THAILAND	Sector Note	13 NOVEMBER 2025
Sector Weighting	Neutral	

Thailand Food Sector

On their own devices

Sector Valuation			Current	Target	Market	Norm EPS grw		— Norm PE —		—EV/EBITDA—		Div yield	
	BBG		price	price	cap	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Company	Code	Rec.	(Bt)	(Bt)	(US$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
Carabao Group Pcl	CBG TB	BUY	41.00	50.00	1,262	1.8	(5.6)	14.6	15.4	9.7	9.8	3.6	3.7
i-Tail Corporation Pcl	ITC TB	BUY	17.10	20.00	1,579	(22.5)	25.0	17.3	13.8	12.3	9.6	4.9	6.2
KCG Corporation Pcl	KCG TB	BUY	7.95	11.00	133	17.2	11.5	9.1	8.2	6.8	6.1	6.0	6.7
Osotspa Pcl	OSP TB	BUY	15.60	19.30	1,442	8.7	1.3	14.2	14.0	9.0	8.9	7.7	7.1
R&B Food Supply Pcl.	RBF TB	SELL	3.18	2.80	196	(13.2)	1.6	14.7	14.4	6.6	6.7	4.7	4.7
SAPPE Pcl	SAPPE TB	SELL	33.75	28.00	320	(30.0)	(6.4)	12.0	12.8	7.7	8.0	4.2	3.9
Srinanaporn Mkt Pcl	SNNP TB	SELL	7.15	6.40	211	(9.3)	(6.8)	10.9	11.7	8.4	8.3	7.6	7.1
Taokaenoi Pcl	TKN TB	SELL	4.62	4.00	196	(49.4)	(5.7)	15.2	16.1	9.5	9.7	5.5	5.2
Thai Union Group Pcl	TU TB	HOLD	13.50	12.60	1,851	(11.3)	8.3	11.8	10.9	9.1	8.4	5.6	5.5

Source: Thanachart estimates, based on 12 November 2025 closing prices

Thailand's food and beverage companies are seeing weak demand both at home and markets abroad. We prefer companies with inelastic demand, strong competitiveness, and attractive valuations. ITC, KCG and OSP are our top picks.

On their own devices; NEUTRAL

We assign a NEUTRAL rating to Thailand's food and beverage sector. Overall demand is soft both at home and in overseas markets. However, we see some BUYing opportunities for the companies that: 1) are experiencing resilient product demand in their segments; 2) are in cost-cutting mode; and 3) have inexpensive valuations with decent yields. We believe ITC and KCG fit all these bills and are our top sector picks. OSP is also in our top pick list as a bottom-fish play with large cost saving and the sector's highest dividend yield.

Checklist #1 – demand

We see more resilient demand in the specialized pet food business, where demand elasticity is lower. ITC is among the world's top-three OEM makers of specialized pet food, e.g., human-grade cat food with fortified nutrition, which is perceived as a necessity for pet owners who prioritize pet health. The higher US tariff on China also makes Thailand more competitive in pet food exports in comparison. As for KCG, its successful business transformation from Western foods into FMCG markets for food and snacks has helped it expand its customer base.

Checklist #2 – cost cutting

Most companies are in cost-cutting mode, and those facing a bigger impact on their bottom lines are ITC, KCG, OSP, and TU. ITC and TU are enjoying cost savings from business restructuring. KCG is transforming its factory from a labor-intensive to an automated focus. OSP has written off its investment in a Myanmar glass OEM factory, and the company is focusing on cutting marketing expenses further into 2026F.

Checklist #3 – valuations and dividend yields

On average, the share prices of the companies under our coverage have corrected by 50% from their 2021 peaks and by 33% YTD. At current prices, we view ITC as having the best valuation metrics with a 14x 2026F PE multiple vs. 25/14% EPS growth in 2026-27F and 4.9/6.2% dividend yields in 2025-26F. KCG also falls into this category with an 8x PE in 2026F vs. 11/9% EPS growth in 2026-27F and 6.0/6.7% yields in 2025-26F. Meanwhile, OSP offers high 7.7/7.1% dividend yields in 2025-26F. We recently upgraded TU to HOLD (from Sell) due to cost savings from its business restructuring starting to pay off, and it offers 5.6/5.5% yields in 2025-26F, though we see its 11x 2026F PE as fairly priced.

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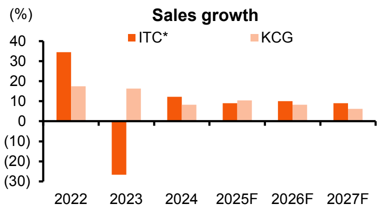
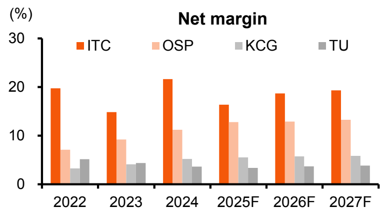
ITC & KCG: Resilient Demand Plays



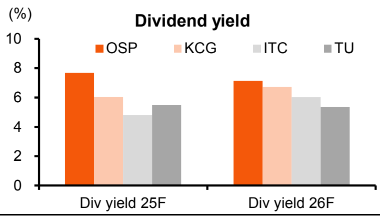
Sources: Company data, Thanachart estimates

ITC, KCG, OSP: Cost-Saving Plays



Sources: Company data, Thanachart estimates

OSP, ITC, KCG: A High-Yield Play



Sources: Company data, Thanachart estimates

Thanachart Securities

Winning on their own devices

Weak demand but improvements in cost and valuations

We assign a NEUTRAL rating to Thailand's food and beverage sector. We look at three key checklists of demand, cost management, and valuations. Most companies under our coverage are still experiencing soft demand, both domestically and abroad. However, most of them have also focused on cost-cutting and efficiency improvements. Then it comes down to valuations, which have come down a long way with the Stock Exchange of Thailand (SET) Index over the past three years. Our top sector picks are ITC and KCG, which look better than peers based on most of the checklists above, including OSP as a bottom-fish play with large cost savings and the sector's highest dividend yield.

Ex 1: Our Stock Recommendation List

BBG Code	Rec.	Check lists	Target price (Bt)	Norm EPS gw. 2025F (%)	Norm EPS gw. 2026F (%)	— Norm PE — 2025F (x)	— Norm PE — 2026F (x)	— P/BV — 2025F (x)	— P/BV — 2026F (x)	— Div yield — 2025F (%)	— Div yield — 2026F (%)
ITC TB	BUY	Demand, Margins, Yield	20.0	(22.5)	25.0	17.3	13.8	2.1	2.1	4.9	6.2
KCG TB	BUY	Demand, Margins, Yield	11.0	17.2	11.5	9.1	8.2	1.4	1.3	6.0	6.7
OSP TB	BUY	Margins, Yield	19.3	8.7	1.3	14.2	14.0	2.9	2.9	7.7	7.1
CBG TB	BUY	-	50.0	1.8	(5.6)	14.6	15.4	2.8	2.6	3.6	3.7
TU TB	HOLD	Margins, Yield	12.6	(11.3)	8.3	11.8	10.9	1.0	1.0	5.6	5.5
SNNP TB	SELL	-	6.4	(9.3)	(6.8)	10.9	11.7	1.9	1.9	7.6	7.1
TKN TB	SELL	-	4.0	(49.4)	(5.7)	15.2	16.1	2.8	2.8	5.5	5.2
SAPPE TB	SELL	-	28.0	(30.0)	(6.4)	12.0	12.8	2.2	2.0	4.2	3.9
RBF TB	SELL	-	2.8	(13.2)	1.6	14.7	14.4	1.3	1.2	4.7	4.7

Sources: Company data, Thanachart estimates

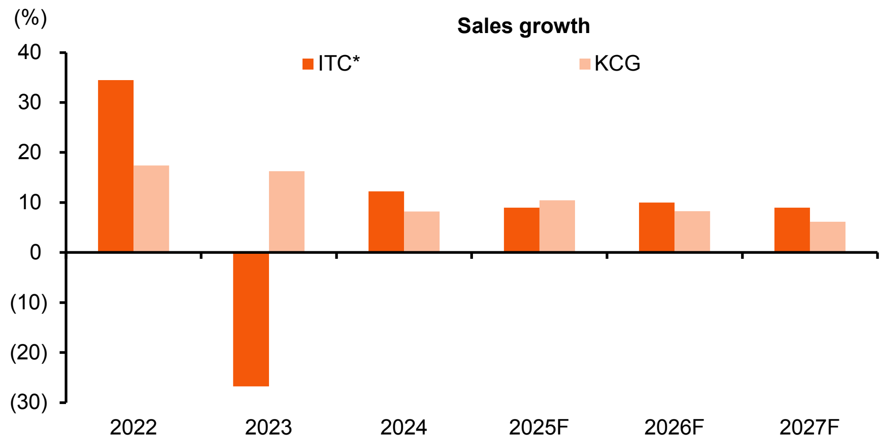
Checklist #1 – demand

Food sector has a variety of products and business types

Companies in the food sector offer a variety of businesses and products. ITC is an OEM pet food business, and it is TU's subsidiary. TU is a global seafood-based company with both OEM and branded products. KCG produces butter, cheese, and various food and bakery ingredients and snacks, with its own brands. OSP and CBG are in the energy drinks business, with exposure to both domestic and export markets. Both TKN and SNNP are snack companies with their own brands. They hold the largest market share in their respective segments.

We see more resilient demand in specialized pet food, which exhibits lower demand elasticity than other categories.

Ex 2: ITC & KCG: Resilient Demand Plays



Sources: Company data, Thanachart estimates
Note: * ITC's sales growth in US dollars. In 2023, ITC faced with customers' inventory destocking after abnormally high 2022 orders. Orders have been relatively stables after that with ITC worked more closely with customers in evaluating inventory.

ITC (BUY) is among the world's top-three OEM pet food makers. The company focuses on human-grade, health-focused pet food, which many pet owners view as a necessity. ITC is also benefiting from higher US tariffs on Chinese food exports, which make Thailand more competitive in global markets in comparison.

KCG (BUY) also falls into this resilient demand category. We believe it is currently in a more favorable business position than other food companies under our coverage. It was originally Thailand's leading producer of cheese and butter. However, over the past three years, the company has transformed into an FMCG business that integrates cheese and butter into everyday Thai dishes via products such as cheese-based snacks and cheese used in local dishes. This transformation has successfully expanded its customer base.

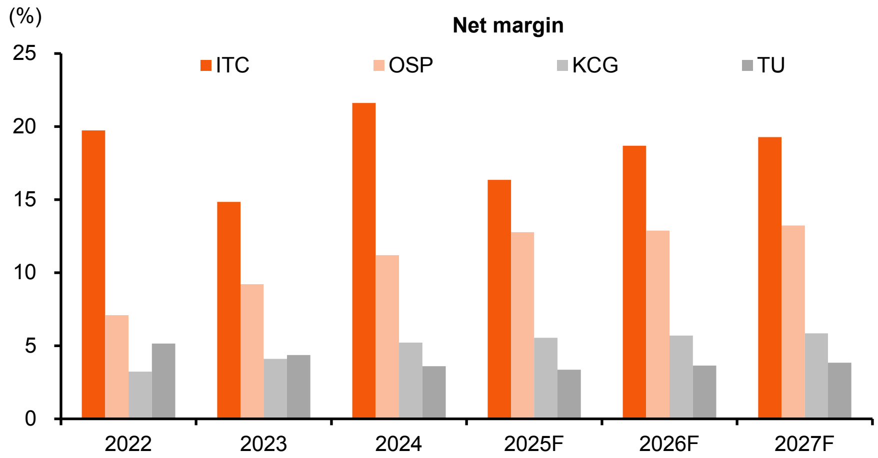
As a result, KCG recorded 12% y-y sales growth in 9M25. We estimate KCG's sales growth at 11/8% in 2025-26F.

Checklist #2 – Cutting costs

ITC, CBG, OSP, and TU match our cost-cutting checklist

Most companies in the sector are looking to cut costs amid the sluggish economy, but only some are positioned to deliver these savings.

Ex 3: ITC, KCG, OSP: Cost-Saving Plays



Sources: Company data, Thanachart estimates

Note: ITC and TU began business restructuring in 2024-2025 and expect meaningful net cost saving from 2026F.

ITC (BUY) and TU (HOLD) have engaged consultants since 2024, with cost benefits beginning to materialize.

KCG (BUY) is in the process of transforming its factory from a labor-intensive focus to automation.

OSP (BUY) has been able to reduce marketing expenses, supported by resilient end demand and less aggressive competition for market share.

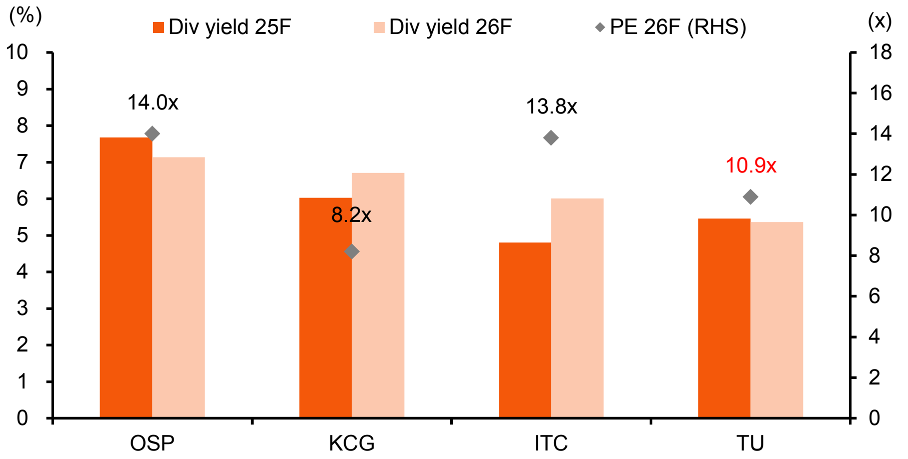
Checklist # 3 – Inexpensive valuations with yields

ITC, OSP, and TU match our valuation and yield checklists

On average, the share prices of companies under our coverage have corrected by 50% from their 2021 peaks and by 33% YTD. At the current levels, we find ITC, KCG, and OSP attractive based on their valuation metrics, earnings growth, and dividend yields (see Exhibit 4).

TU also offers decent yields, but we see its current valuation as fully valued, trading on 11x 2026F PE multiple. Against the limited potential earnings growth outlook, TU is only a HOLD, not a Buy.

Ex 4: OSP, ITC, KCG: A High-Yield Play



Sources: Company data, Thanachart estimates

Note: TU is a high yield play, but its PE looks fairly priced to us

Checklist #1 – demand

Food and beverage demand is relatively resilient, but elasticity differs by product type.

• **Low elasticity:** Specialized pet foods.

• **Moderate elasticity:** Energy drinks and general foods such as canned tuna and seafood.

• **High elasticity:** Snacks and functional drinks.

