

# ICHITAN GROUP

## THAILAND / FOOD & BEVERAGE

# ICHI TB

# BUY

UNCHANGED

## Muted revenue outlook

- 1Q25 revenue would decrease by 9% q-q and 15% y-y, due to cooler-than-expected weather in January and February.
- Revising down 2025E profit by 8.5% to drop 3% y-y (from +6% y-y).
- Cut TP to THB14.6, but maintain BUY on a cheap valuation and high dividend yield.

TARGET PRICE	THB14.60
CLOSE	THB12.00
UP/DOWNSIDE	+21.7%
PRIOR TP	THB16.00
CHANGE IN TP	-8.8%
TP vs CONSENSUS	-4.3%

## KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	8,594	8,595	9,035	9,259
Net profit	1,306	1,271	1,343	1,414
EPS (THB)	1.00	0.98	1.03	1.09
vs Consensus (%)	-	(6.3)	(8.2)	(6.8)
EBITDA	2,246	2,159	2,264	2,366
Recurring net profit	1,343	1,271	1,343	1,414
Core EPS (THB)	1.03	0.98	1.03	1.09
Chg. In EPS est. (%)	-	(8.5)	(9.0)	(8.4)
EPS growth (%)	22.0	(5.4)	5.7	5.2
Core P/E (x)	11.6	12.3	11.6	11.0
Dividend yield (%)	9.2	9.0	9.5	10.0
EV/EBITDA (x)	6.6	6.7	6.4	6.0
Price/book (x)	2.7	2.8	2.9	2.9
Net debt/Equity (%)	(14.9)	(19.4)	(21.8)	(25.0)
ROE (%)	23.2	22.5	24.3	26.2

## 1Q25 revenue should weaken more than previously expected

Although revenue began to recover in March, and ICHI should start recognizing OEM revenue, it would not be enough to offset weak revenue in January-February due to unusually prolonged cold weather. Hence, we expect 1Q25 total revenue to drop by 9% q-q and 15% y-y to THB1.8b. As ICHI started recognizing its new production line, depreciation expenses would increase by cTHB7.5m/quarter, or 0.4% of total revenue. This should lead to a lower utilization rate (including the new machinery) of 65%. We assume the 1Q25 gross margin will decline to 23.7% (vs 24.6% in 4Q24 and 26.1% in 1Q24). Overall, this suggests a lackluster 1Q25 performance, falling short of the management's full-year revenue growth target of 10.5% y-y.

## Significantly cut expenses to maintain profits

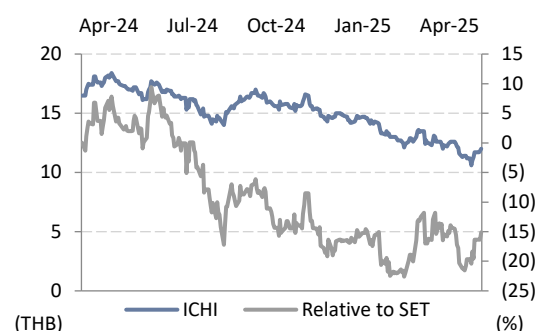
ICHI has been trying to maintain net profits by aggressively managing expenses and significantly reducing selling and marketing costs. Therefore, we estimate 1Q25 SG&A expenses to drop sharply by 56% q-q and 44% y-y, with SG&A to sales ratio falling to only 4% (vs the usual 6-7%). Also, we project 1Q25 net profit at THB296m (+43% q-q, -19% y-y). However, it may not be possible for ICHI to sustain these cost reductions in the long run.

## Cut 2025E profit due to cooler-than-expected weather

While we expect to see a rebound in revenue in 2Q25, as it is the high season for the business, along with its rollout of new products and an anticipated increase in OEM revenue, we must acknowledge that the weather this year is less hot than last year, and 1Q25 revenue should see a notable setback. Therefore, we have decreased our 2025 revenue growth assumption to be flat y-y (from +5.8% y-y). This implies that ICHI needs strong growth in the remaining three quarters. Also, we have slashed our gross margin forecast to 23.7% (from 25%), leading to a lower 2025E net profit by 8.5% to THB1.27b (-3% y-y), which accounts for 23% of our full-year estimate.

## Maintain BUY on a cheap valuation and high dividend yield

Similarly, we have cut our TP to THB14.6, based on 15x PE. Although we expect weak earnings this year, the stock price has dropped significantly to trade at 12.7x PE. In addition, we expect a 9% annual dividend yield (paid twice a year), and ICHI may complete a land sale deal in Rojana in 2Q25. Initial estimates suggest a profit of cTHB120m from the land sale (THB0.1/shr). ICHI would likely consider paying this out as a special dividend, as there is no new investment plan this year following last year's expansion of a new production line.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.6)	(9.8)	(26.4)
Relative to country (%)	0.9	6.0	(11.8)
Mkt cap (USD m)	469		
3m avg. daily turnover (USD m)	2.1		
Free float (%)	53		
Major shareholder	Passakornnatee Family (42%)		
12m high/low (THB)	18.60/10.40		
Issued shares (m)	1,300.00		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

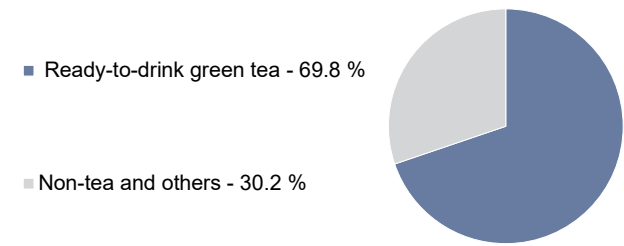
ICHI manufactures and distributes ICHITAN ready-to-drink green tea, “Yen Yen” herbal drink, and green tea with chewy coconut cubes named “ICHITAN Chew Chew”, along with other beverages. In 2023, 91.7% of ICHI’s revenue came from domestic sales, with overseas sales accounting for just 8.3%. ICHI’s factory is located in Rojana Industrial Park, Ayutthaya. It has seven bottle production lines and two UHT box product lines with a total capacity of 1,500 million bottles and 200 million boxes p.a. ICHI plans to increase its capacity to 1,700 million bottles in 1Q25.

