

# SAPPE SAPPE TB

THAILAND / FOOD & BEVERAGE

## HOLD

FROM BUY

TARGET PRICE	THB40.00
CLOSE	THB38.25
UP/DOWNSIDE	+4.6%
PRIOR TP	THB83.00
CHANGE IN TP	-51.8%
TP vs CONSENSUS	-47.4%

## Entering a downtrend in 2025

- Management cut its 2025 revenue growth target to 5% y-y from 15-20% y-y, as the destocking in Europe took longer than expected.
- We have lowered our 2025E net profit to drop by 21% y-y.
- We suggest avoiding investment until signs of recovery are seen.

### Management cut revenue growth target for 2025

We have a negative outlook from the analyst meeting. Management unexpectedly revised its 2025 revenue target down to 5% y-y from 15-20% y-y. The regional revenue targets are as follows: EU -10% y-y, Asia +5% y-y, America +10% y-y, Middle East and other +10% y-y, and domestic +15% y-y. The three countries facing the most significant issues are the UK, France, and South Korea, while Indonesia remains flat despite its resolving distributor issue. This has led to the postponement of its new factory expansion plan to 1Q26 from mid-2025.

### The destocking in the EU has not yet ended

The UK and France are facing issues with retail sales, both in terms of the quality of sales and their inability to increase modern trade channels as planned. This has resulted in overstock problems and destocking starting from 3Q24 and continuing to the present. Management guided that 1Q25 orders would decline further from 4Q24. They anticipated that destocking may end by 2Q25, with recovery expected in 3Q25. We think it could be due to the sluggish European economy or the failure to adjust strategies successfully. Meanwhile, South Korea continues to struggle with purchasing power and high competition.

### The profit outlook remains weak in 1H25

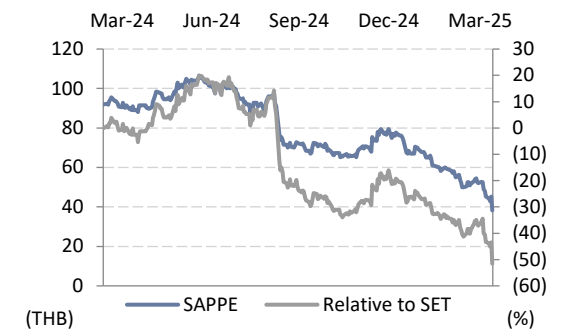
Preliminary, we expect a 1Q25 net profit of THB200m (+6% q-q, -43% y-y). However, overall revenue may not improve as the EU has not yet recovered, and the Middle East may drop q-q after a strong recovery due to stock issues in 4Q24. If EU's 1Q25 revenue weakens q-q as expected, there is a possibility that full-year revenue will slow more than the company's target. Therefore, we have decreased our 2025E net profit to drop by 21% y-y to THB995m.

### De-rate valuation to reflect higher volatility

We cut our TP to THB40, reducing the PE ratio to 12.5x (-1 SD), the lowest target PE in the beverage sector. This is because, in addition to an expected profit slowdown this year, orders are becoming more volatile. Around 80% of revenue comes from exports, which are impacted by the global economic downturn and weather conditions. Aside from that, there are limited leading indicators to forecast future performance. As a result, we have downgraded the valuation. We recommend avoiding investments until we see signs of a recovery in orders.

### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	6,775	6,136	6,603	7,035
Net profit	1,253	995	1,168	1,256
EPS (THB)	4.06	3.23	3.79	4.08
vs Consensus (%)	-	(21.9)	(15.4)	(18.5)
EBITDA	1,785	1,515	1,762	1,895
Recurring net profit	1,233	995	1,168	1,256
Core EPS (THB)	4.00	3.23	3.79	4.08
Chg. In EPS est. (%)	-	(28.0)	(25.0)	(27.3)
EPS growth (%)	13.7	(19.3)	17.4	7.5
Core P/E (x)	9.6	11.9	10.1	9.4
Dividend yield (%)	8.0	6.3	7.4	8.0
EV/EBITDA (x)	5.7	7.1	6.2	5.6
Price/book (x)	2.7	2.6	2.4	2.3
Net debt/Equity (%)	(38.4)	(24.4)	(22.0)	(24.2)
ROE (%)	30.0	22.1	24.5	24.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(23.5)	(50.8)	(58.5)
Relative to country (%)	(18.8)	(40.0)	(52.2)
Mkt cap (USD m)	349		
3m avg. daily turnover (USD m)	1.4		
Free float (%)	25		
Major shareholder	Ruckariyapong Family (65%)		
12m high/low (THB)	107.50/38.25		
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.

### 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](http://www.sappe.com)

### Principal activities (revenue, 2024)

Activity	Percentage
Domestic revenue	20.2 %
Overseas revenue	79.8 %

Source: Sappe

### Major shareholders

Shareholder	Percentage
Ruckariyapong Family	65.4 %
Others	34.6 %

Source: Sappe

### 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 and upside risks to our P/E-based TP include 1) lower or higher purchasing power, 2) higher or lower raw material and packaging costs, 3) Baht strength or weakness, and 4) increased or decreased competition and product infringement.

### Event calendar

Date	Event
May 2025	1Q25 results announcement

### Key assumptions

	2025E	2026E	2027E
Domestic revenue (THB m)	1,300	1,430	1,512
Overseas revenue (THB m)	4,836	5,173	5,523
Total revenue (THB m)	6,136	6,603	7,035
Total revenue growth (%)	-9.4	7.6	6.5
Gross margin (%)	45.0	45.8	46.0
SG&A to sale (%)	28.0	27.0	27.0