Ex 5: Not All Food Demand Is Resilient

Product (x)	Companies	Demand nature	Reasons
Specialized pet foods	ITC (BUY)	Low elasticity	– High-income pet owners prioritize premium, health-focused foods that are easy to feed their pets. Limited pricing competition as quality matters
General human food	KCG(BUY) TU (HOLD) RBF (SELL)	Moderate elasticity	– Need to consume anyway, but a shift to lower-priced foods. Also, aggressive competition occurs when demand falls
Energy drinks	OSP (BUY) CBG (CUY)	Moderate elasticity	– Actually resilient demand here with limited competition, but faces regular political headwinds in key markets
Snacks and functional drinks	SNNP (SELL) SAPPE (SELL) TKN (SELL)	High elasticity	– Lower consumption when incomes fall, therefore, the fiercest competition

Sources: Company data, Thanachart estimates

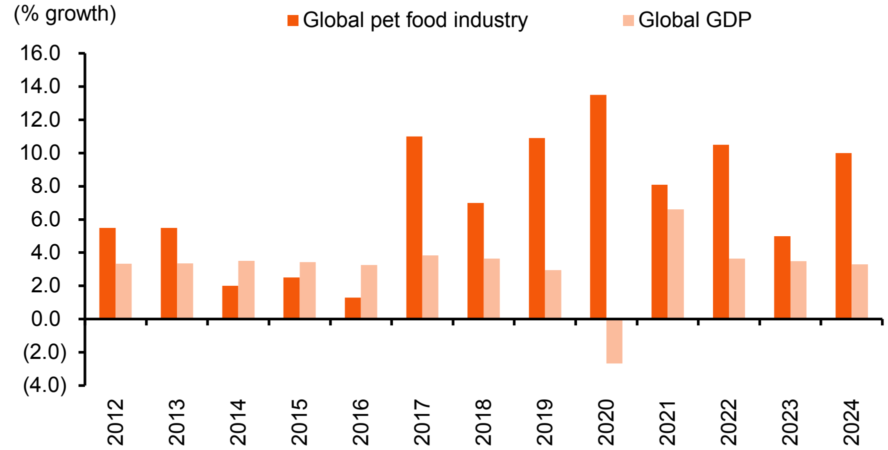
Resilient-demand segment

Specialized pet foods

Specialized pet foods enjoy both resilient and decent demand growth

Premium pet food demand has proven resilient against economic downturns. Owners continue to buy food for their pets regardless of conditions, and premium products have gained market share even during global slowdowns. Two megatrends reinforce this: First, pet parenting, with childless households treating pets as family, and rising health awareness, with owners willing to pay for higher-quality food. Premium products focus on specialized health benefits (joint care, skin/coat, digestion), organic or grain-free formulas, and human-grade wet foods. These often use visible cuts of chicken or fish and are packaged to appeal to owners (parfait- or jelly-style). Owners perceive them as being better value despite higher prices, supporting continued demand growth. Premium pet foods still account for only 5% of global sales, and it is growing faster than the overall pet food market.

Ex 6: Pet Food Demand Growth Vs. Global GDP Growth

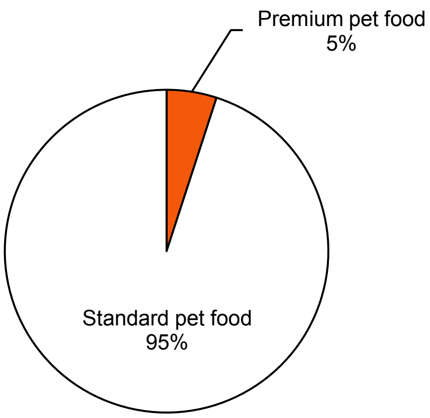


Sources: American Pet Products Association, Petfoodindustry, IMF, Thanachart compilation

Thailand is the largest OEM pet food maker for the US and EU

Thailand is the largest offshore production base for US and No.3 for EU pet food brands. Demand for premium pet foods has been growing faster than in standard segments, driven by pet-parenting trends focused on pet health.

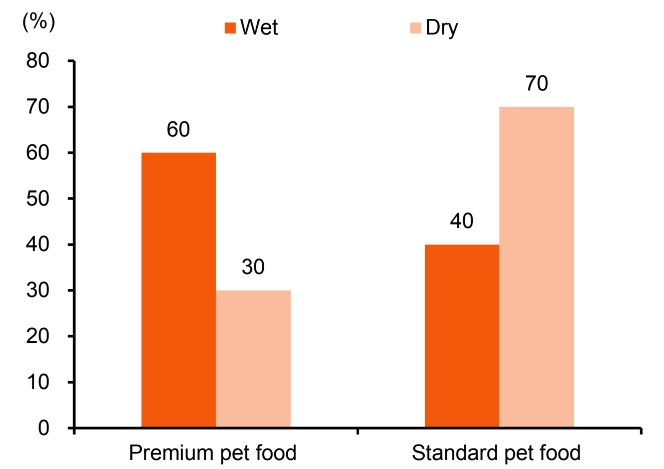
Ex 7: Premium Pet Food Sales Still At A Low Base



Source: Thanachart compilation

Premium pet foods come in both wet and dry forms, but more commonly in wet forms as they can be tailored to a greater degree for premiumization.

Ex 8: More Wet-Based Premium Pet Food



Source: Thanachart compilation

Note: ITC focuses on wet-based premium pet food

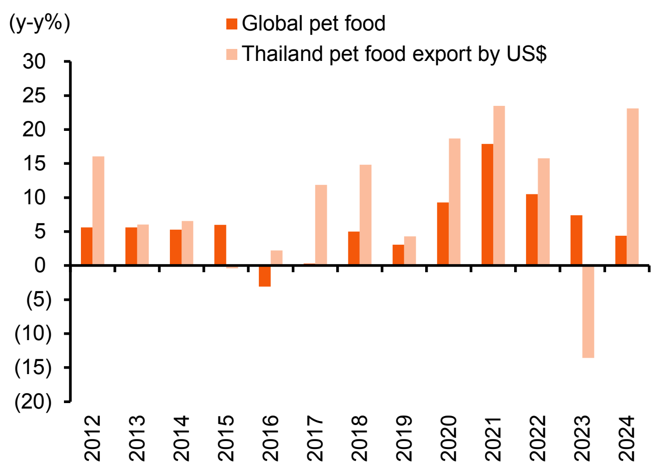
Ex 9: Premium Vs. Standard Wet Pet Food

Premium	Standard

Sources: Company data, Thanachart compilation

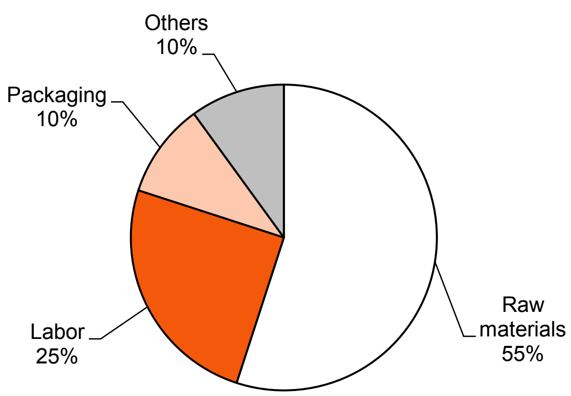
Global companies outsource wet-based premium products because they are labor-intensive and costly to produce domestically. We believe Thailand is both well-positioned and fortunate amid the premium pet food trend. Most premium pet foods are produced in a wet form that can be tailored into variations of food types like parfait and gelato. Thailand has been producing wet-based pet food for over a decade and has a competitive edge here. The competitive advantage lies in both costs and quality. Labor accounts for about 20-25% of COGS, and Thai wages are about one-tenth of US/EU skilled labor. Thailand also has cheaper access to white proteins like chicken and fish, the key inputs for wet foods. Western producers focus more on dry, machinery-friendly red meat products. Thai OEMs have also built know-how through years of specialization. ITC co-develop formulas with brand owners, and their facilities are certified to US standards. This appears to have entrenched Thailand as the supplier of choice for premium wet foods.

Ex 10: Thailand Has Outperformed



Source: Thanachart compilation

Ex 11: Food Production Cost Breakdown

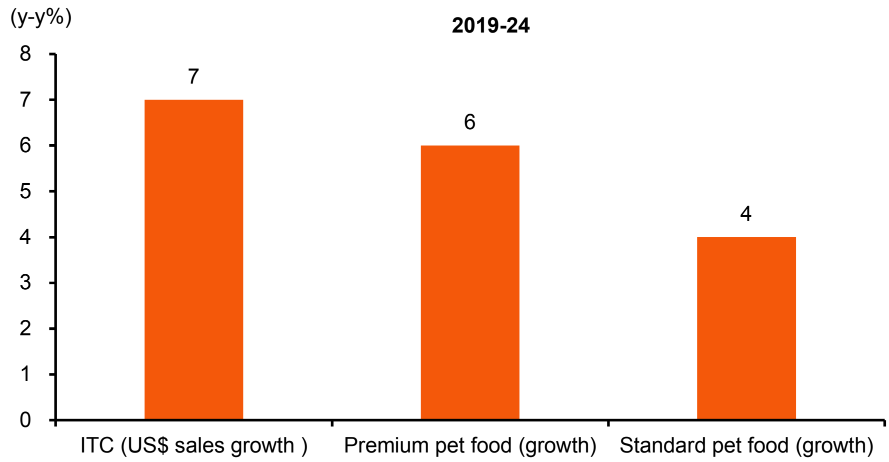


Source: Thanachart compilation

We prefer ITC as a global top-three specialized pet food OEM

As for the impact on the stocks under our coverage, **ITC (BUY)** is Thailand's largest OEM and a global top-three player. Its customers include the top-five global brands and US supermarket chains. We estimate 9-10% sales growth in 2025–27F.

Ex 12: ITC's Sales Growth Has Outperformed The Pet Food Industry's



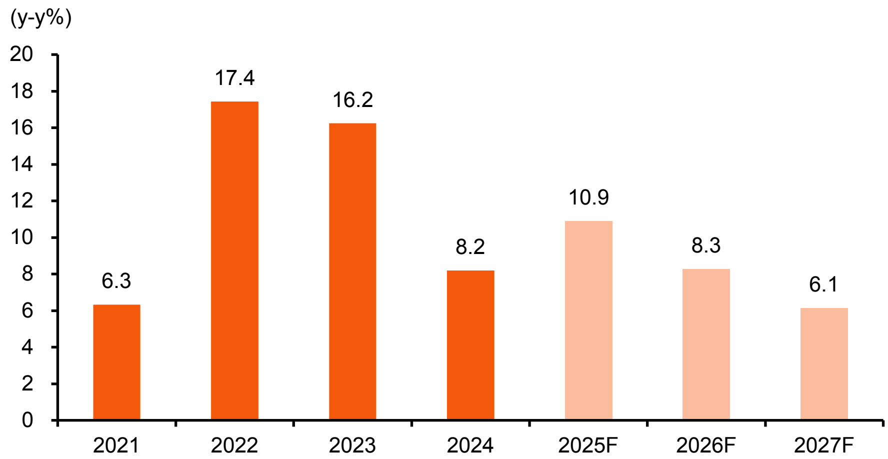
Source: Company data, Thanachart compilations

KCG's successful business transformation has expanded its customer base

KCG (BUY) has successfully transformed its business model to pursue growth actively. The company is shifting from relying on traditional promotional campaigns for long-established products to rapidly developing products that align with current trends. KCG plans to revamp its three key business lines – cheese, butter, and snacks – and sees room for further production penetration of the products it focuses on. The industry sizes of KCG's key products of cheese, butter, and bakery ingredients in Thailand are Bt4.5/3.0/<1.0bn, or 0.2/0.1/<0.1% of the value of Thailand's Bt237bn food market.

As a result, KCG recorded 12% sales y-y growth in 9M25. We estimate KCG's sales growth at 10/8/6% in 2025-27F.

Ex 13: KCG's Continued Decent Sales Growth



Sources: Company data, Thanachart estimates

Moderate-resilient demand segments

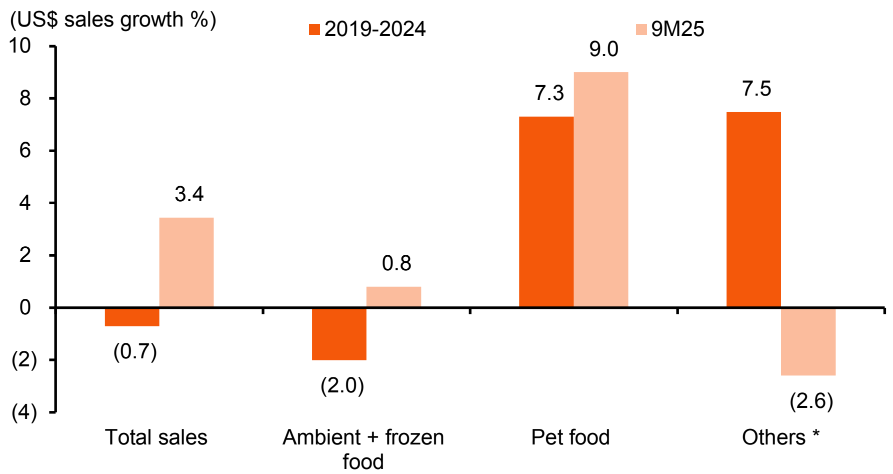
General human foods subject to competition

General human foods: They are more elastic in demand and therefore more exposed to a weak economy. Under our coverage, this group includes TU (ambient and frozen seafood) and RBF (food ingredients). Both companies experienced a sales decline y-y in 9M25. Note that KCG also sells cheese and butter, but the company is growing well under its new market expansion strategy mentioned earlier.

TU is worried about demand for its higher-priced frozen seafood

TU (HOLD): TU produces ambient and frozen seafood and specialized pet food as an OEM (via 78.8%-owned ITC). TU is the world's largest canned tuna producer and a leading frozen seafood exporter. Ambient tuna has been relatively sensitive to the economic slowdown. Sales grew at a 2% US$ CAGR between 2019–24, while frozen seafood, a higher-priced, restaurant-driven product, declined at a 7% p.a. In 9M25, Ambient and frozen seafood together grew 1% y-y. TU's premium pet food OEM business remained resilient, growing by a 7% CAGR over 2019-24 and 9% y-y in 9M25. We estimate TU's US$ sales to grow by 2-4% p.a. in 2025-27F, driven by pet food sales growth. We expect weak growth in canned tuna sales and a continued decline in frozen seafood sales. We prefer ITC as a direct play on resilient pet food sales.

Ex 14: TU's KEY Seafood Sales Face A Stagnant Outlook, But Pet Food Sales Growth



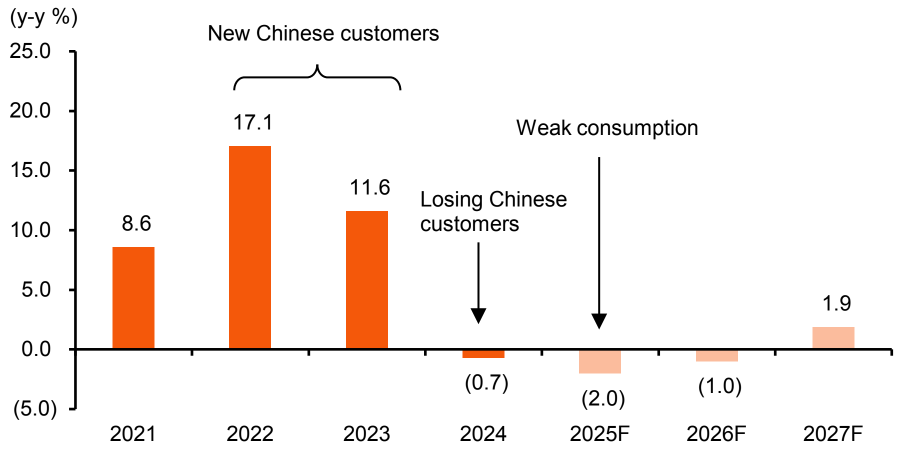
Sources: Company data, Thanachart estimates

Note:* others are small value added product business at 7% of TU's sales. Use 2020 as a base year.

RBF expects weaker sales growth

RBF (SELL): RBF is Thailand's largest food ingredient manufacturer. It supplies leading food and beverage producers domestically and abroad, including in Japan and Indonesia. We believe key products require RBF's ingredients, e.g., food flavors are lower essential foods, e.g., snacks, whose demand is being cut by consumers amid the weak economy. Sales grew at an 8% CAGR over 2019–24 but declined by 2% y-y in 9M25. We estimate -2/-1/2% sales growth for RBF in 2025-27F.