### Company profile

Ichitan Group manufactures its own-branded beverages and sells ready-to-drink green tea beverages, herbal drinks, and low-sugar ready-to-drink tea beverages to the local market and CLMV. In 2014, ICHI engaged in a joint venture with PT Atri Pasifik, an Indonesian company, to produce and sell its products in Indonesia.

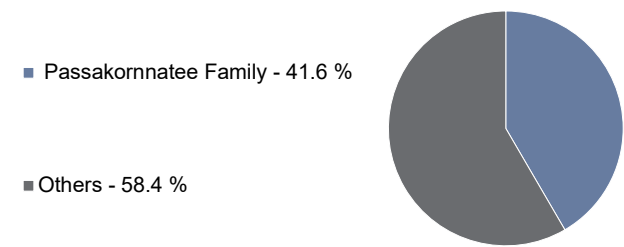
[www.ichitangroup.com](http://www.ichitangroup.com)

### Principal activities (revenue, 2024)



Source: Ichitan Group

### Major shareholders



Source: Ichitan Group

### Catalysts

Potential catalysts for ICHI’s earnings growth in 2025 are 1) revenue growth, driven by rising sales volumes, 2) declining packaging costs, 3) successful new product launches, and 4) successful original equipment manufacturer (OEM) customer products.

### Risks to our call

Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery, 2) high or low volatility in packaging costs, and 3) increased or decreased competition and government policy changes such as excise taxes for sugary drinks.

### Event calendar

Date	Event
13 May 2025	1Q25 results announcement
4 June 2025	1Q25 Opportunity days and analyst meeting

### Key assumptions

	2025E	2026E	2027E
Domestic revenue (THB m)	8,155	8,582	8,792
Overseas revenue (THB m)	440	453	467
Total revenue (THB m)	8,595	9,035	9,259
Total revenue growth (%)	0.0	5.1	2.5
Gross margin (%)	23.7	24.5	25.0
SG&A to sales (%)	5.8	6.5	6.5

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 1%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 3.8%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2025 net profit to fall by 2%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: Changes in key assumptions for ICHI

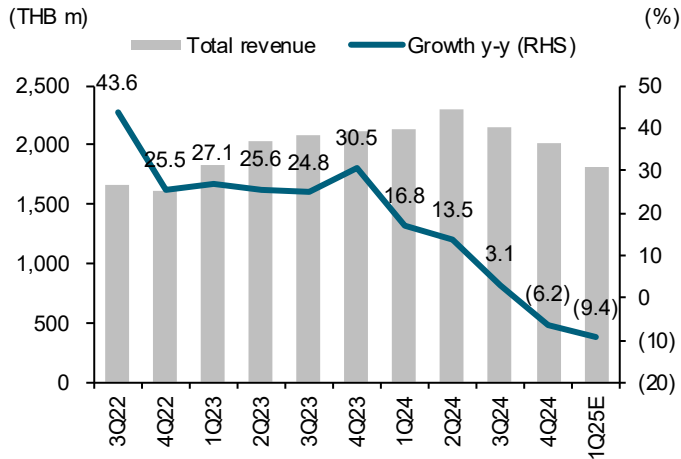
	Current			Previous			Change		
	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Sales	8,595	9,035	9,259	9,097	9,564	9,898	(5.5)	(5.5)	(6.5)
Cost of sales	6,558	6,822	6,944	6,823	7,154	7,384	(3.9)	(4.6)	(6.0)
Gross profit	2,037	2,214	2,315	2,274	2,410	2,514	(10.4)	(8.2)	(7.9)
SG&A	499	587	602	591	622	643	(15.7)	(5.5)	(6.5)
Operating profit	1,573	1,661	1,748	1,719	1,826	1,908	(8.5)	(9.0)	(8.4)
Interest expense	2	2	2	2	2	2	0.0	0.0	0.0
Tax expense	318	336	353	347	369	385	(8.5)	(9.0)	(8.4)
Profit (loss) sharing	17	18	19	18	19	20	(5.5)	(5.5)	(6.5)
Reported net profit	1,271	1,342	1,412	1,389	1,474	1,541	(8.5)	(9.0)	(8.4)
Core profit	1,271	1,342	1,412	1,389	1,474	1,541	(8.5)	(9.0)	(8.4)
<b>Key ratios (%)</b>									
Total revenue growth	0.0	5.1	2.5	5.8	5.1	3.5			
Net profit growth	(2.7)	5.6	5.2	6.3	6.2	4.5			
Core profit growth	(5.4)	5.6	5.2	3.4	6.2	4.5			
Gross margin	23.7	24.5	25.0	25.0	25.2	25.4	(1.3)	(0.7)	(0.4)
SG&A to sales	5.8	6.5	6.5	6.5	6.5	6.5	(0.7)	0.0	0.0
Net margin	14.8	14.9	15.2	15.3	15.4	15.6	(0.5)	(0.6)	(0.3)
Norm margin	14.8	14.9	15.2	15.3	15.4	15.6	(0.5)	(0.6)	(0.3)
<b>Operating statistics (THB m)</b>									
Domestic revenue	8,155	8,582	8,792	8,648	9,101	9,421	(5.7)	(5.7)	(6.7)
Overseas revenue	440	453	467	449	463	477	(2.0)	(2.0)	(2.0)

