreciation	(385)	(432)	(505)	(565)	(625)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	258	148	202	219	234
Net financing costs	(42)	(57)	(48)	(44)	(40)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(4)	0	0	0	0
Profit before tax	212	91	154	175	195
Tax	(34)	(8)	(20)	(26)	(33)
Profit after tax	177	83	134	149	162
Minority interests	(20)	(26)	(22)	(23)	(24)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	158	57	113	126	138
Non-recurring items & goodwill (net)	4	0	0	0	0
Recurring net profit	162	57	113	126	138
Per share (THB)					
Recurring EPS *	0.54	0.19	0.38	0.42	0.46
Reported EPS	0.53	0.19	0.38	0.42	0.46
DPS	0.30	0.17	0.21	0.23	0.25
Diluted shares (used to calculate per share data)	300	300	300	300	300
Growth					
Revenue (%)	15.7	3.9	5.8	5.9	5.0
Operating EBITDA (%)	8.2	(9.8)	21.9	10.8	9.7
Operating EBIT (%)	5.0	(42.5)	36.3	8.1	7.2
Recurring EPS (%)	5.1	(64.9)	98.3	11.7	9.4
Reported EPS (%)	2.4	(63.9)	98.3	11.7	9.4
Operating performance					
Gross margin inc. depreciation (%)	42.8	40.3	42.4	42.5	42.6
Gross margin exc. depreciation (%)	52.6	51.0	54.1	54.9	55.7
Operating EBITDA margin (%)	16.4	14.3	16.4	17.2	18.0
Operating EBIT margin (%)	6.6	3.6	4.7	4.8	4.9
Net margin (%)	4.1	1.4	2.6	2.8	2.9
Effective tax rate (%)	16.2	9.2	13.0	15.0	17.0
Dividend payout on recurring profit (%)	55.6	89.7	55.0	55.0	55.0
Interest cover (X)	6.1	2.6	4.2	5.0	5.9
Inventory days	62.3	77.2	74.5	62.0	63.2
Debtor days	9.5	10.4	10.0	9.7	9.8
Creditor days	68.5	57.0	62.0	74.4	75.9
Operating ROIC (%)	16.6	7.6	10.5	12.6	14.4
ROIC (%)	9.2	4.6	6.3	7.2	7.9
ROE (%)	12.1	4.1	8.2	8.8	9.2
ROA (%)	7.1	3.9	5.3	5.8	6.1

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Restaurant	2,983	3,123	3,297	3,476	3,660
Franchise	210	209	184	192	200
Delivery & Catering	176	0	0	0	0
Retail	546	734	822	888	923