Ex 15: RBF's Sales Growth Likely To Slow Down



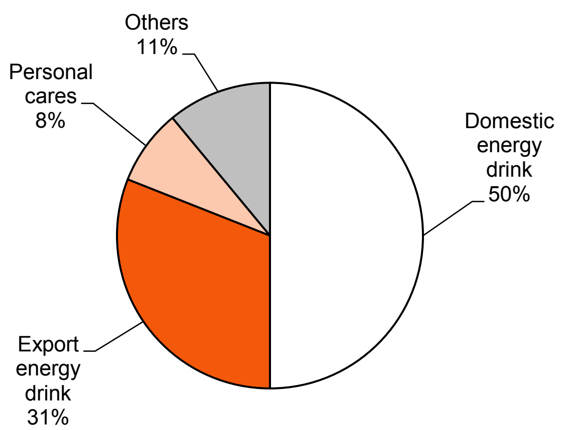
Sources: Company data, Thanachart estimates

Energy drink stocks are structurally resilient but face political hiccups

Energy drinks: We focus on Thailand, Cambodia, and Myanmar, which are key markets for the energy drink stocks under our coverage — CBG and OSP. Both companies expect to experience falling revenue in 2H25 due to weak export demand, offsetting domestic growth. We estimate their average sales growth at -3/1/6% in 2025-27F.

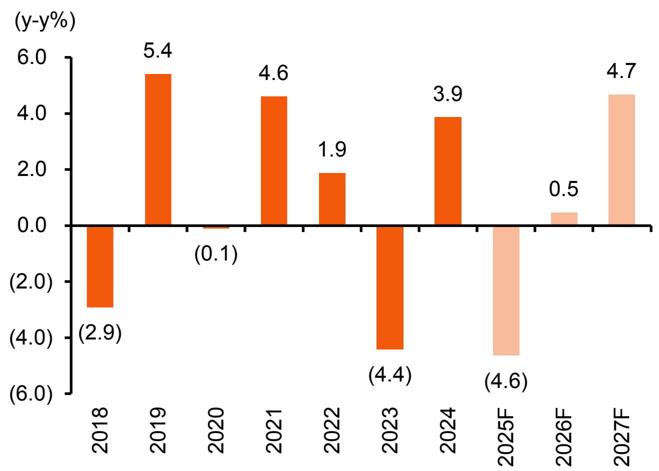
Energy drink demand generally remains resilient despite economic conditions. However, current difficulties in Cambodia and Myanmar have disrupted exports. In Cambodia, the border conflict with Thailand has led to a ban on Thai products. In Myanmar, the military coup has triggered import restrictions, rising inflation, and weak consumption. These factors have pressured export sales for both CBG and OSP. That said, we categorize energy drinks as a moderately resilient demand segment due to their structurally low elasticity of demand. We expect the current problems in Cambodia and Myanmar to resolve gradually. We prefer OSP over CBG due to its lower export exposure, thus offering a more stabilized business, a more attractive valuation, and higher dividend yields.

Ex 16: OSP's EBIT Breakdown



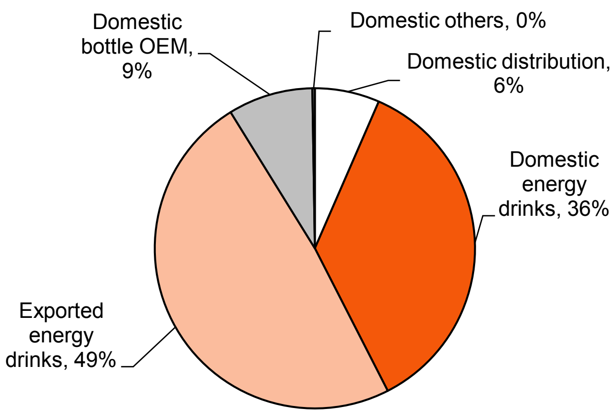
Sources: Company data, Thanachart estimates

Ex 17: OSP's Sales Outlook



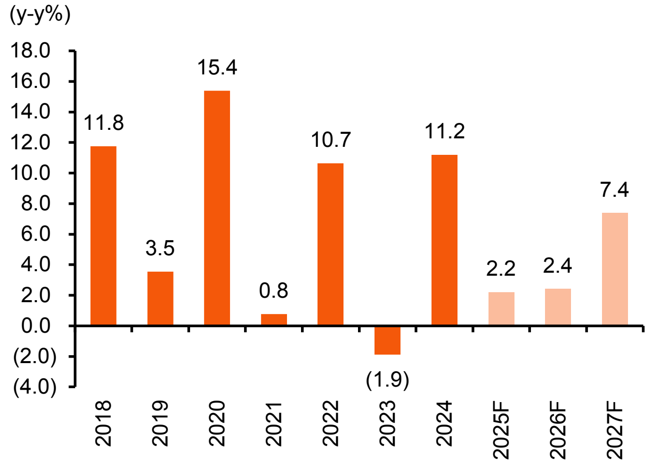
Sources: Company data, Thanachart estimates

Ex 18: CBG's EBIT Breakdown



Sources: Company data, Thanachart estimates

Ex 19: CBG's Sales Outlook



Sources: Company data, Thanachart estimates

Energy drink market breakdown:

Energy drink demand outlook by market

Thailand is the largest and most mature energy drink market, growing steadily by 2-3% p.a. and approaching near-full penetration. OSP and CBG continue to expand in line with the overall market. The three largest players — OSP, CBG, and Red Bull Thailand (not listed) — have decided not to aggressively compete with each other in this oligopolistic market.

Myanmar has historically been a young and fast-growing market, expanding by 5-7% p.a. However, the ongoing political crisis there has led to import difficulties, inflation, and reduced consumption. As a result, both CBG and OSP have been experiencing declining sales in 2H25F. The two major players, OSP (with a about 70% market share) and CBG (with about 10% market share), have been aggressive in competing for market share.

Despite the weak demand this year, we expect an improvement following the potential Myanmar election next year, which, if it leads to greater political stability and improved international relations, should support a better business environment.

Cambodia has also been a solid growth market, averaging 5-7% p.a. Thai energy drinks are perceived as premium products, with aggressive marketing, reward-giveaway campaigns that align with Cambodian consumers' preference for lottery-style promotions. However, due to the current border conflict with Thailand, Cambodia has banned Thai products, leading to lower demand. CBG holds around a 70% market share in Cambodia, while OSP has about 10% market share on our estimate. We expect demand for Thai products to start resuming in 2H26F.

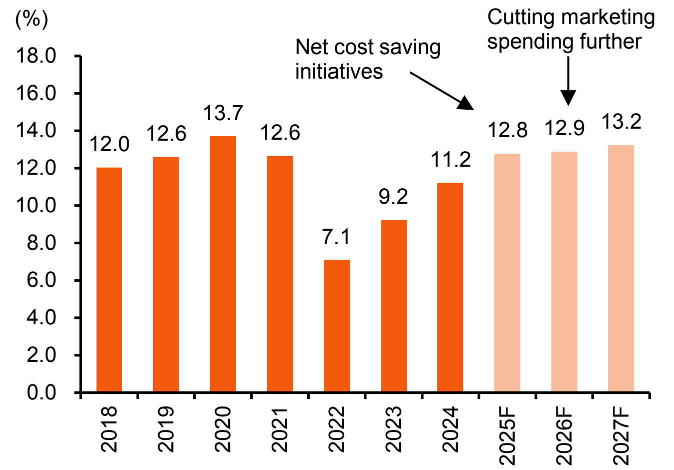
OSP's share price has corrected to reflect the bad news…

OSP's (BUY) domestic energy drink sales continue to grow modestly. The company has implemented a two-tier pricing strategy, offering both Bt12/bottle and Bt10/bottle options to capture different demand segments. Although OSP's products are priced higher than CBG's, they remain cheaper than Red Bull's, allowing OSP to maintain its market share. Overseas, OSP faces weak demand in Myanmar and Cambodia, leading us to estimate subdued sales growth of -5/0/5% in 2025-27F. However, the decline for OSP is less severe than we foresee for CBG, as exports represent a smaller portion of sales at about 30% of OSP's EBIT vs. CBG's 49%.

and it offers 2025-26F yields of 7.7/7.1%

Note that our expectation of continued earnings growth for OSP is due to its cost-saving strategy, which we discuss below. Our investment case for OSP lies with its high dividend yields of 7.7/7.1% in 2025-26F. We discuss these factors in the section below.

Ex 20: OSP's Net Margin

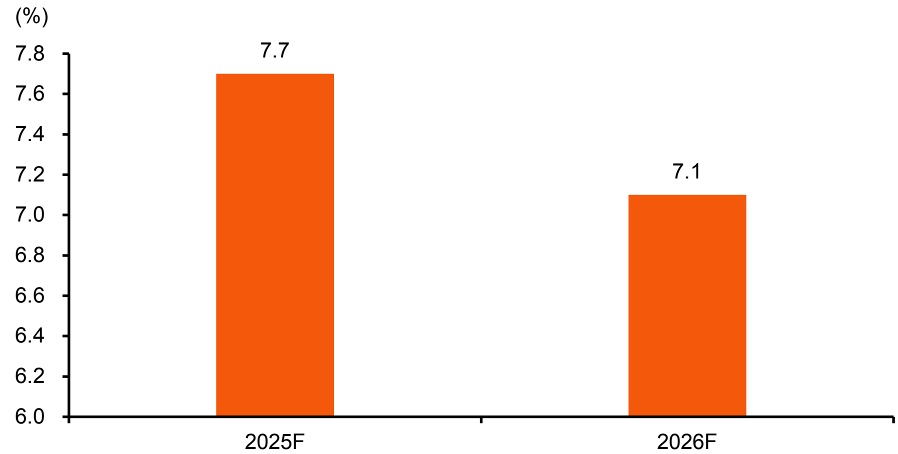


Sources: Company data, Thanachart estimates

Ex 21: OSP's Share Price Has Corrected

Source: Bloomberg

Ex 22: OSP Is A High Dividend Yield Play



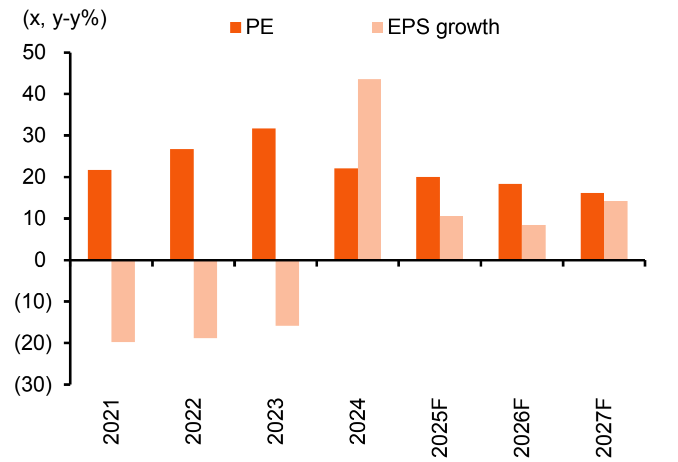
Sources: Company data, Thanachart estimates

CBG's share price has also corrected already

CBG's (BUY) domestic energy drink business continues to grow strongly as the company gains market share from Red Bull Thailand. CBG's price point of Bt10 per bottle is cheaper than Red Bull's Bt12 per unit, making it the lowest-priced major brand in the market. However, export sales to Myanmar and Cambodia remain weak, more than offsetting domestic gains. CBG is suffering more than OSP amid the weak exports, as these make up CBG's core business, accounting for about 49% of the company's EBIT.

We maintain our BUY rating on CBG as its share price has already corrected by 48% YTD, which we believe has priced in the negative impact from the Cambodia border conflict hiccup. We expect Cambodian sales to fall 40/35% in 2025-26F before resuming growth at 10% in 2027F. CBG continues to dominate the Cambodian market, supported by its popular lottery-style promotional campaigns (e.g., car and gold giveaways). Local competitors lack the scale and perceived quality to match these efforts. Although we expect the Cambodia difficulties to be resolved in 2H26F, and we estimate CBG's EPS growth at 2/-6/16% in 2025-27F, we prefer OSP for its more favorable stock metrics, with stable earnings growth and higher dividend yields.

Ex 23: CBG's PE Vs. EPS Growth

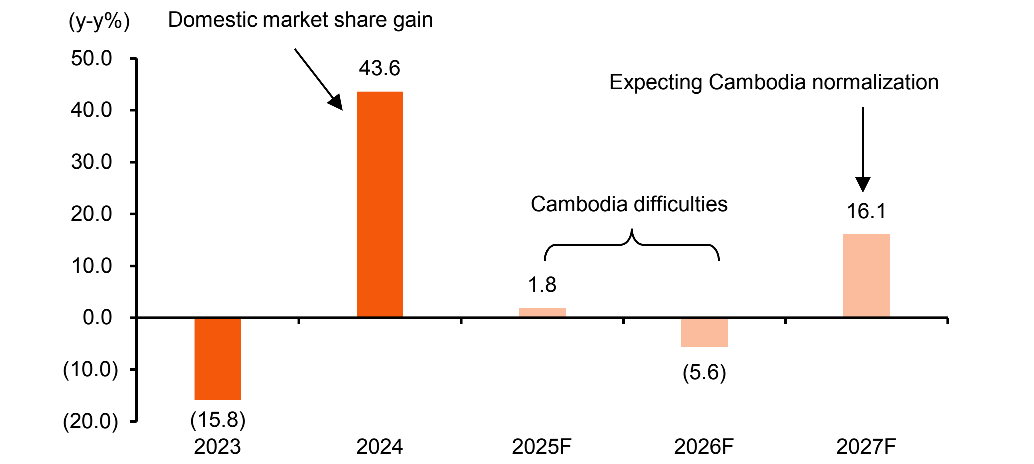


Sources: Company data, Thanachart estimates

Ex 24: CBG's Share Price Has Also Corrected

Source: Bloomberg

Ex 25: Awaiting An Earnings Normalization for CBG



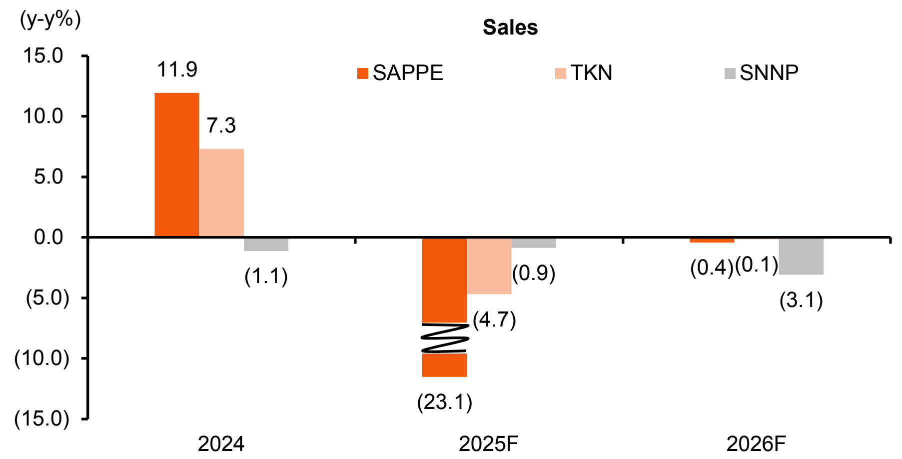
Sources: Company data, Thanachart estimates

Weak-demand segment

Snacks and functional drinks are weak

We are bearish about producers of less essential products. Those under our coverage are snack and functional drink product makers. We maintain our SELL ratings on SAPPE, SNNP, and TKN. All three face sharp declines in international demand due to the global economic slowdown, which has led to intensifying competition. Domestic sales remain positive due to scale advantages, enabling market-share gains against smaller players. However, we expect growth to slow due to weak consumer spending. In 1H25, SAPPE's revenue fell 30% y-y. TKN's declined 7%, and SNNP's were down by 2% in 9M25.

Ex 26: Weakness In Snacks And Beverages



Sources: Company data, Thanachart estimates

We estimate SAPPE's sales to fall by 23/1% p.a. in 2025–26F, TKN's by 5/0%, and SNNP's by 1/3%.

SAPPE expects falling export demand

SAPPE: Overseas sales account for around 69% of revenue, and they fell by 41% y-y in 1H25. The decline reflected weaker demand in the EU and Asia, lower US sales due to tariff-driven price increases, and distribution issues in the Middle East. Domestic sales grew about 30% y-y in 1H25, supported by new product launches, but management expects slower growth in 2H25

TKN's weak demand continue, with falling domestic growth began

TKN: TKN's sales fell by 7% y-y in 9M25. Export sales continued to fall by 22% y-y. We believe weakness was seen across key businesses in China (intense competition from local brands) and in US (falling demand after raising selling price amid the tariff). TKN employs various new marketing strategies but demand continues to fall as there is more intense competition from leading local brands. Domestically, sales growth fell to 7% y-y in 3Q25 from 16% in 1H25. Weak demand is being seen but TKN as the leading domestic snack operator is still able to employ aggressive marketing spending to boost demand. However, we see further weakening demand and expect sales to fall or TKN to need more aggressive spending and margins eroded. We forecast total sales growth of -5/0-3% in 2025-27F.