Source: FSSIA estimates

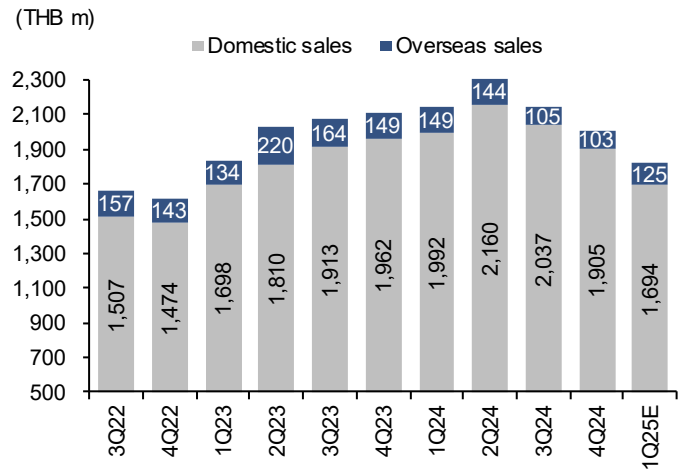
## Exhibit 2: ICHI – 1Q25 earnings preview

	1Q24 (THB m)	2Q24 (THB m)	3Q24 (THB m)	4Q24 (THB m)	1Q25E (THB m)	Change		2024 (THB m)	2025E (THB m)	Change	% 1Q25E to 2025E
						(q-q%)	(y-y%)			(y-y%)	
Sales	2,140	2,304	2,142	2,008	1,819	(9.4)	(15.0)	8,594	8,595	0.0	21.2
Cost of sales	1,582	1,695	1,592	1,513	1,388	(8.3)	(12.3)	6,382	6,558	2.8	21.2
Gross profit	558	609	550	495	431	(12.8)	(22.7)	2,212	2,037	(7.9)	21.2
SG&A	131	174	112	165	73	(55.9)	(44.3)	582	499	(14.3)	14.6
Operating profit	441	444	446	343	366	6.8	(16.9)	1,674	1,573	(6.1)	23.3
Interest expense	0.4	0.4	0.4	0.3	0.4	1.7	(15.9)	1.5	1.8	18.5	19.4
Tax expense	88	93	89	69	74	7.0	(16.1)	339	318	(6.4)	23.3
Profit (loss) sharing	12	1	1	(4)	4	nm	(65.3)	9	17	85.4	23.3
Reported net profit	364	379	357	206	296	43.4	(18.6)	1,306	1,271	(2.7)	23.3
Core profit	364	353	357	269	296	9.9	(18.6)	1,343	1,271	(5.4)	23.3
<b>Key Ratios (%)</b>											
Gross margin	26.1	26.4	25.7	24.6	23.7	(0.9)	(2.4)	25.7	23.7	(2.0)	
SG&A to sales	6.1	7.5	5.2	8.2	4.0	(4.2)	(2.1)	6.8	5.8	(1.0)	
Operating margin	20.6	19.3	20.8	17.1	20.1	3.1	(0.5)	19.5	18.3	(1.2)	
Net margin	17.0	16.4	16.7	10.3	16.3	6.0	(0.7)	15.2	14.8	(0.4)	
Core margin	17.0	15.3	16.7	13.4	16.3	2.9	(0.7)	15.6	14.8	(0.8)	
<b>Operating statistics (THB m)</b>											
Domestic	1,992	2,160	2,037	1,905	1,694	(11.1)	(14.9)	8,094	8,155	0.8	20.8
Overseas	149	144	105	103	125	21.3	(15.9)	500	440	(12.0)	28.4
Utilisation rate (%)	77.0	78.0	79.0	71.0	65.0			76.0	71.0		