Source: FSSIA estimates

### Earnings sensitivity

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

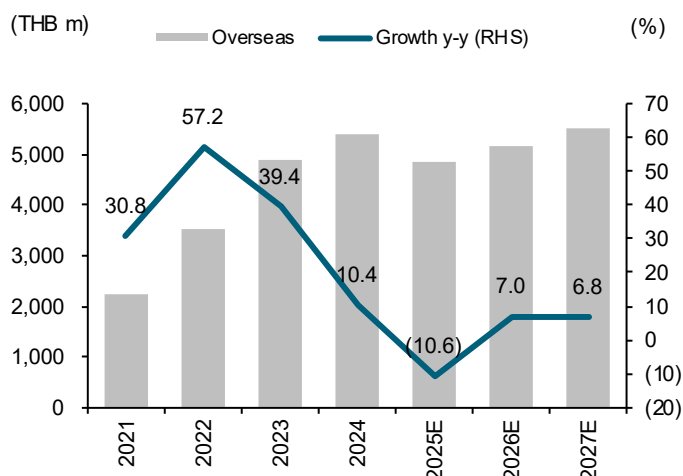
Source: FSSIA estimates

## Exhibit 1: Changes in key assumptions for SAPPE

	Current			Previous			Change		
	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Total sale value (THB m)	6,136	6,603	7,035	7,325	7,974	8,386	(16.2)	(17.2)	(16.1)
Costs	3,375	3,579	3,799	3,992	4,322	4,528	(15.5)	(17.2)	(16.1)
Gross profit	2,761	3,024	3,236	3,333	3,652	3,857	(17.1)	(17.2)	(16.1)
SG&A expense	1,718	1,783	1,899	1,905	2,073	2,180	(9.8)	(14.0)	(12.9)
Interest expense	3	3	3	3	3	3	0.0	0.0	0.0
Reported net profit	995	1,168	1,256	1,382	1,557	1,729	(28.0)	(25.0)	(27.3)
Core profit	995	1,168	1,256	1,382	1,557	1,729	(28.0)	(25.0)	(27.3)
<b>Key ratios (%)</b>									
Total revenue growth	(9.4)	7.6	6.5	8.1	8.9	5.2	(17.5)	(1.3)	1.4
Net profit growth	(20.6)	17.4	7.5	10.3	12.7	11.0	(30.9)	4.7	(3.5)
Core profit growth	(19.3)	17.4	7.5	12.1	12.7	11.0	(31.4)	4.7	(3.5)
Gross margin	45.0	45.8	46.0	45.5	45.8	46.0	(0.5)	0.0	0.0
SG&A to sales	28.0	27.0	27.0	26.0	26.0	26.0	2.0	1.0	1.0
Net margin	16.2	17.7	17.9	18.9	19.5	20.6	(2.7)	(1.8)	(2.8)
Core margin	16.2	17.7	17.9	18.9	19.5	20.6	(2.7)	(1.8)	(2.8)
<b>Operating statistics (no.)</b>									
Domestic revenue	1,300	1,430	1,512	1,415	1,501	1,587	(8.1)	(4.7)	(4.7)
Overseas revenue	4,836	5,173	5,523	5,910	6,473	6,799	(18.2)	(20.1)	(18.8)
Domestic revenue growth	(5.0)	10.0	5.7	3.4	6.1	5.7	(8.4)	3.9	0.0
Overseas revenue growth	(10.6)	7.0	6.8	9.3	9.5	5.0	(19.9)	(2.6)	1.7
Domestic revenue portion	21.2	21.7	21.5	19.3	18.8	18.9	1.9	2.8	2.6
Overseas revenue portion	78.8	78.3	78.5	80.7	81.2	81.1	0.0	(2.8)	1.0