Also continued falling export demand for SNNP

SNNP: SNNP is the leading manufacturer of seafood-based snacks and jelly-based drinks in Thailand and Vietnam. Total sales fell 2% y-y in 9M25. Exports fell 16% due to weak consumption in key markets like Vietnam and Indonesia. Domestic sales grew 2% y-y but started declining from 2Q25 into 3Q25 at an average 2% y-y. SNNP's snack and functional drinks products are less essential by nature and are being cut by consumers amid weak economic sentiment.

Checklist #2 – cost savings

Companies plan to cut costs amid the weak economy, but not all can

Most companies are cutting costs to offset the weak economy. We expect ITC to reap the most significant gains, followed by OSP, KCG, and TU. SAPPE and SNNP are in the opposite position, as higher selling expenses are driving their SG&A-to-sales ratios higher.

Ex 27: Net Margins: Positive Outlook Vs. Negative Outlook

(%)	2024	2025F	2026F	2027F
Positive outlook				
ITC	21.6	16.3	18.7	19.3
OSP	11.2	12.8	12.9	13.2
KCG	5.2	5.5	5.7	5.9
TU	3.6	3.4	3.7	3.9
Negative outlook				
SAPPE	18.2	16.6	15.6	14.8
SNNP	10.9	10.0	9.6	9.5
TKN	14.5	7.7	7.3	7.7
CBG	13.2	13.1	12.1	13.1
RBF	11.4	10.1	10.3	10.4

Sources: Company data, Thanachart estimates

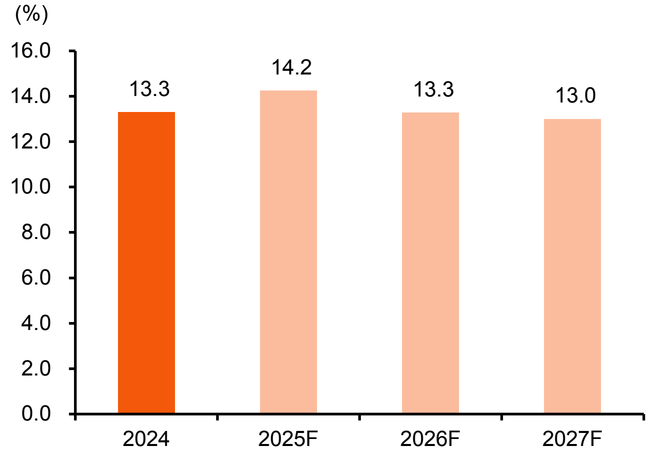
Business restructuring starting to pay off for TU…

TU (HOLD): TU hired consultants in 2024 to implement cost-efficiency programs in its tuna, frozen seafood, and pet food businesses (ITC's operations). Consulting fees look set to peak this year and run through 2026F. The program targets procurement savings and new customer acquisitions, with total benefits of Bt2.7bn expected from 2027. However, TU expects to use the cost savings to finance its marketing activities to drive demand for its key canned tuna products. We expect a limited net-saving impact on TU's profits. We estimate its net margin at 3.9% in 2027F vs. 3.4% in 2025F.

…and for ITC

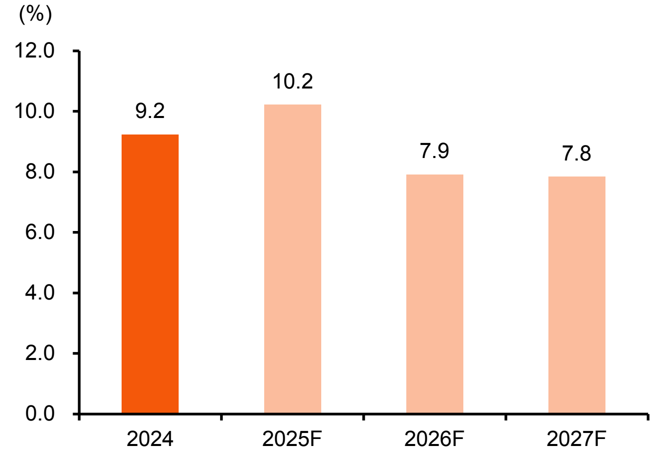
ITC (BUY): ITC is included in the same program. It is focusing on factory efficiency improvements and on diversifying its customer base beyond the US. Cost savings began in 2025. The company expects total benefits to reach Bt1.5bn annually by 2027. Unlike TU, ITC's OEM-based business does not need much marketing support, and we expect the company to benefit more from cost savings than TU. We forecast ITC's net margin expanding to 19.3% in 2027F from 16.3% in 2025F.

Ex 28: TU's SG&A To Sales To Peak …



Sources: Company data, Thanachart estimates

Ex 29: …But ITC's Should Fall more



Sources: Company data, Thanachart estimates

KCG's cost saving strategies

KCG (BUY) is also focused on cost efficiency. The company is transforming its labor-intensive factories into automated facilities. As a result, its SG&A-to-sales ratio fell to 23.9% in 9H25F from 24.4% in 9M24.

As a 60-year-old company, KCG has found areas for cost savings. KCG is modernizing its production lines and logistics services to improve yield and reduce labour costs. KCG saved Bt40m in 2022 and believes it saved Bt45m p.a. in 2023-24. The savings cover the areas of product production, warehousing, and advertising:

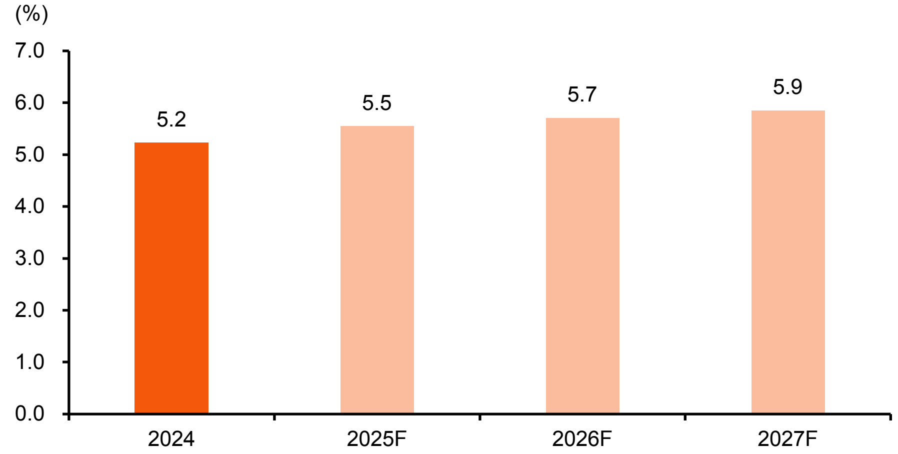
Improving worker efficiency in the production process: This includes automating repetitive tasks, providing lean manufacturing training, and optimizing processes.

Digitalization in warehousing: This includes automated inventory management, warehouse robotics, advanced picking systems, and data-driven product ordering.

Streamlined product SKUs and cost-effective advertising: Examples are product rationalization, launching high-margin products, and utilizing cheaper, more engaged digital marketing.

KCG has been able to switch to using some cheaper raw materials. For instance, KCG switched to palm oil when butter oil prices increased this year. When the price of cheese rose this year, KCG switched to using younger cheeses that still met its quality standards. KCG plans to use more syrup amid rising global sugar prices. Converting corn into syrup is more cost-effective, allowing lower production costs than sugar refining. Including the company's SKU rationalization, its gross margin also improved. This has resulted in a higher EBIT margin.

Ex 30: We Estimate KCG's EBIT Margin Will Improve

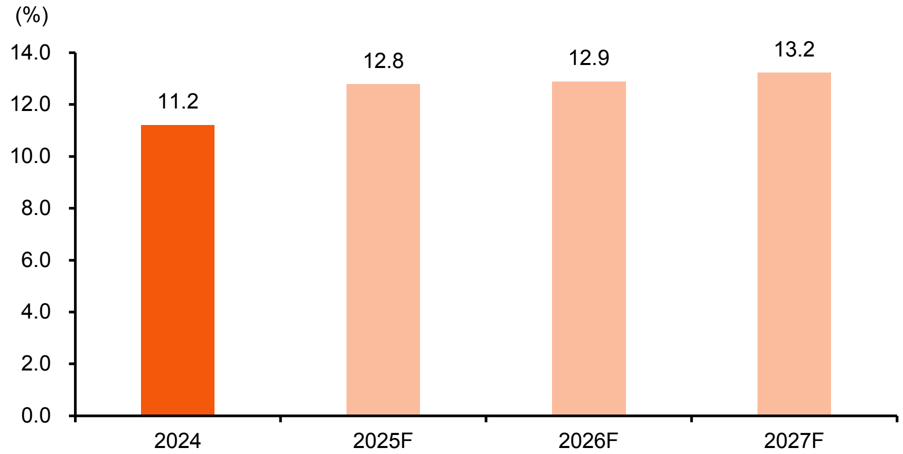


Sources: Company data, Thanachart estimates

Several cost-saving efforts by OSP…

OSP (BUY): OSP's net margin widened to 12% in 3Q25 from 11% in 3Q24. The improvement was due to lower marketing costs, the disposal of loss-making units, more efficient raw material procurement, and a bottle redesign. OSP also benefited from its two-tier pricing strategy, which stabilized market share without aggressive promotions. The company plans further savings from merging its Thai factories.

Ex 31: OSP's Net Margin

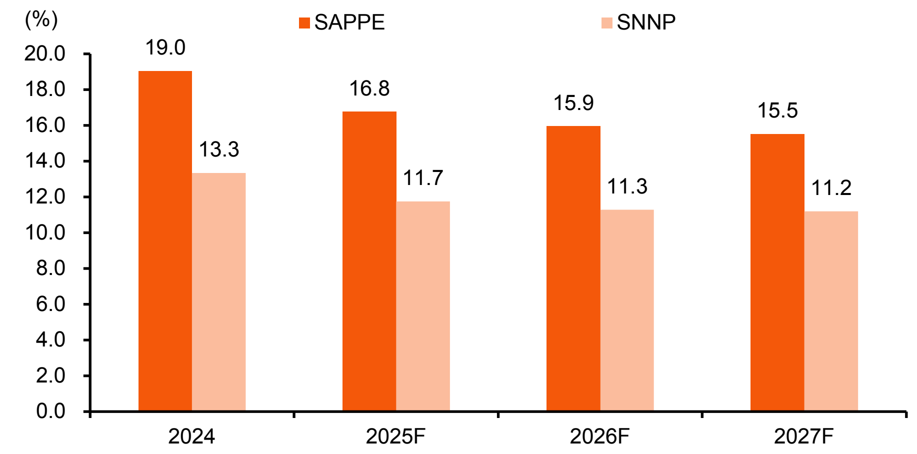


Sources: Company data, Thanachart estimates

Weak demand forced up selling expenses for SAPPE and SNNP

SAPPE and SNNP experienced higher SG&A-to-sales expenses in 1H25. We expect both companies to spend more to support demand, keeping their cost ratios elevated.

Ex 32: Pressure From Expenses For SAPPE And SNNP



Sources: Company data, Thanachart estimates

Checklist #3 – valuations and yields

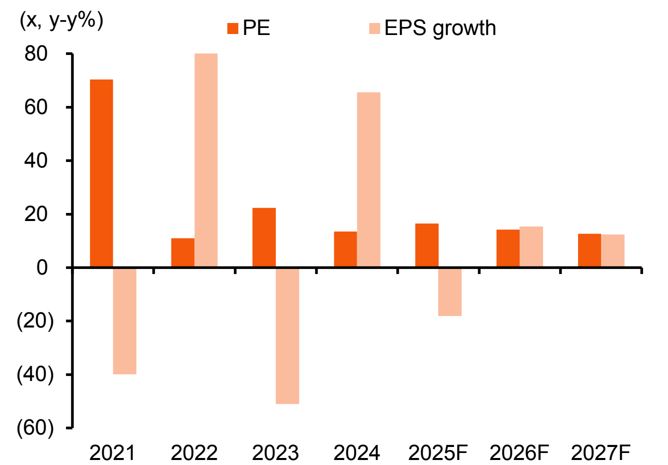
The valuation and yield zone

On average, the share prices of the companies under coverage have fallen by 50% from their 2021 peaks and by 33% YTD. Please refer to our stock metrics in Exhibit 1. Under this checklist, ITC and OSP stand out.

ITC offers cheap PEs, with decent growth and yields

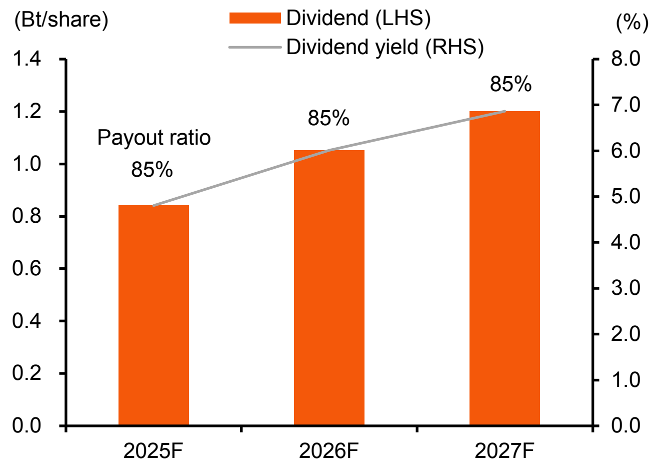
ITC (BUY): ITC offers the best P/E-to-growth profile, based on our estimate. We project 25/14% EPS growth in 2026-27F, supported by sales growth and margin expansion. Concerns about US tariffs have de-rated the stock from a 20x 2024 PE multiple to 14x in 2026F. Its dividend yields are also high at 4.9/6.2% in 2025-26F, supported by a 85% payout ratio. ITC has finished building its new factory and its capex is falling to Bt700m-800m p.a. from Bt1.1bn-1.2bn in 2022-24, which ITC plans to finance via its IPO proceeds and internal cash of hand of Bt11bn.

Ex 33: ITC's PE Vs. EPS Growth



Sources: Company data, Thanachart estimates

Ex 34: ITC's Dividend Yield Outlook



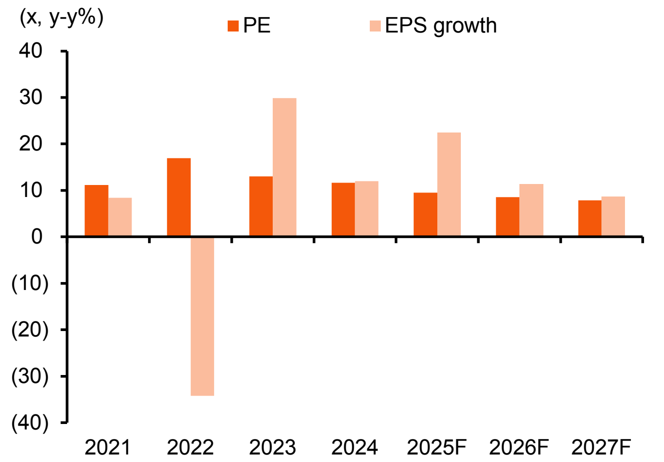
Sources: Company data, Thanachart estimates

KCG: Also a case of cheap, growth, high yield

KCG (BUY) also offers attractive returns, in our view. It provides 6.0/6.7% dividend yields in 2025-26F, assuming a 55% dividend payout ratio. The company's minimum payout is 40%. With a net cash position, there is potential upside to the payout ratio, according to management.