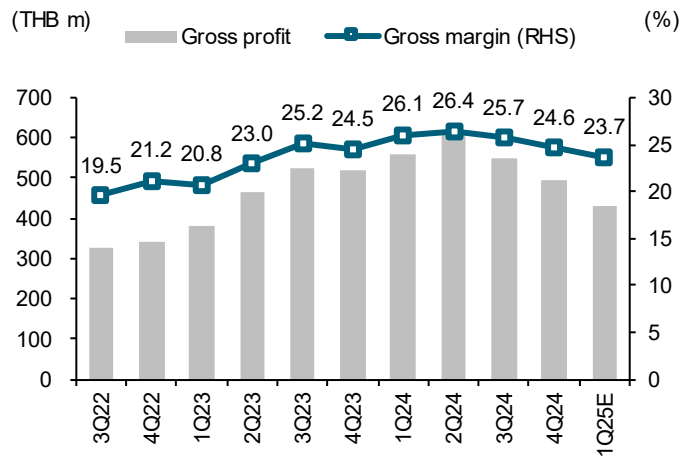
Sources: ICHI, FSSIA estimates

**Exhibit 3: Quarterly total revenue and growth**

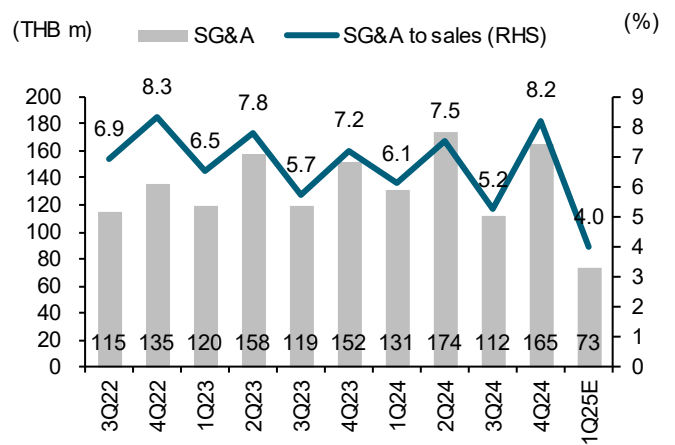
Sources: ICHI, FSSIA estimates

**Exhibit 4: Quarterly revenue by destination**

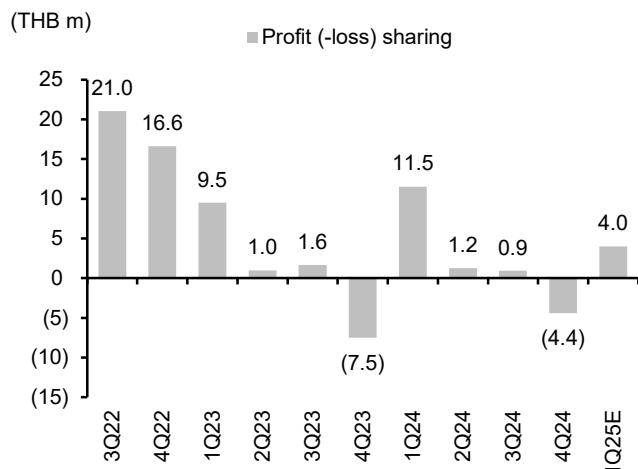
Sources: ICHI, FSSIA estimates

**Exhibit 5: Quarterly gross margin**

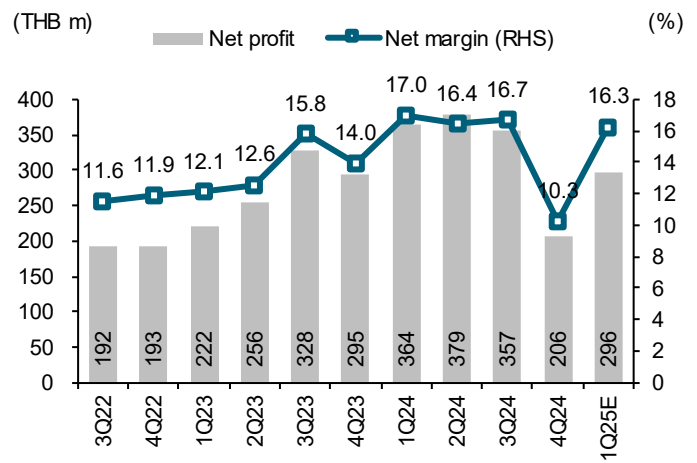
Sources: ICHI, FSSIA estimates

**Exhibit 6: Quarterly SG&A to sales**

Sources: ICHI, FSSIA estimates

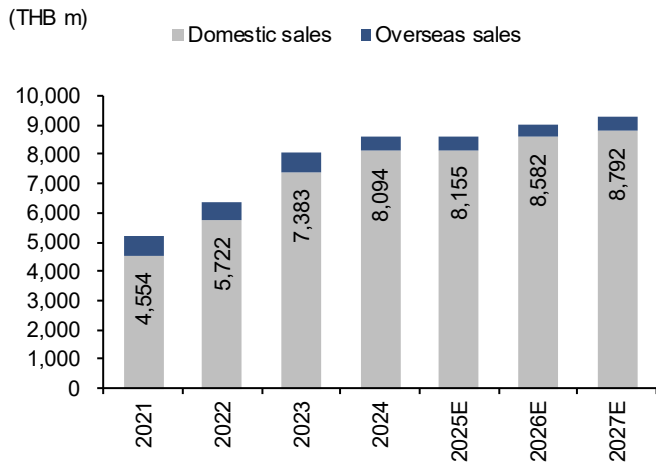
**Exhibit 7: Quarterly profit sharing from associate in Indonesia**