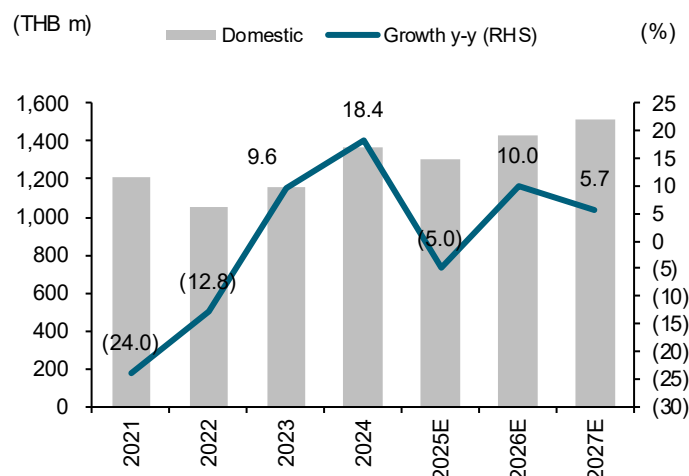
Source: FSSIA estimates

## Exhibit 2: Yearly overseas revenue and growth



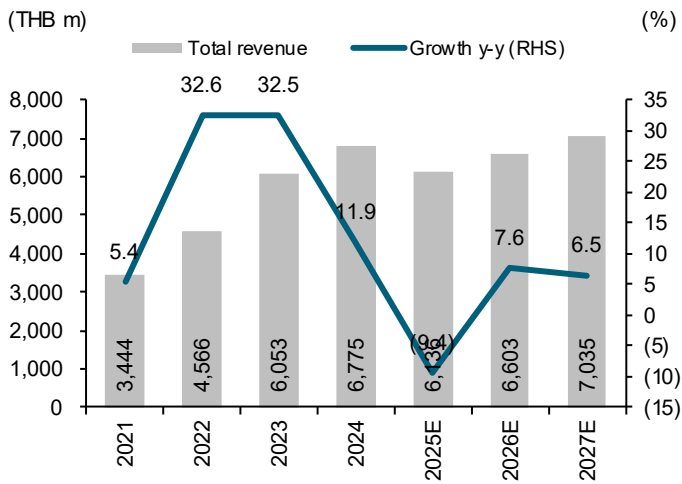
Sources: SAPPE, FSSIA estimates

## Exhibit 3: Yearly domestic revenue and growth



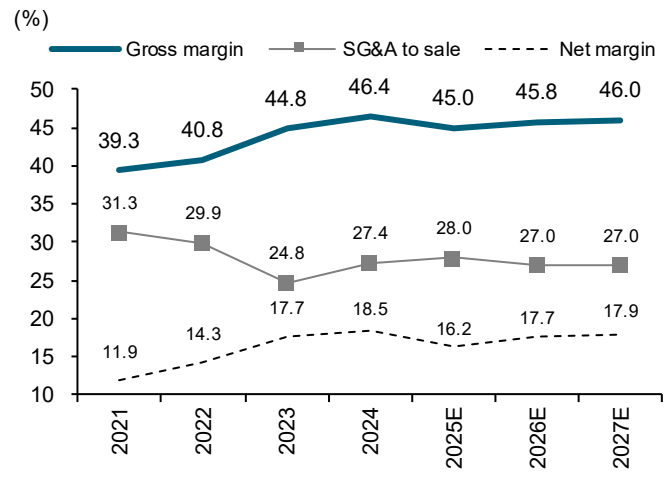
Sources: SAPPE, FSSIA estimates

**Exhibit 4: Yearly total revenue and growth**



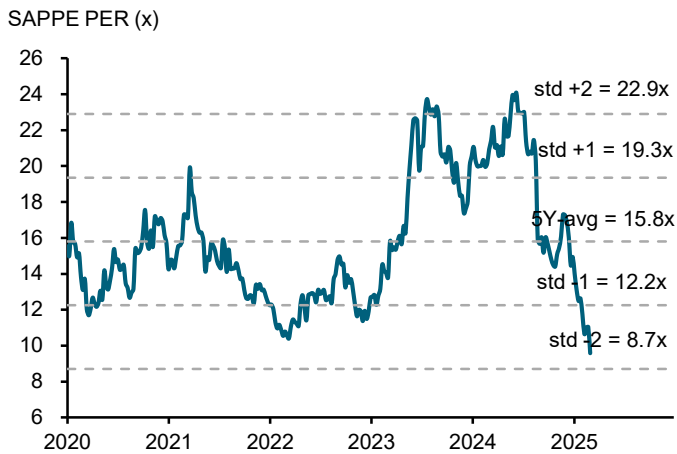
Sources: SAPPE, FSSIA estimates

**Exhibit 5: Yearly gross margin and SG&A to sales**



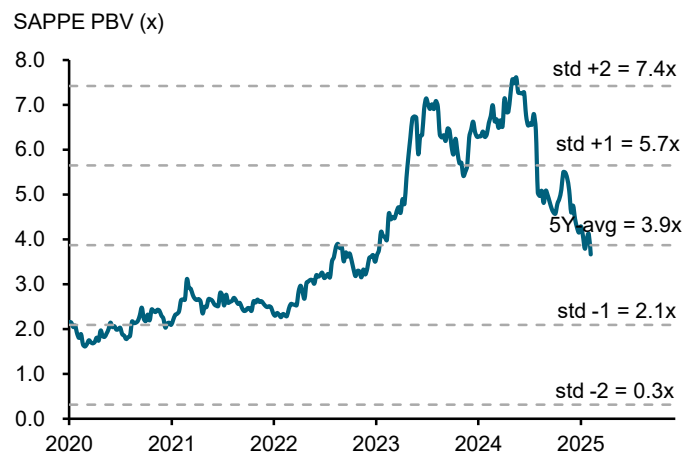
Sources: SAPPE, FSSIA estimates

**Exhibit 6: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 7: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Sappe