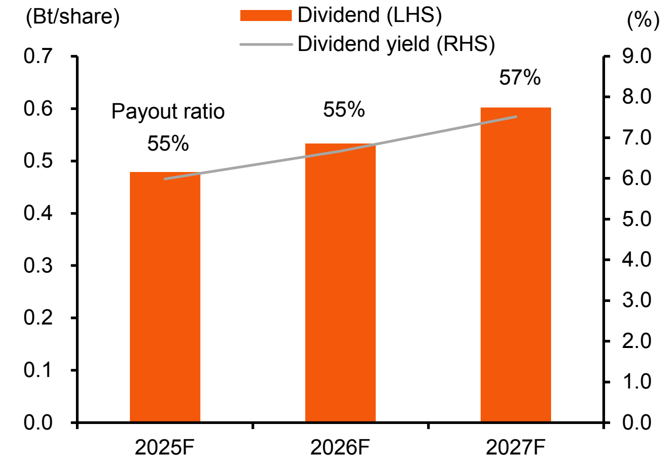
At an 8x 2026F PE multiple, KCG looks inexpensive relative to our expectation of strong EPS growth of 11/9% over 2025-27F.

Ex 35: KCG's PE Vs. EPS Growth



Sources: Company data, Thanachart estimates

Ex 36: KCG's Dividend Yield Outlook

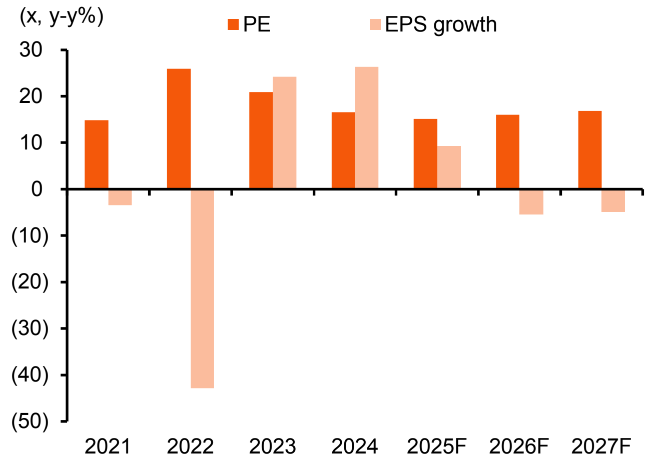


Sources: Company data, Thanachart estimates

OSP is a high-yield play

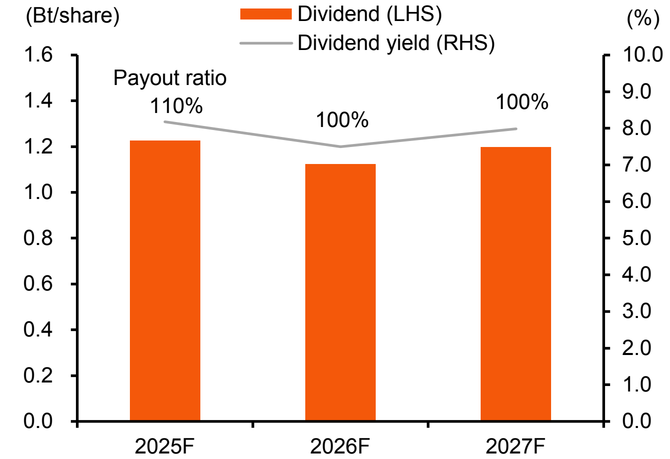
OSP: OSP also offers high yields of 7.7/7.1% in 2025-26F, supported by an 8% FCF yield and a 100% payout policy. Earnings growth is not high at 9/1/7% in 2025-27F, but its valuation has been sharply de-rated to a 14x PE multiple in 2026F vs. 44x in 2022 when OSP pursued a high-price strategy and a loss-making M&A that resulted in market share losses and weaker profitability. A new management team in 2024 stepped in and ended this downcycle by refocusing on core businesses, implementing its two-tier pricing strategy, improving procurement efficiency, and restoring margins.

Ex 37: OSP's PE Vs. EPS Growth



Sources: Company data, Thanachart estimates

Ex 38: OSP's Dividend Yield Outlook

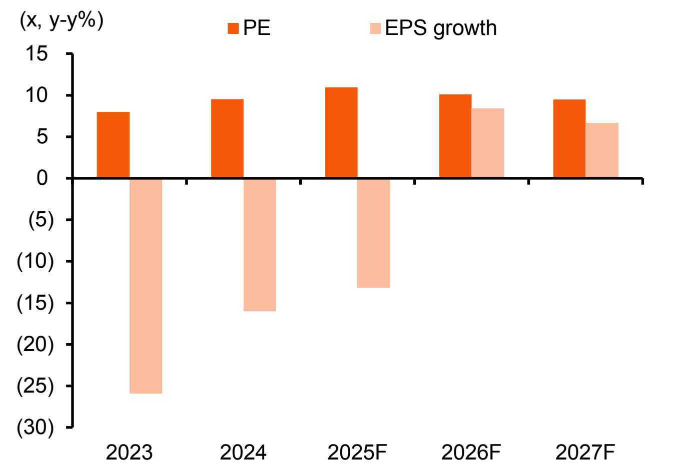


Sources: Company data, Thanachart estimates

TU also offers decent dividend yields

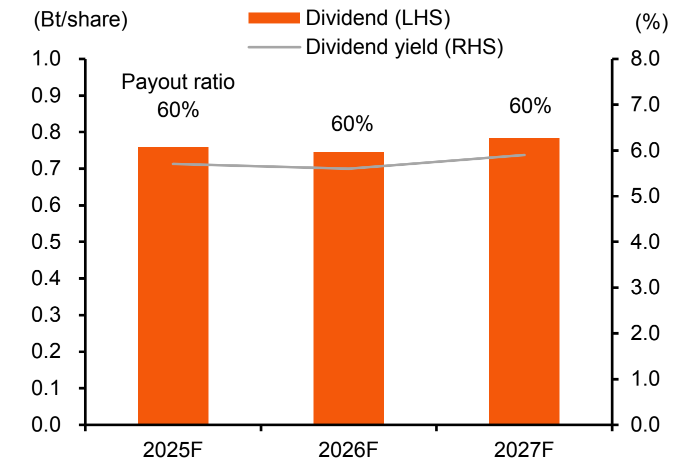
TU: TU offers dividend yields of 5.6/5.5% in 2025-26F based on a 60% payout ratio. Note that TU is under strict debt covenants imposed by its lender bank, which caps its dividend payout at 70% of earnings. We estimate 8/5% EPS growth in 2025-27F and view TU's current valuation as fair given its global scale and mature profile.

Ex 39: TU's PE Vs. EPS Growth



Sources: Company data, Thanachart estimates

Ex 40: TU's Dividend Yield Outlook



Sources: Company data, Thanachart estimates

Ex 41: Sector Valuation Comparison

		CBG	ITC	KCG	OSP	RBF	SAPPE	SNNP	TKN	TU	Industry
Rating		**BUY**	**BUY**	**BUY**	**BUY**	**SELL**	**SELL**	**SELL**	**SELL**	**HOLD**	**NEUTRAL**
Target price	**Thanachart**	**50.00**	**20.00**	**11.00**	**19.30**	**2.80**	**28.00**	**6.40**	**4.00**	**12.60**	
	Consensus	58.80	18.44	11.00	19.36	4.08	34.61	9.97	6.07	13.45	
Consensus rec.	Buy	10.0	12.0	5.0	14.0	1.0	1.0	1.0	2.0	8.0	
	Hold	7.0	7.0	0.0	10.0	4.0	9.0	8.0	2.0	11.0	
	Sell	2.0	0.0	0.0	2.0	1.0	3.0	1.0	1.0	3.0	
Sales (Bt m)	2024	20,964	17,729	7,743	27,069	4,391	6,775	5,948	5,712	138,433	234,766
	2025F	21,427	18,166	8,553	25,813	4,303	5,213	5,895	5,444	131,755	73,959
	2026F	21,944	19,869	9,261	25,933	4,261	5,191	5,713	5,436	130,958	77,007
	2027F	23,568	21,985	9,830	27,146	4,341	5,299	5,827	5,618	130,817	82,529
Norm profits	2024	2,763	3,830	405	3,035	500	1,233	651	829	4,985	18,230
(Bt m)	2025F	2,813	2,970	474	3,299	434	863	591	419	4,420	16,283
	2026F	2,655	3,714	529	3,343	441	808	550	395	4,788	17,221
	2027F	3,081	4,241	575	3,592	451	784	556	430	5,040	18,750
Sales growth (%)	2024	11.2	13.8	8.2	3.9	(0.7)	11.9	(1.1)	7.3	1.7	4.1
	2025F	2.2	2.5	10.5	(4.6)	(2.0)	(23.1)	(0.9)	(4.7)	(4.8)	(68.5)
	2026F	2.4	9.4	8.3	0.5	(1.0)	(0.4)	(3.1)	(0.1)	(0.6)	4.1
	2027F	7.4	10.7	6.1	4.7	1.9	2.1	2.0	3.3	(0.1)	7.2
Norm EPS	2024	43.6	65.6	12.0	26.3	(25.0)	13.7	2.4	12.8	(16.0)	13.3
growth (%)	2025F	1.8	(22.5)	17.2	8.7	(13.2)	(30.0)	(9.3)	(49.4)	(11.3)	(10.7)
	2026F	(5.6)	25.0	11.5	1.3	1.6	(6.4)	(6.8)	(5.7)	8.3	5.8
	2027F	16.1	14.2	8.8	7.5	2.3	(3.0)	1.0	8.8	5.3	8.9
Operating margin	2024	15.7	18.5	7.0	11.6	13.6	19.0	13.3	15.3	5.2	9.0
(%)	2025F	15.7	14.6	7.4	14.0	12.1	16.8	11.7	8.7	5.0	26.2
	2026F	14.4	17.4	7.6	13.8	10.8	15.9	11.3	8.0	5.2	26.1
	2027F	15.8	18.1	7.7	14.3	10.8	15.5	11.2	8.4	5.3	26.3
ROE (%)	2024	22.4	16.2	14.4	19.1	10.2	30.0	20.0	36.1	9.3	19.7
(%)	2025F	20.2	12.3	15.5	20.7	8.7	19.0	17.8	18.2	8.9	15.7
	2026F	17.4	15.1	16.0	20.5	8.6	16.5	16.3	17.4	9.3	15.2
	2027F	18.8	16.7	16.2	22.0	8.5	14.9	16.1	18.3	9.4	15.6
Dividend yield	2024	3.2	6.7	5.2	3.8	5.5	6.7	8.4	11.0	5.6	6.2
(%)	2025F	3.6	4.9	6.0	7.7	4.7	4.2	7.6	5.5	5.6	5.5
	2026F	3.7	6.2	6.7	7.1	4.7	3.9	7.1	5.2	5.5	5.6
	2027F	5.3	7.0	7.6	7.7	4.8	3.8	7.2	5.6	5.8	6.1
P/BV (x)	2024	3.1	2.1	1.5	3.0	1.3	2.4	2.0	2.7	1.1	2.1
	2025F	2.8	2.1	1.4	2.9	1.3	2.2	1.9	2.8	1.0	2.0
	2026F	2.6	2.1	1.3	2.9	1.2	2.0	1.9	2.8	1.0	2.0
	2027F	2.4	2.0	1.2	2.9	1.2	1.9	1.8	2.7	1.0	1.9
Norm PE (x)	2024	14.8	13.4	10.7	15.4	12.7	8.4	9.9	7.7	10.4	11.5
	2025F	14.6	17.3	9.1	14.2	14.7	12.0	10.9	15.2	11.8	13.3
	2026F	15.4	13.8	8.2	14.0	14.4	12.8	11.7	16.1	10.9	13.0
	2027F	13.3	12.1	7.5	13.0	14.1	13.2	11.6	14.8	10.3	12.2
EV/EBITDA (x)	2024	10.3	10.3	7.7	10.2	6.4	5.6	7.3	6.0	9.0	8.1
	2025F	9.7	12.3	6.8	9.0	6.6	7.7	8.4	9.5	9.1	8.8
	2026F	9.8	9.6	6.1	8.9	6.7	8.0	8.3	9.7	8.4	8.4
	2027F	8.3	8.4	5.6	8.1	6.2	7.4	7.9	8.9	7.8	7.6
Net D/E (x)	2024	0.1	(0.5)	0.5	0.0	(0.2)	(0.4)	0.2	(0.1)	0.9	0.1
	2025F	(0.0)	(0.5)	0.5	(0.1)	(0.2)	(0.4)	0.2	(0.1)	0.8	0.0
	2026F	(0.1)	(0.5)	0.4	(0.1)	(0.3)	(0.3)	0.2	(0.2)	0.7	(0.0)
	2027F	(0.2)	(0.5)	0.4	(0.2)	(0.3)	(0.4)	0.1	(0.2)	0.6	(0.1)

Source: Bloomberg
Note: Thanachart estimates, using normalized EPS

Valuation Comparison

Ex 42: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth 25F (%)	EPS growth 26F (%)	PE 25F (x)	PE 26F (x)	P/BV 25F (x)	P/BV 26F (x)	EV/EBITDA 25F (x)	EV/EBITDA 26F (x)	Div yield 25F (%)	Div yield 26F (%)
Pet food												
Yantai China Pet Foods	002891 CH	China	12.2	26.0	39.2	31.1	6.4	5.5	24.4	19.7	0.6	0.8
Petpal Pet Nutrition Tech	300673 CH	China	(7.5)	27.2	25.9	20.3	2.2	2.0	15.4	12.8	1.1	1.4
Beverage												
Yakult Honsha	2267 JP	Japan	0.8	2.5	17.9	17.5	1.4	1.3	9.8	9.3	2.4	2.6
Coca-Cola	KO US	US	3.7	7.8	23.9	22.2	10.7	9.6	21.1	19.6	2.8	3.0
PepsiCo	PEP US	US	(0.6)	5.6	17.8	16.9	9.7	8.5	13.3	12.6	3.9	4.1
Monster Beverage	MNST US	US	22.2	12.1	35.6	31.8	9.1	7.8	25.4	23.0	0.0	0.0
Food												
WH Group Ltd	288 HK	Hong Kong	(4.0)	1.9	9.1	8.9	1.2	1.2	5.3	5.2	6.9	5.9
Japfa Comfeed	JPFA IJ	Indonesia	5.6	11.9	9.0	8.0	1.6	1.5	6.4	6.0	4.4	5.5
Charoen Pok Indo	CPIN IJ	Indonesia	11.2	11.4	19.1	17.2	2.4	2.3	11.1	10.2	2.7	3.1
Universal Robina	URC PM	Philippines	0.4	8.0	11.7	10.8	1.2	1.1	6.9	6.4	6.1	6.3
Austevoll Seafood	AUSS NO	Norway	(43.0)	54.2	12.1	7.8	1.1	1.0	7.7	5.1	6.2	7.3
Leroy Seafood Group	LSG NO	Norway	(43.6)	84.9	19.6	10.6	1.4	1.4	8.5	6.1	4.8	5.7
Mowi	MOWI NO	Norway	(8.3)	60.5	20.0	12.5	2.5	2.2	10.8	7.4	2.9	4.5
ConAgra Foods	CAG US	USA	(23.7)	6.4	9.9	9.3	0.9	0.9	9.2	9.0	8.1	8.2
Danone	DANOY US	USA	na	6.9	21.0	19.6	2.8	2.6	13.3	12.7	2.8	3.0
Nestle	NSRGY US	USA	na	4.9	18.9	18.1	5.4	5.1	15.1	14.6	3.8	3.9
Tyson Foods	TSN US	USA	(7.2)	16.5	14.1	12.1	1.0	1.0	7.7	6.9	3.8	3.9
Pilgrim's Pride Corp	PPC US	USA	(1.2)	(22.2)	7.1	9.1	2.5	2.2	5.1	6.1	22.1	18.4
Hormel Foods Corp	HRL US	USA	(12.7)	5.7	16.2	15.3	1.5	1.4	11.4	10.9	5.2	5.5
Carabao Group	CBG TB	Thailand	1.8	(5.6)	14.6	15.4	2.8	2.6	9.7	9.8	3.6	3.7
i-Tail Corporation	ITC TB	Thailand	(22.5)	25.0	17.3	13.8	2.1	2.1	12.3	9.6	4.9	6.2
KCG Corporation	KCG TB	Thailand	17.2	11.5	9.1	8.2	1.4	1.3	6.8	6.1	6.0	6.7
Osotspa Pcl	OSP TB	Thailand	8.7	1.3	14.2	14.0	2.9	2.9	9.0	8.9	7.7	7.1
R&B Food Supply	RBF TB	Thailand	(13.2)	1.6	14.7	14.4	1.3	1.2	6.6	6.7	4.7	4.7
SAPPE Pcl	SAPPE TB	Thailand	(30.0)	(6.4)	12.0	12.8	2.2	2.0	7.7	8.0	4.2	3.9
Srinanaporn Marketing	SNNP TB	Thailand	(9.3)	(6.8)	10.9	11.7	1.9	1.9	8.4	8.3	7.6	7.1
Taokaenoi Food & Mkt.	TKN TB	Thailand	(49.4)	(5.7)	15.2	16.1	2.8	2.8	9.5	9.7	5.5	5.2
Thai Union Group	TU TB	Thailand	(11.3)	8.3	11.8	10.9	1.0	1.0	9.1	8.4	5.6	5.5
Average			**(7.8)**	**12.7**	**16.7**	**14.9**	**3.0**	**2.7**	**11.0**	**10.0**	**5.0**	**5.1**