Sources: ICHI, FSSIA estimates

**Exhibit 8: Quarterly net profit and net margin**

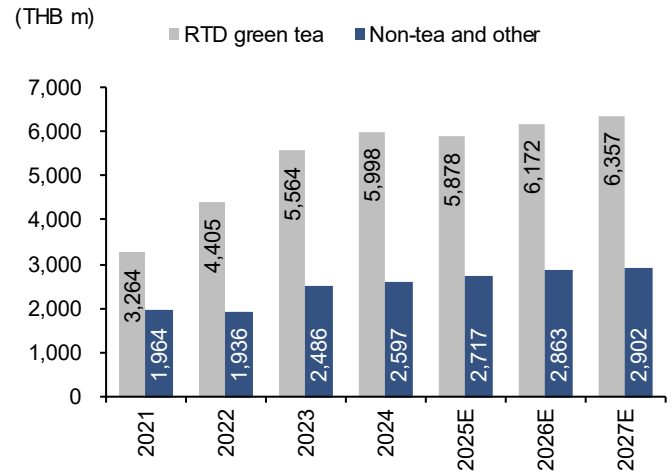
Sources: ICHI, FSSIA estimates

**Exhibit 9: Yearly revenue by destination**



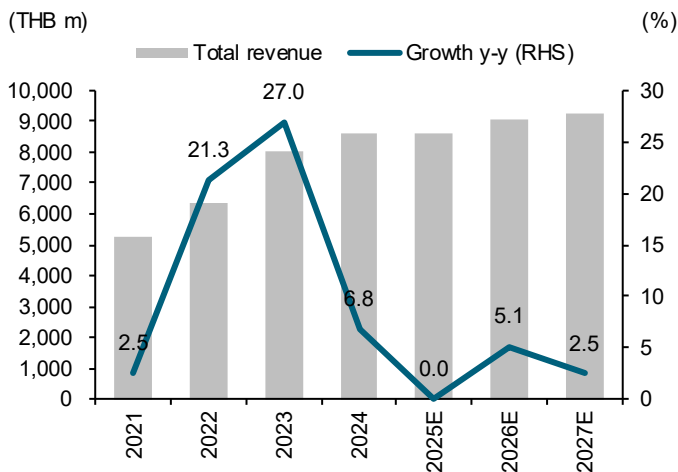
Sources: ICHI, FSSIA estimates

**Exhibit 10: Yearly revenue by segment**



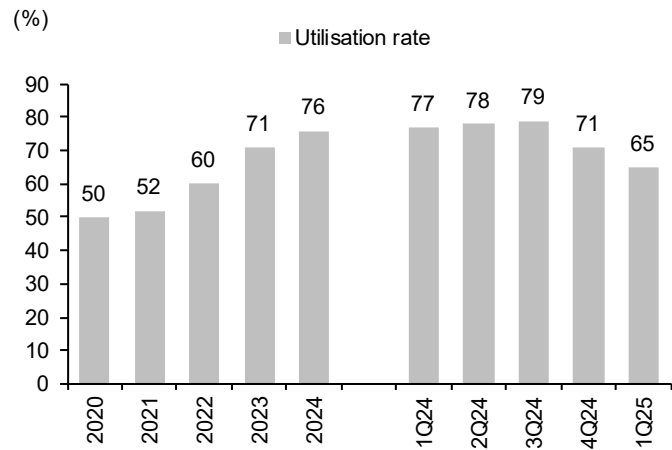
Sources: ICHI, FSSIA estimates

**Exhibit 11: Yearly total revenue and growth**



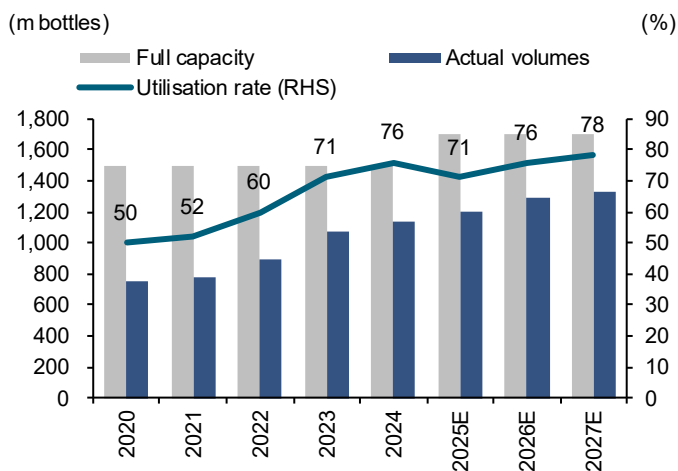
Sources: ICHI, FSSIA estimates

**Exhibit 12: Quarterly utilisation rate**



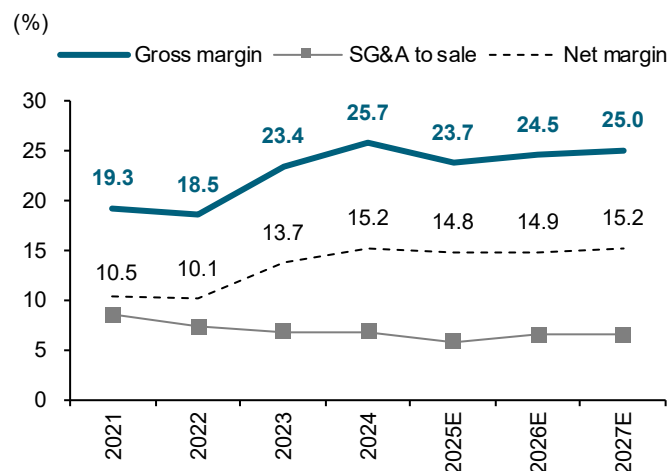
Sources: ICHI, FSSIA's compilation

**Exhibit 13: Capacity and utilisation rate**



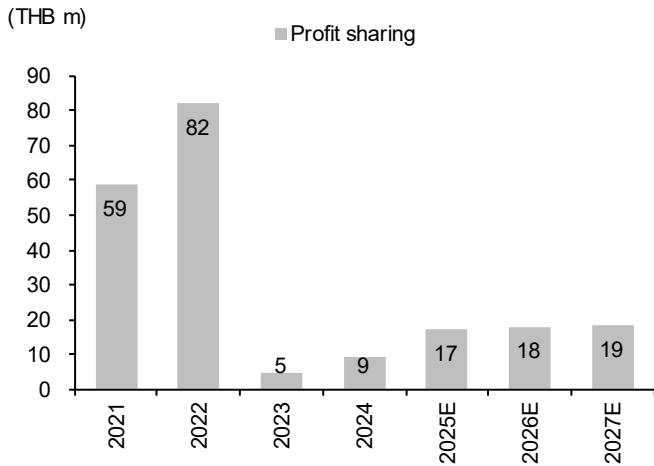
Sources: ICHI, FSSIA estimates