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	6,053	6,775	6,136	6,603	7,035
Cost of goods sold	(3,341)	(3,632)	(3,375)	(3,579)	(3,799)
<b>Gross profit</b>	<b>2,711</b>	<b>3,144</b>	<b>2,761</b>	<b>3,024</b>	<b>3,236</b>
Other operating income	146	258	184	198	211
Operating costs	(1,499)	(1,854)	(1,718)	(1,783)	(1,899)
<b>Operating EBITDA</b>	<b>1,536</b>	<b>1,785</b>	<b>1,515</b>	<b>1,762</b>	<b>1,895</b>
Depreciation	(178)	(237)	(287)	(322)	(347)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,358</b>	<b>1,548</b>	<b>1,227</b>	<b>1,440</b>	<b>1,548</b>
Net financing costs	(3)	(2)	(3)	(3)	(3)
Associates	(20)	(1)	4	4	4
Recurring non-operating income	(20)	(1)	4	4	4
Non-recurring items	(10)	19	0	0	0
<b>Profit before tax</b>	<b>1,325</b>	<b>1,564</b>	<b>1,228</b>	<b>1,441</b>	<b>1,549</b>
Tax	(275)	(298)	(221)	(259)	(279)
<b>Profit after tax</b>	<b>1,051</b>	<b>1,266</b>	<b>1,007</b>	<b>1,181</b>	<b>1,270</b>
Minority interests	24	(13)	(12)	(13)	(14)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,074</b>	<b>1,253</b>	<b>995</b>	<b>1,168</b>	<b>1,256</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>10</b>	<b>(19)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,085</b>	<b>1,233</b>	<b>995</b>	<b>1,168</b>	<b>1,256</b>
<b>Per share (THB)</b>					
Recurring EPS *	3.52	4.00	3.23	3.79	4.08
Reported EPS	3.48	4.06	3.23	3.79	4.08
DPS	2.18	3.05	2.42	2.84	3.06
Diluted shares (used to calculate per share data)	308	308	308	308	308
<b>Growth</b>					
Revenue (%)	32.5	11.9	(9.4)	7.6	6.5
Operating EBITDA (%)	51.0	16.2	(15.1)	16.3	7.6
Operating EBIT (%)	63.6	13.9	(20.7)	17.3	7.5
Recurring EPS (%)	63.1	13.7	(19.3)	17.4	7.5
Reported EPS (%)	64.5	16.6	(20.6)	17.4	7.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	44.8	46.4	45.0	45.8	46.0
Gross margin exc. depreciation (%)	47.7	49.9	49.7	50.7	50.9
Operating EBITDA margin (%)	25.4	26.3	24.7	26.7	26.9
Operating EBIT margin (%)	22.4	22.8	20.0	21.8	22.0
Net margin (%)	17.9	18.2	16.2	17.7	17.9
Effective tax rate (%)	20.7	19.0	18.0	18.0	18.0
Dividend payout on recurring profit (%)	62.0	76.2	75.0	75.0	75.0
Interest cover (X)	524.4	753.6	452.6	512.6	533.0
Inventory days	50.9	36.1	38.4	48.0	48.1
Debtor days	19.7	19.3	21.6	19.3	19.4
Creditor days	28.9	25.3	22.7	21.4	21.4
Operating ROIC (%)	96.7	65.5	33.0	32.4	32.6
ROIC (%)	73.7	56.4	30.0	29.7	30.0
ROE (%)	30.7	30.0	22.1	24.5	24.8
ROA (%)	20.8	21.5	16.8	18.9	19.1

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

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Domestic revenue	1,156	1,369	1,300	1,430	1,512
Overseas revenue	4,896	5,407	4,836	5,173	5,523