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

Based on 12 November 2025 closing prices

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET INDEX	1.5	0.6	(11.1)	(8.2)	—	—	—	—
Food Sector	(4.8)	(7.4)	(19.2)	(16.6)	(6.2)	(8.0)	(8.1)	(8.4)
CBG TB	(17.6)	(26.8)	(46.8)	(47.8)	(19.0)	(27.4)	(35.7)	(39.5)
ITC TB	5.6	17.9	(20.8)	(23.3)	4.1	17.4	(9.7)	(15.1)
KCG TB	(4.2)	(12.2)	(9.7)	(3.0)	(5.7)	(12.7)	1.4	5.2
OSP TB	(4.3)	(15.2)	(22.4)	(25.0)	(5.7)	(15.8)	(11.3)	(16.8)
RBF TB	(17.6)	(16.3)	(38.8)	(54.2)	(19.1)	(16.9)	(27.8)	(46.0)
SAPPE TB	(6.9)	(10.6)	(50.9)	(50.2)	(8.4)	(11.2)	(39.8)	(41.9)
SNNP TB	(17.3)	(30.6)	(38.9)	(41.9)	(18.8)	(31.2)	(27.8)	(33.6)
TKN TB	(16.8)	(23.0)	(54.3)	(43.0)	(18.2)	(23.6)	(43.2)	(34.7)
TU TB	5.3	10.3	(2.1)	6.9	3.8	9.7	9.0	15.2

Source: Bloomberg

SECTOR - SWOT ANALYSIS

S — Strength

- Leading market positions with high barriers to entry.
- Cost-competitive production base
- Established expertise and certifications
- Strong cash positions and dividend capability

W — Weakness

- High exposure to economic cycles
- Healy reliance on export markets
- Labor-intensive operations
- Limited pricing power in competitive segments

O — Opportunity

- Easy market penetration with authentic Thai products
- Premium pet food megatrend
- Automation and cost savings
- US-China trade dynamics

T — Threat

- Political instability in key markets
- Weak domestic and global consumption
- Pricing competition

REGIONAL COMPARISON

Name	— EPS growth —		—— PE ——		—— P/BV ——		—— EV/EBITDA ——		—— Div. Yield ——	
	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
China	2.4	26.6	32.6	25.7	4.3	3.8	19.9	16.3	0.9	1.1
Japan	0.8	2.5	17.9	17.5	1.4	1.3	9.8	9.3	2.4	2.6
USA	(2.8)	4.9	18.3	17.2	4.8	4.3	13.5	12.8	5.8	5.6
Hong Kong	(4.0)	1.9	9.1	8.9	1.2	1.2	5.3	5.2	6.9	5.9
Norway	(31.6)	66.5	17.2	10.3	1.7	1.5	9.0	6.2	4.6	5.8
Indonesia	8.4	11.7	14.1	12.6	2.0	1.9	8.8	8.1	3.6	4.3
Philippines	0.4	8.0	11.7	10.8	1.2	1.1	6.9	6.4	6.1	6.3
Thailand	(12.0)	2.6	13.3	13.0	2.0	2.0	8.8	8.4	5.5	5.6
Average	**(4.8)**	**15.6**	**16.8**	**14.5**	**2.3**	**2.1**	**10.2**	**9.1**	**4.5**	**4.6**

Source: Bloomberg Consensus
Note : *Thanachart estimates

BUY (Unchanged)	TP: Bt 50.00 (From: Bt70.00)	13 NOVEMBER 2025
Change in Numbers	Upside : 22.0%	

Carabao Group Pcl (CBG TB)

Cambodia floor price

CBG's share price has corrected by 48% YTD on a sharp drop in its exports to Cambodia. Our floor valuation, assuming no further Cambodia business, is Bt35. As that assumption looks unrealistic and our base-case valuation is Bt50, we maintain our BUY call on CBG.

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Thanachart Securities

Bad news in the price; maintaining BUY

We maintain our BUY call on CBG but with a lower DCF-based 12-month TP (2026F base year) of Bt50 (from Bt70.), following our 8/20/19% earnings cuts in 2025-27F to reflect weak exports to Cambodia. *First*, after the 48% YTD correction in CBG's share price due to the negative impact on its main export market, Cambodia, we believe the bad news is in the price at 16x 2026F PE vs. -6/16 EPS growth in 2026-27F. *Second*, assuming the border conflict does not become permanent, we believe CBG, controlling 70% of the energy drinks market share in Cambodia in 1H25, will be able to see its business recover there. Our numbers factor in a recovery to 40% of its 2024 base in 2027F. *Lastly*, our sensitivity analysis, assuming no further Cambodia business for CBG, suggests a floor valuation of Bt35/share, which is not far from the current share price.

Cambodia sensitivity analysis

Cambodia accounted for 25% of CBG's 2024 profit. CBG entered Cambodia in early 2010s and had a 70% market share in 1H25 before the border conflict began. After the dispute erupted, its export sales to Cambodia fell 50% y-y in 3Q25. The main problem isn't about border transportation but rather Thai products being boycotted. We conducted a sensitivity analysis assuming the loss of Cambodian sales and arrived at a CBG share price of Bt35. However, we do not believe this is a realistic scenario. There were still sales in November. Our Bt50 TP assumes Cambodian sales growth of -40/-35/10% in 2025-27F, with 2027F sales at 43% of the pre-conflict level in 2024.

Strong domestic businesses

We expect CBG to report 3Q25F earnings of Bt610m, falling by 18% y-y and 24% q-q. Despite a likely 35% y-y decline in total export sales, domestic energy drinks sales likely grew 15% y-y as CBG continues to gain market share from Red Bull Thailand (non-listed). Its market share was 26.9% in 3Q25F vs. 24.9% in 3Q24. Spirit-related distribution and glass bottle OEM revenue also likely grew 20% y-y as CBG's spirit customers gained market share.

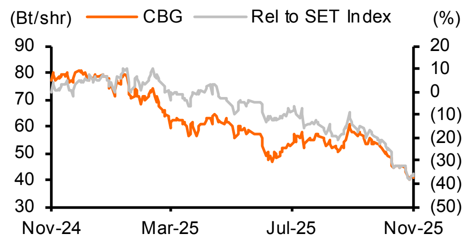
Tsingtao business update

CBG is exploring business opportunities with Tsingtao, China's leading beer operator. Tsingtao plans to sell its products in Thailand and hire CBG's distribution vans for distribution. In China, CBG and Tsingtao are exploring a business opportunity to sell CBG's energy drinks via Tsingtao's nationwide distribution network. CBG said if the deal goes forward, the investment will be very small. We have yet to factor it into our model.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	20,964	21,427	21,944	23,568
Net profit	2,683	2,813	2,655	3,081
Consensus NP	—	2,959	3,163	3,476
Diff frm cons (%)	—	*(4.9)*	*(16.1)*	*(11.3)*
Norm profit	2,763	2,813	2,655	3,081
Prev. Norm profit	—	3,054	3,313	3,781
Chg frm prev (%)	—	*(7.9)*	*(19.9)*	*(18.5)*
Norm EPS (Bt)	2.8	2.8	2.7	3.1
Norm EPS grw (%)	43.6	1.8	(5.6)	16.1
Norm PE (x)	14.8	14.6	15.4	13.3
EV/EBITDA (x)	10.3	9.7	9.8	8.3
P/BV (x)	3.1	2.8	2.6	2.4
Div yield (%)	3.2	3.6	3.7	5.3
ROE (%)	22.4	20.2	17.4	18.8
Net D/E (%)	9.9	(0.3)	(8.6)	(15.3)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	41.00
Market Cap (US$ m)	1,261.6
Listed Shares (m shares)	1,000.0
Free Float (%)	28.6
Avg Daily Turnover (US$ m)	6.5
12M Price H/L (Bt)	81.25/40.25
Sector	FOOD
Major Shareholder	Sathientham Holding 25%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ……………...…………... P30

Cambodia business floor

We still have a BUY rating on CBG

We maintain our BUY rating on Carabao Group Pcl (CBG), but with a lower DCF-based 12-month TP (2026F base year) of Bt50 (from Bt70), reflecting 8/20/19% reductions in our earnings forecasts due to the worse-than-expected business situation in Cambodia.

Ex 1: Earnings Revisions

	2022	2023	2024	2025F	2026F	2027F
Sales (Bt m)						
- New	19,215	18,853	20,964	21,427	21,944	23,568
- Old				22,166	23,473	25,391
- Change (%)				*(3.3)*	*(6.5)*	*(7.2)*
Gross margin (%)						
- New	29.3	25.9	26.9	26.0	24.5	24.9
- Old				26.4	26.3	26.4
- Change (ppt)				*(0.5)*	*(1.8)*	*(1.5)*
SG&A to sales (%)						
- New	16.0	14.1	11.2	10.2	10.1	9.1
- Old				9.9	9.5	8.4
- Change (ppt)				*0.3*	*0.7*	*0.7*
Normalized profits (Bt m)						
- New	2,286	1,924	2,763	2,813	2,655	3,081
- Old				3,054	3,313	3,781
- Change (%)				*(7.9)*	*(19.9)*	*(18.5)*

Sources: Company data, Thanachart estimates

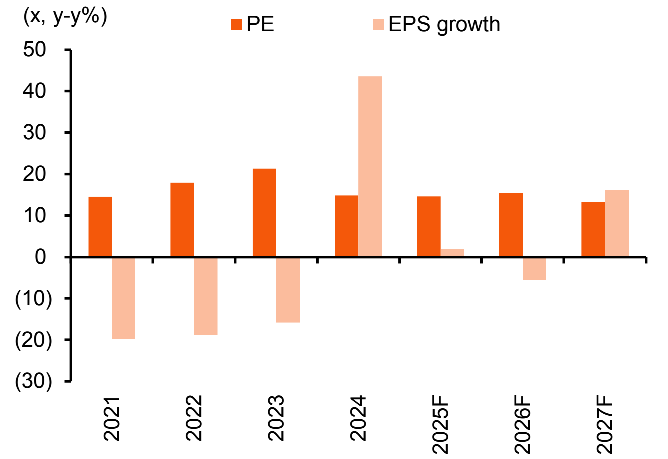
We believe the bad news has been priced in

First, after the 48% YTD correction in CBG's share price due to the negative impact on its main export market, Cambodia, we believe the bad news is in the price with CBG trading at a 16x 2026F PE multiple vs. -6/16% EPS growth in 2026-27F.

Ex 2: Share Price Trend So Far

Source: Bloomberg

Ex 3: PE Vs. EPS Growth



Sources: Company data, Thanachart estimates

Our EPS growth forecasts don't imply a very weak earnings outlook for CBG, as soft exports from declining Cambodia sales are partially offset by strong domestic businesses and some cost savings.

Ex 4: Our Assumptions

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
Total sales (% growth)	3.5	15.4	0.8	10.7	(1.9)	11.2	2.2	2.4	7.4
- Domestic energy drinks (% growth)	(0.5)	(5.0)	(6.6)	3.2	6.7	13.4	16.7	5.0	4.0
- Domestic others	10.1	67.2	49.9	34.1	13.1	14.6	11.8	9.7	9.7
- Export sales (% growth)	8.3	16.4	(13.7)	(1.4)	(21.7)	4.0	(29.7)	(20.8)	8.1
Gross margin (%)	38.9	41.0	35.6	29.3	25.9	26.9	26.0	24.5	24.9
SG&A to sales (%)	18.3	16.7	16.9	16.0	14.1	11.2	10.2	10.1	9.1
EBIT margin (%)	20.5	24.5	18.7	13.3	11.8	15.7	15.7	14.4	15.8

Sources: Company data, Thanachart estimates

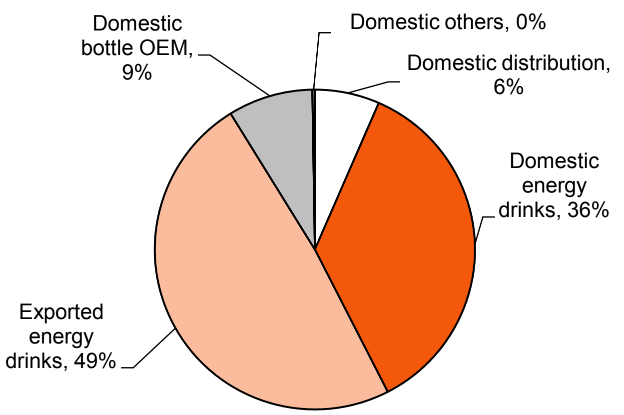
The Cambodia floor price

Second, we still do not expect the border conflict to become permanent, and we expect Cambodia sales to recover to 40% of the 2024 base in 2027F.

Cambodia accounted for 25% of CBG's 2024 profit. CBG entered the Cambodian market in early 2010s and held a 70% market share in 1H25 before the recent border conflict began. The dispute then erupted, and its export sales to Cambodia fell 50% y-y in 3Q25F, based on our estimate. Sales disappeared in September, but some orders have resumed this month. The main problem isn't about border transportation but rather Thai products being boycotted.

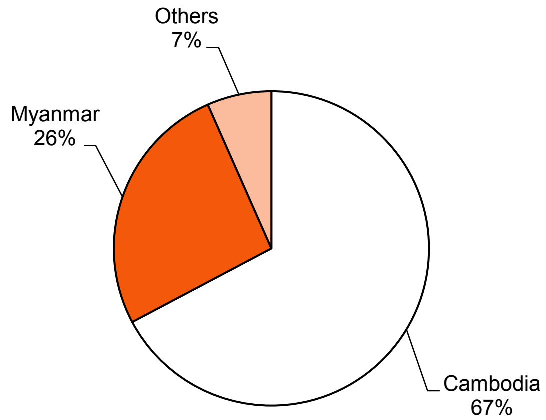
We conduct a sensitivity analysis assuming the loss of Cambodian sales and arrive at a CBG share price of Bt35/share. However, we do not believe this is a realistic scenario. There were still sales in November. Our TP of Bt50 assumes Cambodian sales growth of -40/-35/10% in 2025-27F, with 2027F sales at 43% of the pre-conflict level in 2024.