**Exhibit 14: Yearly gross margin and net margin**



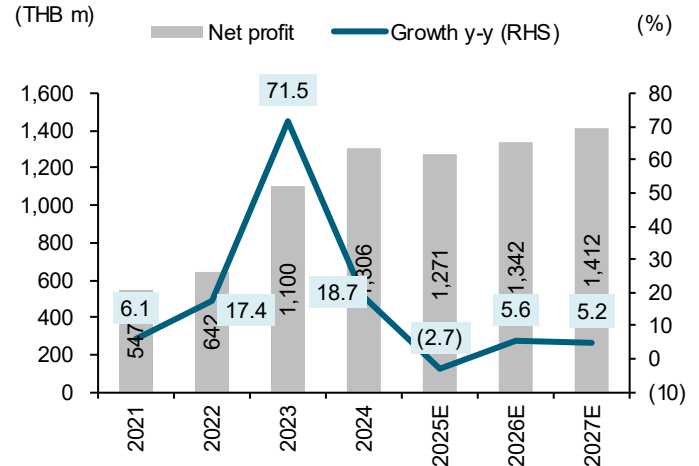
Sources: ICHI, FSSIA estimates

Exhibit 15: Yearly profit sharing from associate in Indonesia



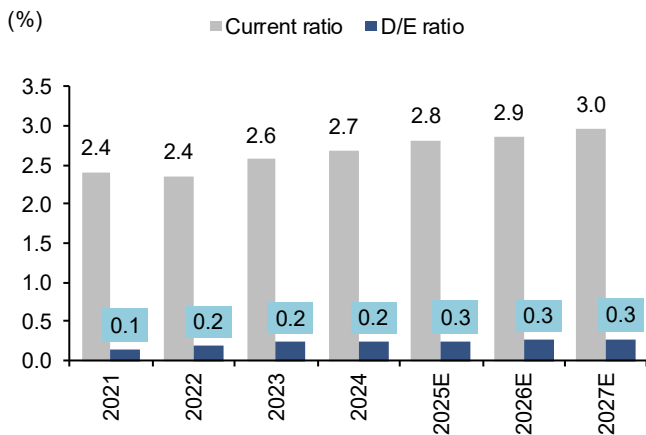
Sources: ICHI, FSSIA estimates

Exhibit 16: Yearly net profit and growth



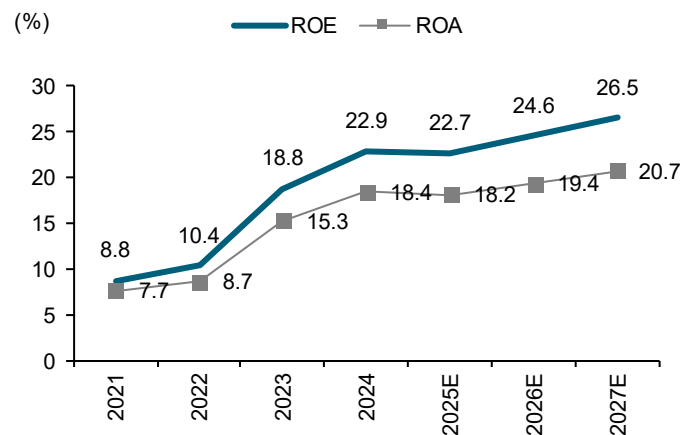
Sources: ICHI, FSSIA estimates

Exhibit 17: Current ratio and D/E ratio



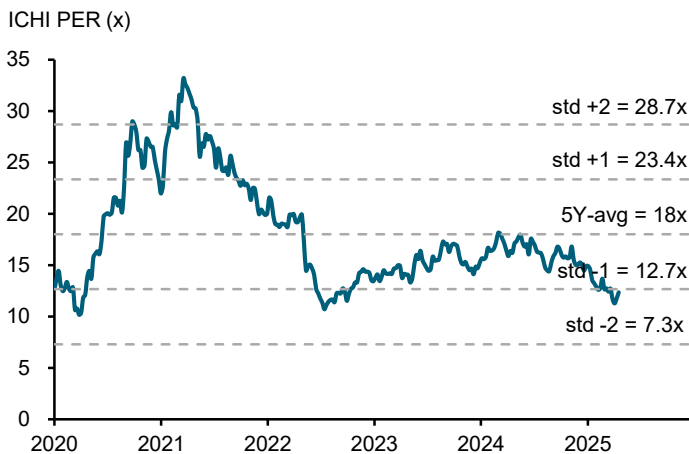
Sources: ICHI, FSSIA estimates

Exhibit 18: ROE and ROA



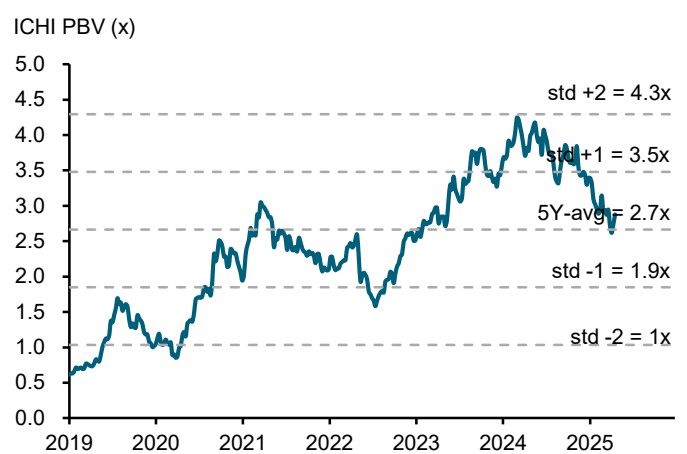
Sources: ICHI, FSSIA estimates

Exhibit 19 : Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 20: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Ichitan Group