Sources: Sappe; FSSIA estimates

## Financial Statements

### Sappe

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	1,085	1,233	995	1,168	1,256
Depreciation	178	237	287	322	347
Associates & minorities	20	1	(4)	(4)	(4)
Other non-cash items	(24)	20	68	11	11
Change in working capital	581	(245)	(279)	26	22
<b>Cash flow from operations</b>	<b>1,840</b>	<b>1,247</b>	<b>1,067</b>	<b>1,523</b>	<b>1,632</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(935)	(1,319)	(854)	(700)	(500)
Net acquisitions & disposals	4	(19)	0	0	0
Other investments (net)	(1)	25	(17)	(5)	(4)
<b>Cash flow from investing</b>	<b>(931)</b>	<b>(1,314)</b>	<b>(871)</b>	<b>(705)</b>	<b>(504)</b>
Dividends paid	(521)	(701)	(746)	(876)	(942)
Equity finance	0	0	0	0	0
Debt finance	(2)	1	33	3	3
Other financing cash flows	18	11	(7)	7	6
<b>Cash flow from financing</b>	<b>(506)</b>	<b>(689)</b>	<b>(720)</b>	<b>(866)</b>	<b>(933)</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>403</b>	<b>(756)</b>	<b>(523)</b>	<b>(48)</b>	<b>195</b>
Free cash flow to firm (FCFF)	911.11	(65.34)	199.31	820.96	1,130.80
Free cash flow to equity (FCFE)	924.28	(55.33)	222.92	828.15	1,137.36
<b>Per share (THB)</b>					
FCFF per share	2.96	(0.21)	0.65	2.66	3.67
FCFE per share	3.00	(0.18)	0.72	2.69	3.69
Recurring cash flow per share	4.08	4.84	4.37	4.86	5.22
Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	3,121	4,467	5,467	6,167	6,667
Less: Accumulated depreciation	(1,403)	(1,544)	(1,832)	(2,154)	(2,501)
<b>Tangible fixed assets (net)</b>	<b>1,718</b>	<b>2,923</b>	<b>3,635</b>	<b>4,013</b>	<b>4,166</b>
<b>Intangible fixed assets (net)</b>	<b>124</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	140	113	117	121	125
Cash & equivalents	2,532	1,775	1,252	1,204	1,399
A/C receivable	642	602	376	402	425
Inventories	438	234	416	441	468
Other current assets	45	86	61	66	70
<b>Current assets</b>	<b>3,656</b>	<b>2,698</b>	<b>2,106</b>	<b>2,113</b>	<b>2,363</b>
Other assets	43	44	61	66	70
<b>Total assets</b>	<b>5,680</b>	<b>5,921</b>	<b>6,063</b>	<b>6,456</b>	<b>6,868</b>
Common equity	3,818	4,392	4,614	4,906	5,220
Minorities etc.	78	99	166	177	188
<b>Total shareholders' equity</b>	<b>3,896</b>	<b>4,491</b>	<b>4,780</b>	<b>5,083</b>	<b>5,408</b>
Long term debt	49	39	51	54	57
Other long-term liabilities	88	99	92	99	106
<b>Long-term liabilities</b>	<b>137</b>	<b>138</b>	<b>143</b>	<b>153</b>	<b>163</b>
A/C payable	271	200	185	196	208
Short term debt	21	13	34	34	34
Other current liabilities	1,356	1,079	920	991	1,055
<b>Current liabilities</b>	<b>1,647</b>	<b>1,292</b>	<b>1,139</b>	<b>1,221</b>	<b>1,297</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,680</b>	<b>5,921</b>	<b>6,063</b>	<b>6,456</b>	<b>6,868</b>
Net working capital	(502)	(357)	(252)	(278)	(299)
Invested capital	1,522	2,866	3,705	4,066	4,205
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	12.38	14.25	14.97	15.91	16.93
Tangible book value per share	11.98	13.78	14.50	15.45	16.47
<b>Financial strength</b>					
Net debt/equity (%)	(63.2)	(38.4)	(24.4)	(22.0)	(24.2)
Net debt/total assets (%)	(43.3)	(29.1)	(19.3)	(17.3)	(19.0)
Current ratio (x)	2.2	2.1	1.8	1.7	1.8
CF interest cover (x)	729.4	617.1	396.8	543.7	563.3
Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>10.9</b>	<b>9.6</b>	<b>11.9</b>	<b>10.1</b>	<b>9.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>11.4</b>	<b>10.0</b>	<b>12.4</b>	<b>10.6</b>	<b>9.8</b>
Reported P/E (x)	11.0	9.4	11.9	10.1	9.4
Dividend yield (%)	5.7	8.0	6.3	7.4	8.0
Price/book (x)	3.1	2.7	2.6	2.4	2.3
Price/tangible book (x)	3.2	2.8	2.6	2.5	2.3
EV/EBITDA (x) **	6.1	5.7	7.1	6.2	5.6
EV/EBITDA @ target price (x) **	6.5	6.0	7.5	6.5	5.9
EV/invested capital (x)	6.2	3.5	2.9	2.7	2.5
* 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 8: 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	<b>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.</b>
★☆☆☆☆	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 9: 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
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 10: 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	<b>Board size / Independent directors (ID) / Female</b>		<b>10 / 5 / 3</b>
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		--	<b>Size of audit committee / ID</b>		<b>4 / 4</b>
Social			Audit committee meetings		4
Human rights policy		Yes	Audit committee meeting attendance (%)		100
Policy against child labor		Yes	<b>Size of compensation committee</b>		--
Quality assurance and recall policy		Yes	Number of compensation committee meetings		--
Consumer data protection policy		Yes	Compensation committee meeting attendance (%)		--
Equal opportunity policy		Yes	<b>Size of nomination committee / ID</b>		--
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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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.																			
<a href="#">Thai CAC</a> 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.																			
<a href="#">Morningstar Sustainabilitys</a>	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 &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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0-10	10-20	20-30	30-40	40+																	
<a href="#">ESG Book</a>	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.																			
<a href="#">MSCI</a>	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><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></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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<a href="#">Moody's ESG solutions</a>	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.																				
<a href="#">Refinitiv ESG rating</a>	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>																				
<a href="#">S&amp;P Global</a>	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.																				
<b>Bloomberg</b>	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