Ex 5: CBG's EBIT Breakdown



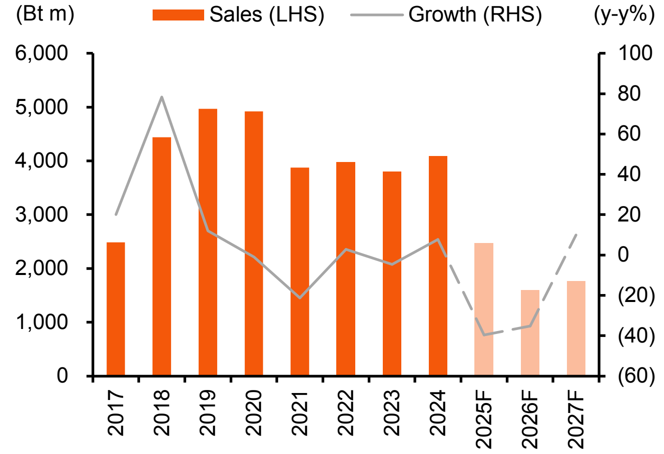
Sources: Company data, Thanachart estimates

Ex 6: Export Breakdown



Sources: Company data, Thanachart estimates

Ex 7: Cambodia Sales Outlook



Sources: Company data, Thanachart estimates

Ex 8: S hare Price Scenario

Scenario	Share price (Bt/share)
– CBG's value without Cambodia	35
– CBG's current share price	42
– Our CBG's TP (Cambodia sales remains at 40% in 2027F vs. 2024 level)	50

Sources: Company data, Thanachart estimates

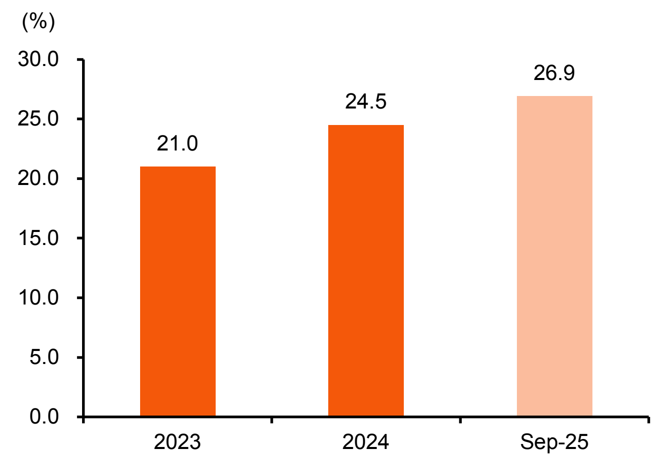
Third, the domestic side of its businesses remain strong, for both domestic energy drinks, sales of which likely grow 15% y-y in 3Q25F, and its spirit-related distribution and glass bottle OEM business revenue, which also likely grow 20% y-y.

Strength in domestic energy drink continues

Domestic energy drinks: CBG domestic energy drink sales likely grow 15% y-y in 3Q25F after 27% in 1H25. Its market share rose to 26.9% in September this year from 24.5% in 2024 and 21.0% in 2023. This suggests Osotspa Pcl's (OSP TB, Bt15.6, BUY) recent price cut to Bt10 has not taken away market share from CBG. We believe CBG is defending its market share on two fronts: First, via its strong brand equity among lower-income consumers who value its consistent low pricing during tough times, and second, its wider distribution coverage, now at 99% of traditional trade stores nationwide, while rivals have lost market share after raising prices.

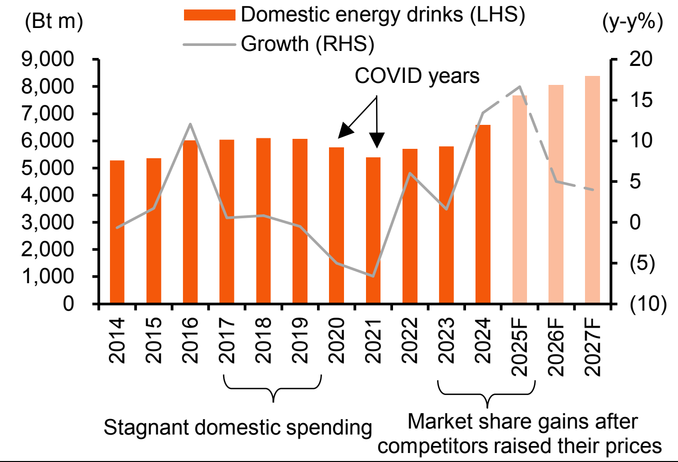
OSP, meanwhile, has chosen not to compete aggressively, pursuing a two-tier strategy: maintaining its Bt12/bottle pricing in resilient demand areas while offering the Bt10/bottle only in weaker regions. This avoids a full-scale price war but also caps its nationwide penetration.

Ex 9: CBG's Market Share



Sources: Company data, Thanachart compilations

Ex 10: Domestic Energy Drink Growth

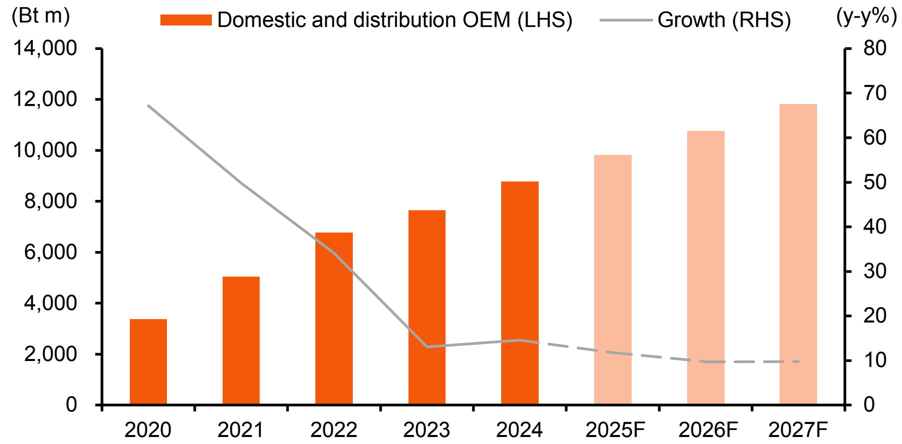


Sources: Company data, Thanachart estimates

Third-party business remains a growth driver

Spirit-related distribution and glass bottle OEM business: CBG's distribution and bottled OEM business for spirits likely experienced 20% y-y revenue growth in 3Q25F, supported by market share gains by its spirits customers. The use of CBG's in-house cash vans and sales teams, primarily for its energy drinks but also for spirits, provides strong penetration advantages for customers. We estimate revenue growth of 12/10/10% in 2025-27F.

Ex 11: Distribution And OEM Outlook



Sources: Company data, Thanachart estimates

Ex 12: 12-month DCF-based TP Calculation Using A Base Year Of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA		4,027	4,625	4,828	5,105	5,311	5,602	5,723	5,846	5,971	6,098	6,251	—
Free cash flow		2,827	3,231	2,617	2,904	4,214	4,598	4,705	4,810	4,917	5,026	4,219	61,072
PV of free cash flow		2,819	2,718	2,019	2,054	2,733	2,735	2,565	2,405	2,255	2,114	1,627	23,547
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	9.0												
Terminal growth (%)	2.0												
Enterprise value - add investments	49,589												
Net debt (2025F)	(45)												
Minority interest	(138)												
Equity value	49,772												
# of shares (m)	1,000												
Equity value/share (Bt)	**50.00**												

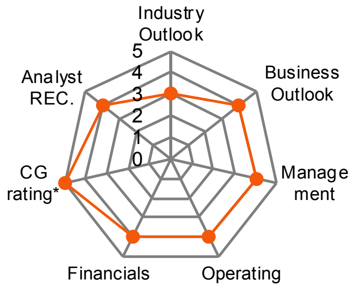
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

Carabao Group Pcl (CBG) is Thailand's second-largest energy drinks producer with a 26% market share. The company holds 100% stake in three subsidiaries: CBD (energy drinks manufacturing company), APG (glass bottle production and procurement company), and DCM (distribution company). CBG started producing energy drinks in 2002 and now sells its products both domestically and abroad.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong presence in the domestic beverage market.
- Robust balance sheet.
- Proactive management team.

W — Weakness

- Only organic growth in a mature beverage market.
- Lack of pricing power.
- Heavily reliant on brand ambassador.

O — Opportunity

- Expansions abroad.
- Mergers and acquisitions.

T — Threat

- Domestic consumption and economic conditions.
- New competition in the beverage segment.
- Natural disasters.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	58.80	50.00	-15%
Net profit 25F (Bt m)	2,959	2,813	-5%
Net profit 26F (Bt m)	3,163	2,655	-16%
Consensus REC	**BUY: 10**	**HOLD: 7**	**SELL: 2**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings estimates and TP are below the Bloomberg consensus, which we attribute to us having a more conservative view regarding CBG's business outlook in Cambodia.

Sources: Bloomberg consensus, Thanachart estimates

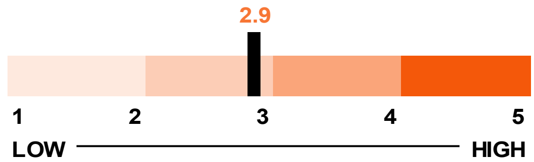
RISKS TO OUR INVESTMENT CASE

- Lower-than-expected growth in domestic sales and exports would represent the key downside risk to our earnings forecasts and TP.
- Lower-than-expected sales growth in the Myanmar and Vietnam markets would pose a secondary downside risk to our earnings forecasts.

Source: Thanachart

CBG is Thailand's leading energy drinks producer. It also runs a distribution business with a fleet size of about 300 pick-up trucks. The company operates production facilities for beverages, aluminum cans, glass bottles, and packaging. We assign a moderate 2.9 ESG score to CBG with higher scores on E and S and lower score on G.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
CBG	YES	AA	-	B	67.35	30.74	79.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- We assign a decent 3.1 E score for CBG to reflect its clear environmental targets and plans and progress toward long-term goals.
- CBG has set a long-term carbon neutrality target for 2050 and established specific goals to reduce Scope 1 and 2 GHG emissions intensity by 30% by 2030 from 2023 base year.
- CBG remains on track to achieve its long-term goals. Its GHG emissions fell by 4.9% in 2024, driven by expanded solar panel installations, increasing proportion of recycled glass, the implementation of lighter glass bottle technology, and improved heat exchange efficiency through soot removal from regenerators.
- On the negative side, water withdrawal increased by 9% in 2024.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- We assign a decent 3.0 S score for CBG.
- CBG provides comprehensive employee training programs, conducting 357 training courses in 2024 compared to its initial target of 191. It offers mandatory training in corporate governance and ethics, leadership development, and skills enhancement.
- CBG also offers competitive remuneration and benefits, including provident fund contributions (2-15% of salary), annual health check-ups, and accident insurance.
- CBG actively supports the community, investing Bt3.5m (0.017% of total revenue) in social development projects, including community health promotion, education with English teachers, career pathway creation through taxi and motorcycle giveaways.
- Its factory operations have run smoothly without any major incidents reported.

GOVERNANCE & SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- We assign a moderate G score of 2.8 for CBG to reflect a weak board structure and saturated demand for core products.
- CBG's board structure is decent but not ideal in our view. The board chairman is not an independent director, and only six of 13 directors are independent, which is lower than the ideal two-thirds ratio. The board has a good female member ratio of 31%.
- Board skills are diversified covering strategic management, risk management, governance/compliance, law, IT management, and sustainability.
- CBG has all key committees in place, including the Audit, Executive, Nomination and Remuneration, Risk Management, and Sustainability Development Committees.
- CBG's business lines are diversified across energy drinks, bottle OEM, and third part product distribution with markets in Thailand, Cambodia and Myanmar. However, most businesses are still linked to energy drink products which are quite saturated in Thailand.

Sources: Thanachart, Company data

Margin expansion

Earnings turnaround

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	18,853	20,964	21,427	21,944	23,568
Cost of sales	13,974	15,323	15,858	16,564	17,705
Gross profit	**4,879**	**5,641**	**5,570**	**5,380**	**5,863**
% gross margin	25.9%	26.9%	26.0%	24.5%	24.9%
Selling & administration expenses	2,660	2,349	2,196	2,224	2,142
Operating profit	**2,219**	**3,292**	**3,373**	**3,156**	**3,720**
% operating margin	11.8%	15.7%	15.7%	14.4%	15.8%
Depreciation & amortization	818	818	838	871	904
EBITDA	**3,038**	**4,110**	**4,211**	**4,027**	**4,625**
% EBITDA margin	16.1%	19.6%	19.7%	18.4%	19.6%
Non-operating income	193	206	193	198	212
Non-operating expenses	0	0	0	0	0
Interest expense	(183)	(146)	(74)	(60)	(104)
Pre-tax profit	**2,229**	**3,352**	**3,493**	**3,294**	**3,828**
Income tax	337	619	699	659	766
After-tax profit	**1,892**	**2,733**	**2,794**	**2,636**	**3,062**
% net margin	10.0%	13.0%	13.0%	12.0%	13.0%
Shares in affiliates' Earnings	8	14	0	0	0
Minority interests	24	15	19	19	19
Extraordinary items	0	(80)	0	0	0
NET PROFIT	**1,924**	**2,683**	**2,813**	**2,655**	**3,081**
Normalized profit	**1,924**	**2,763**	**2,813**	**2,655**	**3,081**
EPS (Bt)	1.9	2.7	2.8	2.7	3.1
Normalized EPS (Bt)	1.9	2.8	2.8	2.7	3.1

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	5,802	5,139	4,866	7,007	9,291
Cash & cash equivalent	1,184	1,384	1,000	3,000	5,000
Account receivables	2,192	1,434	1,466	1,501	1,612
Inventories	2,295	2,224	2,301	2,404	2,569
Others	131	97	99	102	109
Investments & loans	158	168	168	168	168
Net fixed assets	12,376	11,991	11,854	11,683	11,478
Other assets	1,207	1,079	995	1,012	1,066
Total assets	**19,544**	**18,378**	**17,883**	**19,870**	**22,003**
LIABILITIES:					
Current liabilities:	4,283	4,185	2,709	3,406	4,140
Account payables	2,045	1,540	1,594	1,665	1,780
Bank overdraft & ST loans	1,225	82	29	50	74
Current LT debt	769	2,074	739	1,273	1,876
Others current liabilities	244	490	347	418	410
Total LT debt	**3,326**	**526**	**187**	**323**	**476**
Others LT liabilities	621	577	483	489	509
Total liabilities	**8,231**	**5,287**	**3,380**	**4,219**	**5,125**
Minority interest	(178)	(119)	(138)	(157)	(176)
Preferreds shares	0	0	0	0	0
Paid-up capital	1,000	1,000	1,000	1,000	1,000
Share premium	0	0	0	0	0
Warrants	0	0	0	0	0
Surplus	3,667	3,649	3,649	3,649	3,649
Retained earnings	**6,824**	**8,560**	**9,992**	**11,158**	**12,405**
Shareholders' equity	11,491	13,209	14,641	15,808	17,054
Liabilities & equity	**19,544**	**18,378**	**17,883**	**19,870**	**22,003**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	2,229	3,352	3,493	3,294	3,828
Tax paid	(331)	(362)	(814)	(589)	(774)
Depreciation & amortization	818	818	838	871	904
Chg In w orking capital	957	324	(55)	(67)	(162)
Chg In other CA & CL / minorities	34	137	(29)	(2)	(7)
Cash flow from operations	**3,707**	**4,270**	**3,432**	**3,508**	**3,790**
Capex	(965)	(433)	(700)	(700)	(700)
Right of use	124	114	100	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(4)	(10)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(175)	(137)	(109)	(11)	(34)
Cash flow from investments	**(1,021)**	**(466)**	**(709)**	**(711)**	**(734)**
Debt financing	(1,321)	(2,640)	(1,726)	691	780
Capital increase	0	0	0	0	0
Dividends paid	(1,150)	(1,100)	(1,381)	(1,488)	(1,835)
Warrants & other surplus	34	136	0	0	0
Cash flow from financing	**(2,437)**	**(3,604)**	**(3,107)**	**(797)**	**(1,055)**
Free cash flow	**2,741**	**3,837**	**2,732**	**2,808**	**3,090**