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	8,050	8,594	8,595	9,035	9,259
Cost of goods sold	(6,163)	(6,382)	(6,558)	(6,822)	(6,944)
<b>Gross profit</b>	<b>1,887</b>	<b>2,212</b>	<b>2,037</b>	<b>2,214</b>	<b>2,315</b>
Other operating income	35	44	34	36	37
Operating costs	(550)	(582)	(499)	(587)	(602)
<b>Operating EBITDA</b>	<b>1,942</b>	<b>2,246</b>	<b>2,159</b>	<b>2,264</b>	<b>2,366</b>
Depreciation	(570)	(571)	(586)	(601)	(616)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,372</b>	<b>1,674</b>	<b>1,573</b>	<b>1,662</b>	<b>1,750</b>
Net financing costs	(2)	(2)	(2)	(2)	(2)
Associates	5	9	17	18	19
Recurring non-operating income	5	9	17	18	19
Non-recurring items	0	(37)	0	0	0
<b>Profit before tax</b>	<b>1,375</b>	<b>1,646</b>	<b>1,588</b>	<b>1,679</b>	<b>1,766</b>
Tax	(275)	(339)	(318)	(336)	(353)
<b>Profit after tax</b>	<b>1,100</b>	<b>1,306</b>	<b>1,271</b>	<b>1,343</b>	<b>1,414</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,100</b>	<b>1,306</b>	<b>1,271</b>	<b>1,343</b>	<b>1,414</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,100</b>	<b>1,343</b>	<b>1,271</b>	<b>1,343</b>	<b>1,414</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.85	1.03	0.98	1.03	1.09
Reported EPS	0.85	1.00	0.98	1.03	1.09
DPS	1.00	1.10	1.08	1.14	1.19
Diluted shares (used to calculate per share data)	1,300	1,300	1,300	1,300	1,300
<b>Growth</b>					
Revenue (%)	27.0	6.8	0.0	5.1	2.5
Operating EBITDA (%)	49.8	15.7	(3.9)	4.8	4.5
Operating EBIT (%)	89.1	22.0	(6.1)	5.7	5.3
Recurring EPS (%)	69.1	22.0	(5.4)	5.7	5.2
Reported EPS (%)	71.5	18.7	(2.7)	5.7	5.2
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	23.4	25.7	23.7	24.5	25.0
Gross margin exc. depreciation (%)	30.5	32.4	30.5	31.2	31.7
Operating EBITDA margin (%)	24.1	26.1	25.1	25.1	25.6
Operating EBIT margin (%)	17.0	19.5	18.3	18.4	18.9
Net margin (%)	13.7	15.6	14.8	14.9	15.3
Effective tax rate (%)	20.0	20.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	118.1	106.5	110.0	109.9	109.8
Interest cover (X)	752.0	1,108.4	883.4	884.5	884.2
Inventory days	35.8	38.6	43.9	43.0	43.5
Debtor days	61.1	62.8	64.2	63.4	64.2
Creditor days	53.2	54.7	53.5	53.8	54.4
Operating ROIC (%)	22.4	28.8	28.2	31.8	35.7
ROIC (%)	20.9	27.2	26.9	30.3	33.9
ROE (%)	18.3	23.2	22.5	24.3	26.2
ROA (%)	15.1	18.8	18.1	19.3	20.6

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

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Ready-to-drink green tea	5,564	5,998	5,878	6,172	6,357
Non-tea and others	2,486	2,597	2,717	2,863	2,902