Sources: Zen Corporation Group; FSSIA estimates

Financial Statements

Zen Corporation Group

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	162	57	113	126	138
Depreciation	385	432	505	565	625
Associates & minorities	0	0	0	0	0
Other non-cash items	20	19	(35)	1	1
Change in working capital	(118)	(165)	270	4	4
Cash flow from operations	449	342	853	695	767
Capex - maintenance	-	-	-	-	-
Capex - new investment	(687)	(356)	(660)	(480)	(550)
Net acquisitions & disposals	(24)	(6)	(31)	(21)	(19)
Other investments (net)	-	-	-	-	-
Cash flow from investing	(711)	(362)	(691)	(501)	(569)
Dividends paid	(47)	(98)	(62)	(69)	(76)
Equity finance	0	0	0	0	0
Debt finance	251	113	(264)	(83)	(83)
Other financing cash flows	11	(1)	(16)	3	2
Cash flow from financing	215	14	(343)	(149)	(157)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(47)	(6)	(181)	45	41
Free cash flow to firm (FCFF)	(220.41)	37.81	209.92	237.76	237.16
Free cash flow to equity (FCFE)	(0.42)	92.42	(118.92)	114.03	116.38
Per share (THB)					
FCFF per share	(0.73)	0.13	0.70	0.79	0.79
FCFE per share	0.00	0.31	(0.40)	0.38	0.39
Recurring cash flow per share	1.89	1.69	1.94	2.30	2.54
Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	2,500	2,589	2,690	2,665	2,653
Less: Accumulated depreciation	(1,078)	(1,131)	(1,188)	(1,247)	(1,310)
Tangible fixed assets (net)	1,422	1,457	1,502	1,418	1,343
Intangible fixed assets (net)	349	342	342	342	342
Long-term financial assets	326	326	326	326	326
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	280	274	93	138	179
A/C receivable	115	117	118	125	131
Inventories	377	467	340	359	376
Other current assets	48	42	52	55	57
Current assets	820	900	602	676	743
Other assets	322	335	366	387	407
Total assets	3,240	3,361	3,139	3,150	3,161
Common equity	1,393	1,353	1,403	1,460	1,522
Minorities etc.	85	104	69	70	71
Total shareholders' equity	1,479	1,457	1,473	1,530	1,593
Long term debt	669	658	588	518	448
Other long-term liabilities	146	146	129	132	134
Long-term liabilities	815	804	717	650	582
A/C payable	359	263	407	431	451
Short term debt	441	564	370	357	344
Other current liabilities	146	163	172	182	191
Current liabilities	946	990	950	970	987
Total liabilities and shareholders' equity	3,240	3,251	3,139	3,150	3,161
Net working capital	35	200	(70)	(75)	(78)
Invested capital	2,455	2,661	2,466	2,399	2,340
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.64	4.51	4.68	4.87	5.07
Tangible book value per share	3.48	3.37	3.54	3.73	3.93
Financial strength					
Net debt/equity (%)	56.1	65.1	58.7	48.2	38.5
Net debt/total assets (%)	25.6	28.2	27.5	23.4	19.4
Current ratio (x)	0.9	0.9	0.6	0.7	0.8
CF interest cover (x)	17.3	8.8	12.3	14.6	17.8
Valuation	2023	2024	2025E	2026E	2027E
Recurring P/E (x) *	12.5	35.6	18.0	16.1	14.7
Recurring P/E @ target price (x) *	11.1	31.7	16.0	14.3	13.1
Reported P/E (x)	12.8	35.6	18.0	16.1	14.7
Dividend yield (%)	4.4	2.5	3.1	3.4	3.7
Price/book (x)	1.5	1.5	1.4	1.4	1.3
Price/tangible book (x)	1.9	2.0	1.9	1.8	1.7
EV/EBITDA (x) **	4.6	5.3	4.2	3.6	3.2
EV/EBITDA @ target price (x) **	4.2	4.9	3.9	3.3	2.9
EV/invested capital (x)	1.2	1.2	1.2	1.2	1.2
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Zen Corporation Group; 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 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+																		
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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>Leader:</td><td>leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td><td></td><td></td></tr><tr><td>A</td><td>5.714-7.142</td><td></td><td></td></tr><tr><td>BBB</td><td>4.286-5.713</td><td>Average:</td><td>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><td></td><td></td></tr><tr><td>B</td><td>1.429-2.856</td><td></td><td></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

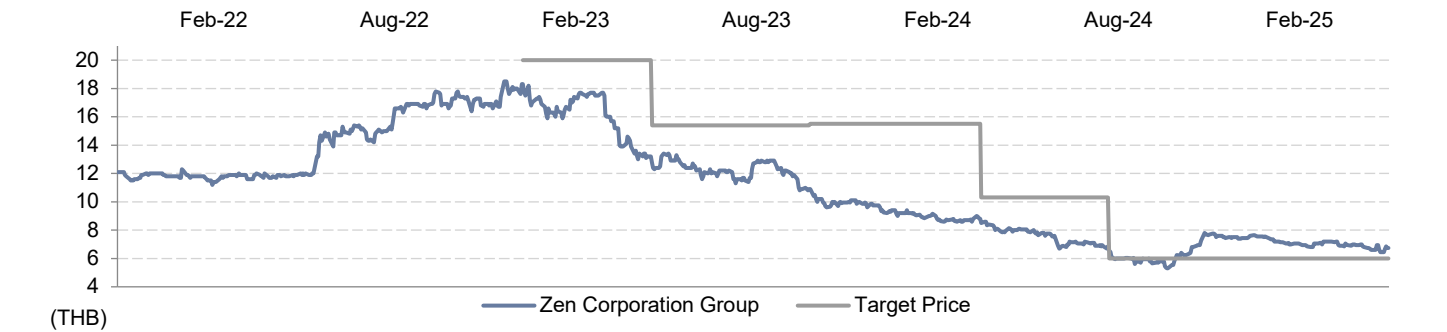
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History of change in investment rating and/or target price

Zen Corporation Group (ZEN TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Feb-2023	BUY	20.00	12-Oct-2023	BUY	15.50	25-Jun-2024	REDUCE	6.00
29-May-2023	BUY	15.40	07-Mar-2024	BUY	10.30			

Sureeporn Teewasuwet started covering this stock from 07-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Zen Corporation Group	ZEN TB	THB 6.75	REDUCE	Upside risks to our P/E-based TP include 1) a faster-than-expected purchasing power recovery; 2) a faster-than-expected decrease in raw material costs; 3) greater-than-expected store expansion; and 4) a minimum wage increase or labor 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 21-Feb-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.