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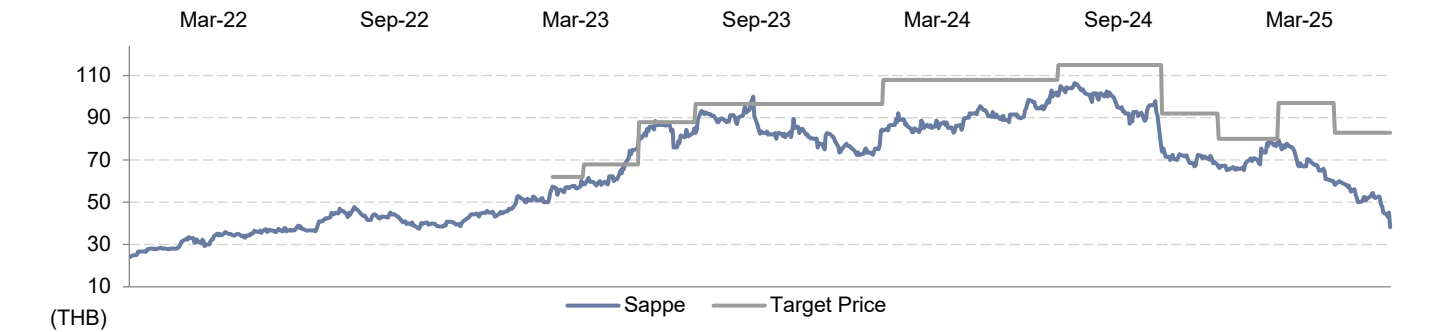
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History of change in investment rating and/or target price

Sappe (SAPPE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Mar-2023	BUY	62.00	21-Dec-2023	BUY	108.00	28-Nov-2024	BUY	97.00
05-Apr-2023	BUY	68.00	21-May-2024	BUY	115.00	16-Jan-2025	BUY	83.00
23-May-2023	BUY	88.00	19-Aug-2024	BUY	92.00			
11-Jul-2023	BUY	96.50	07-Oct-2024	BUY	80.00			

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 38.25	HOLD	Downside and upside risks to our P/E-based TP include 1) lower or higher purchasing power, 2) higher or lower raw material and packaging costs, 3) Baht strength or weakness, and 4) increased or decreased 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 06-Mar-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.