Sources: Ichitan Group; FSSIA estimates

## Financial Statements

### Ichitan Group

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	1,100	1,343	1,271	1,343	1,414
Depreciation	570	571	586	601	616
Associates & minorities	(5)	(9)	(17)	(18)	(19)
Other non-cash items	-	-	-	-	-
Change in working capital	(252)	(202)	(22)	(63)	(32)
<b>Cash flow from operations</b>	<b>1,413</b>	<b>1,703</b>	<b>1,817</b>	<b>1,863</b>	<b>1,979</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	0	(359)	(221)	(300)	(301)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	78	48	37	17	18
<b>Cash flow from investing</b>	<b>78</b>	<b>(311)</b>	<b>(184)</b>	<b>(283)</b>	<b>(283)</b>
Dividends paid	(1,430)	(1,430)	(1,398)	(1,476)	(1,553)
Equity finance	0	0	0	0	0
Debt finance	(6)	(17)	19	0	0
Other financing cash flows	6	2	(6)	2	1
<b>Cash flow from financing</b>	<b>(1,431)</b>	<b>(1,444)</b>	<b>(1,385)</b>	<b>(1,474)</b>	<b>(1,552)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	165	0	0	0	0
<b>Net other adjustments</b>	<b>165</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>(2)</b>
<b>Movement in cash</b>	<b>225</b>	<b>(52)</b>	<b>249</b>	<b>105</b>	<b>142</b>
Free cash flow to firm (FCFF)	1,492.92	1,393.83	1,635.45	1,582.28	1,698.06
Free cash flow to equity (FCFE)	1,655.48	1,377.85	1,646.63	1,581.58	1,695.17
<b>Per share (THB)</b>					
FCFF per share	1.15	1.07	1.26	1.22	1.31
FCFE per share	1.27	1.06	1.27	1.22	1.30
Recurring cash flow per share	1.28	1.47	1.42	1.48	1.55
Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	8,951	9,309	9,609	9,909	10,209
Less: Accumulated depreciation	(5,337)	(5,949)	(6,535)	(7,137)	(7,753)
<b>Tangible fixed assets (net)</b>	<b>3,614</b>	<b>3,360</b>	<b>3,074</b>	<b>2,772</b>	<b>2,456</b>
<b>Intangible fixed assets (net)</b>	<b>8</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>10</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	225	250	225	225	225
Cash & equivalents	960	908	1,157	1,262	1,405
A/C receivable	1,533	1,592	1,561	1,639	1,680
Inventories	511	717	719	748	761
Other current assets	239	231	232	244	250
<b>Current assets</b>	<b>3,243</b>	<b>3,449</b>	<b>3,669</b>	<b>3,893</b>	<b>4,096</b>
Other assets	114	16	17	18	19
<b>Total assets</b>	<b>7,205</b>	<b>7,081</b>	<b>6,995</b>	<b>6,918</b>	<b>6,805</b>
Common equity	5,842	5,711	5,592	5,458	5,317
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>5,842</b>	<b>5,711</b>	<b>5,592</b>	<b>5,458</b>	<b>5,317</b>
Long term debt	55	39	60	60	60
Other long-term liabilities	46	49	43	45	46
<b>Long-term liabilities</b>	<b>102</b>	<b>88</b>	<b>103</b>	<b>105</b>	<b>106</b>
A/C payable	890	852	898	934	951
Short term debt	17	16	14	14	14
Other current liabilities	355	415	387	407	417
<b>Current liabilities</b>	<b>1,262</b>	<b>1,283</b>	<b>1,299</b>	<b>1,355</b>	<b>1,382</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,205</b>	<b>7,081</b>	<b>6,995</b>	<b>6,918</b>	<b>6,805</b>
Net working capital	1,038	1,274	1,226	1,289	1,323
Invested capital	5,000	4,907	4,552	4,315	4,032
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	4.49	4.39	4.30	4.20	4.09
Tangible book value per share	4.49	4.39	4.29	4.19	4.08
<b>Financial strength</b>					
Net debt/equity (%)	(15.2)	(14.9)	(19.4)	(21.8)	(25.0)
Net debt/total assets (%)	(12.3)	(12.0)	(15.5)	(17.2)	(19.6)
Current ratio (x)	2.6	2.7	2.8	2.9	3.0
CF interest cover (x)	905.1	1,144.5	1,038.5	991.3	999.1
Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>14.2</b>	<b>11.6</b>	<b>12.3</b>	<b>11.6</b>	<b>11.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>17.2</b>	<b>14.1</b>	<b>14.9</b>	<b>14.1</b>	<b>13.4</b>
Reported P/E (x)	14.2	11.9	12.3	11.6	11.0
Dividend yield (%)	8.3	9.2	9.0	9.5	10.0
Price/book (x)	2.7	2.7	2.8	2.9	2.9
Price/tangible book (x)	2.7	2.7	2.8	2.9	2.9
EV/EBITDA (x) **	7.6	6.6	6.7	6.4	6.0
EV/EBITDA @ target price (x) **	9.3	8.1	8.3	7.9	7.5
EV/invested capital (x)	2.9	3.0	3.2	3.3	3.5
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Ichitan Group; FSSIA estimates



# ICHITAN GROUP PCL (ICHI TB)

## FSSIA ESG rating


**43.67 /100**

### Exhibit 21: 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	<b>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.</b>
★★☆☆☆	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★☆☆☆☆	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

### Exhibit 22: 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 23: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>9 / 3 / 2</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	7 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	3
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	47 / 72
Waste reduction policy	Yes	Number of executives / female	6 / 1
Water policy	--	Executive share ownership guidelines	No
Water consumption	--	<b>Size of audit committee / ID</b>	<b>3 / 3</b>
<b>Social</b>		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee</b>	<b>3 / 2</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	3
Consumer data protection policy	--	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 2</b>
Gender pay gap breakout	--	Number of nomination committee meetings	3
Pct women in workforce	Yes	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	8.615
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	3.00
Health and safety policy	Yes	<i>(KPMG Phoomchai Audit Company Limited)</i>	
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	Yes		

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+										
NEGL	Low	Medium	High	Severe																		
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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<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																			
<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

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

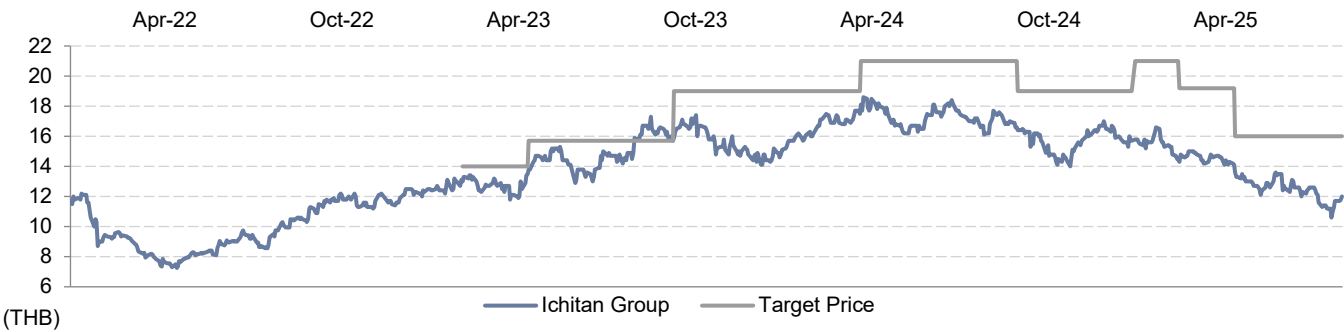
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History of change in investment rating and/or target price

Ichitan Group (ICHI TB)



Sureeporn Teewasuwet started covering this stock from 21-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Ichitan Group	ICHI TB	THB 12.00	BUY	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery, 2) high or low volatility in packaging costs, and 3) increased or decreased competition and government policy changes such as excise taxes for sugary drinks.

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-Apr-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.