PE looks inexpensive to us

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	21.3	14.8	14.6	15.4	13.3
Normalized PE - at target price (x)	26.0	18.1	17.8	18.8	16.2
PE (x)	21.3	15.3	14.6	15.4	13.3
PE - at target price (x)	26.0	18.6	17.8	18.8	16.2
EV/EBITDA (x)	14.9	10.3	9.7	9.8	8.3
EV/EBITDA - at target price (x)	17.8	12.5	11.9	12.1	10.3
P/BV (x)	3.6	3.1	2.8	2.6	2.4
P/BV - at target price (x)	4.4	3.8	3.4	3.2	2.9
P/CFO (x)	11.1	9.6	11.9	11.7	10.8
Price/sales (x)	2.2	2.0	1.9	1.9	1.7
Dividend yield (%)	2.2	3.2	3.6	3.7	5.3
FCF Yield (%)	6.7	9.4	6.7	6.8	7.5
(Bt)					
Normalized EPS	1.9	2.8	2.8	2.7	3.1
EPS	1.9	2.7	2.8	2.7	3.1
DPS	0.9	1.3	1.5	1.5	2.2
BV/share	11.5	13.2	14.6	15.8	17.1
CFO/share	3.7	4.3	3.4	3.5	3.8
FCF/share	2.7	3.8	2.7	2.8	3.1

Sources: Company data, Thanachart estimates

ROE looks decent for its business nature

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(1.9)	11.2	2.2	2.4	7.4
Net profit (%)	(15.8)	39.4	4.9	(5.6)	16.1
EPS (%)	(15.8)	39.4	4.9	(5.6)	16.1
Normalized profit (%)	(15.8)	43.6	1.8	(5.6)	16.1
Normalized EPS (%)	(15.8)	43.6	1.8	(5.6)	16.1
Dividend payout ratio (%)	46.8	48.5	52.0	57.0	70.0
Operating performance					
Gross margin (%)	25.9	26.9	26.0	24.5	24.9
Operating margin (%)	11.8	15.7	15.7	14.4	15.8
EBITDA margin (%)	16.1	19.6	19.7	18.4	19.6
Net margin (%)	10.0	13.0	13.0	12.0	13.0
D/E (incl. minor) (x)	0.5	0.2	0.1	0.1	0.1
Net D/E (incl. minor) (x)	0.4	0.1	(0.0)	(0.1)	(0.2)
Interest coverage - EBIT (x)	12.1	22.6	45.7	53.0	35.6
Interest coverage - EBITDA (x)	16.6	28.2	57.1	67.7	44.3
ROA - using norm profit (%)	9.7	14.6	15.5	14.1	14.7
ROE - using norm profit (%)	17.4	22.4	20.2	17.4	18.8
DuPont					
ROE - using after tax profit (%)	17.1	22.1	20.1	17.3	18.6
- asset turnover (x)	1.0	1.1	1.2	1.2	1.1
- operating margin (%)	12.8	16.7	16.6	15.3	16.7
- leverage (x)	1.8	1.5	1.3	1.2	1.3
- interest burden (%)	92.4	95.8	97.9	98.2	97.3
- tax burden (%)	84.9	81.5	80.0	80.0	80.0
WACC (%)	9.0	9.0	9.0	9.0	9.0
ROIC (%)	11.5	17.2	18.6	17.3	20.6
NOPAT (Bt m)	1,884	2,683	2,699	2,525	2,976
invested capital (Bt m)	15,627	14,506	14,596	14,454	14,480

Sources: Company data, Thanachart estimates

BUY (Unchanged)

Change in Numbers

TP: Bt 20.00 (From: Bt 17.50)

Upside : 17.0%

13 NOVEMBER 2025

i-Tail Corporation Pcl (ITC TB)

Strong growth, more cost savings

After 11% h-h earnings growth in 2H25F, we expect a further 25/14% growth for ITC in 2026-27F. Demand for pet food remains strong, and ITC has made more cost savings. We adjust our earnings and reaffirm our BUY call on ITC for its growth and 4.9%/6.2% yields in 2025-26F.

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Reaffirming BUY

We reaffirm our BUY call on ITC with a DCF-based TP (2026F base year) of Bt20.0 (from Bt17.5). First, we expect ITC's earnings turnaround to begin in 2H25F, with 11% h-h growth and 25%/14% in 2026-27F, driven by cost savings and continued sales growth. Second, there are new cost savings of over Bt400m in 2025F after its business restructuring program began in 2024. Third, ITC has developed new pet treat products for leading global pet food brand owners. Fourth, despite ITC facing near-term capacity constraints amid stronger-than-expected pet treat orders, it plans to add new machinery if strong demand continues. We therefore adjust our earnings by –5/+3/+4% in 2025-27F and by 14% long term. Lastly, ITC offers attractive dividend yields of 4.9%/6.2% in 2025-26F, in our view.

More cost savings

ITC began its restructuring in 2024. ITC expects full-scale benefits of Bt1.5bn p.a. from 2027F. There is a greater clarity for cost savings in the areas of procurement development, e.g., changing to cheaper suppliers and increasing production automation. ITC expects new cost savings of over Bt400m in 2026F after about Bt400m of savings this year. ITC expects its consultant to help acquire new pet food customers in Europe. We estimate ITC's net margin to reach 19% in 2027F from 16% in 2025F.

Strong new pet treat products

ITC sells pet food (85% of sales) and pet treats (15%). It has focused on expanding its pet treat product line. Pet treats offer higher margins because they use more cheaper carbohydrates than pet food, which requires more expensive protein sources. ITC launched pet treats to its existing top-five pet food-branded customers, which already purchase ITC's pet food. ITC's total pet food US$ sales grew 9% y-y in 9M25, with pet treat sales growing 42% y-y and pet food sales growing 5% y-y. ITC is considering expanding its pet treat production line at its existing factories if strong demand continues. We estimate ITC's US$ sales growth at 9-10% p.a. in 2025-27F.

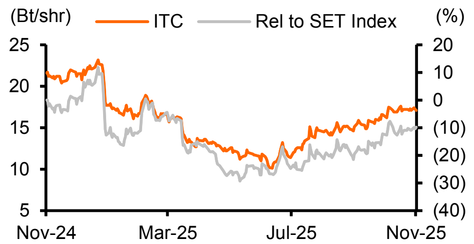
4.9/6.2% dividend yields

ITC is a net cash company. We estimate Bt3.3bn of EBITDA this year, rising to Bt4.1bn in 2026F. ITC has completed a new factory this year, and we expect capex to fall to Bt0.6bn p.a. in 2026-27F. ITC plans to finance it with its Bt8bn of cash on hand. ITC is looking for M&A deals, but if they don't materialize, it may use this excess cash to pay out higher dividends. We estimate ITC to offer 4.9%/6.2% dividend yields in 2025-26F based on an 85% payout ratio assumption, which we see as conservative. ITC's minimum payout ratio is 50%, but it paid out 96% in 2024.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	17,729	18,166	19,869	21,985
Net profit	3,597	2,970	3,714	4,241
Consensus NP	—	3,016	3,343	3,691
Diff frm cons (%)	—	*(1.5)*	*11.1*	*14.9*
Norm profit	3,830	2,970	3,714	4,241
Prev. Norm profit	—	3,137	3,617	4,062
Chg frm prev (%)	—	*(5.3)*	*2.7*	*4.4*
Norm EPS (Bt)	1.3	1.0	1.2	1.4
Norm EPS grw (%)	65.6	(22.5)	25.0	14.2
Norm PE (x)	13.4	17.3	13.8	12.1
EV/EBITDA (x)	10.3	12.3	9.6	8.4
P/BV (x)	2.1	2.1	2.1	2.0
Div yield (%)	6.7	4.9	6.2	7.0
ROE (%)	16.2	12.3	15.1	16.7
Net D/E (%)	(48.4)	(46.3)	(46.2)	(45.8)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	17.10
Market Cap (US$ m)	1,578.6
Listed Shares (m shares)	3,000.0
Free Float (%)	20.0
Avg Daily Turnover (US$ m)	11.9
12M Price H/L (Bt)	23.20/10.10
Sector	Food
Major Shareholder	Thai Union Group 79.3%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P41

Cheap, with growth and yield

We reaffirm our BUY call and raise our TP to Bt20

More cost savings

We reaffirm our BUY rating on i-Tail Corporation Pcl (ITC) with a higher DCF-based 12-month TP, using a 2026F base year, of Bt20 (from Bt17.5).

First, there is now greater clarity on cost savings in the area of procurement development, e.g., switching to cheaper suppliers. ITC continues to work on increasing automation to reduce its workforce. ITC now expects cost savings of more than Bt400m in 2026F after having achieved about Bt400m of cost savings this year. ITC also expects its consultant to help acquire new pet food customers in Europe.

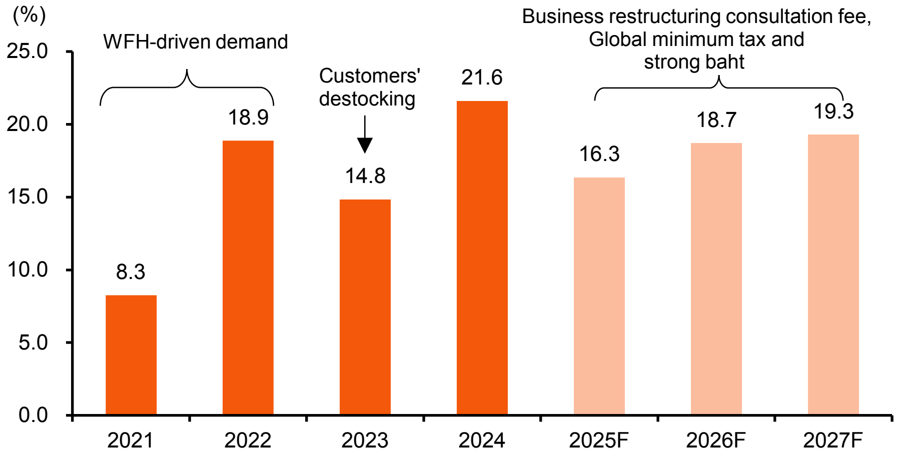
Ex 1: Expected Benefits from Business Restructuring

Restructuring plans	Expected benefits (US$ m)
Commercial benefits	US$33m-36m
- Raising prices and focusing on the best customers	
- Greater EU penetration and of other regional customers	
- Dropping unprofitable businesses	
Manufacturing benefits	US$10m-12m
- Cutting manufacturing costs by over 10%	
- Right-sizing headcount to match actual demand	
- Efficiency improvements	
- Eliminating waste	
Supply chain fixes	US$5m-6m
- Renegotiating supplier contracts for better terms	
- Building backup suppliers to avoid disruptions	
- Working with vendors on joint cost reductions	
- Improving purchasing power	

Source: Company data, Thanachart compilations

We estimate ITC's net margin to reach 19% in 2027F from 15% in 2025F.

Ex 2: We Expect Net Margin To Expand



Sources: Company data, Thanachart estimates

New pet treat products

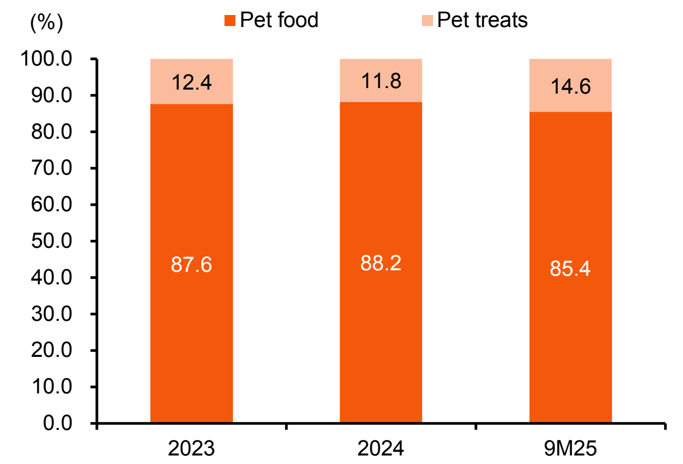
Second, ITC's US$ sales grew 9% y-y in 9M25. ITC foresees very strong demand for pet treat products (15% of sales) after having begun its plan to develop pet treats, especially for cats. ITC sells them mainly to existing pet food-branded customers, who are global leading brand owners. Pet treats also offer higher margins than pet food, as they use more carbohydrates, which are cheaper as ingredients. Pet foods use more expensive protein. Pet treat sales grew 42% y-y in 9M25, and pet food sales (85% of sales) grew 5% y-y.

Factors supporting high dividend yields

Note that ITC mentioned the demand for pet treats has been stronger than expected and is approaching capacity limits. ITC mentioned that if strong demand persists, it may need to expand capacity further. ITC could install new production lines at its existing factory, which still has plenty of vacant space.

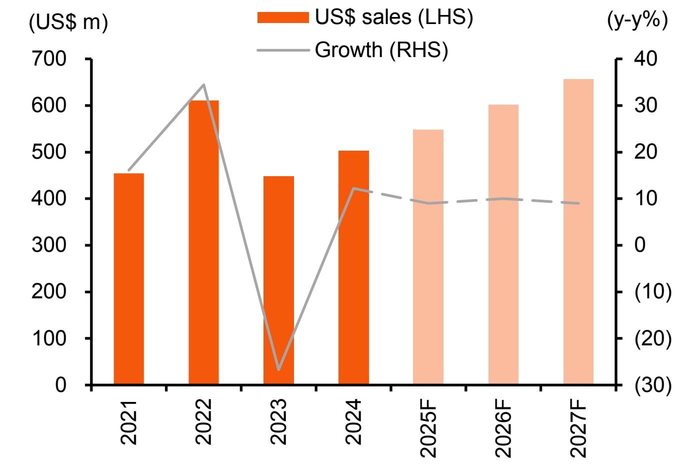
In all, we estimate ITC's total US$ sales growth at 9-10% in 2025-27F.

Ex 3: Sales Breakdown By Product



Sources: Company data, Thanachart estimates

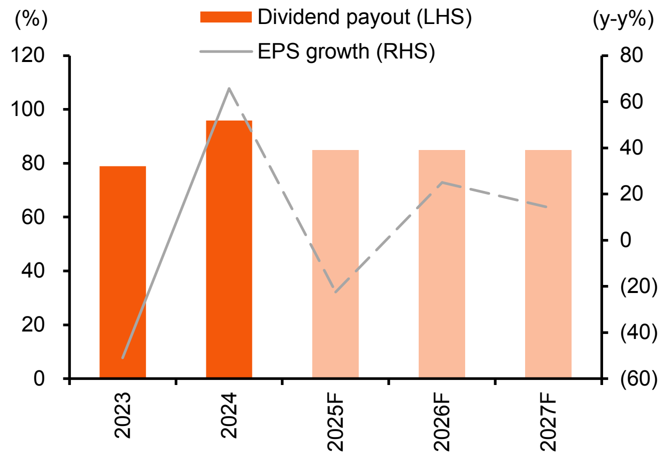
Ex 4: ITC's US$ Sales Growth



Sources: Company data, Thanachart estimates

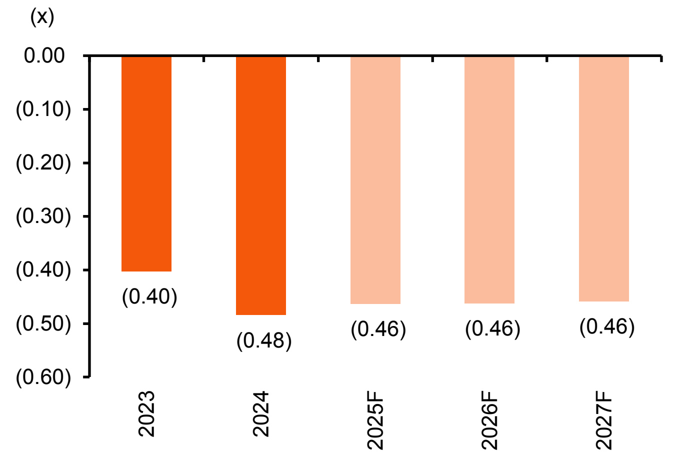
Third, its dividend story. ITC maintains a net cash position. Despite weak earnings this year, we estimate a 4.9% dividend yield for 2025F and 6.2% for 2026F. While ITC's minimum payout ratio policy is 50%, it paid out 96% in 2024, and management has indicated plans to maintain the high dividend payout ratio level this year. We conservatively project payout ratios of 85% p.a. in 2025-26F.

Ex 5: Dividend Payout And Yield



Sources: Company data, Thanachart estimates

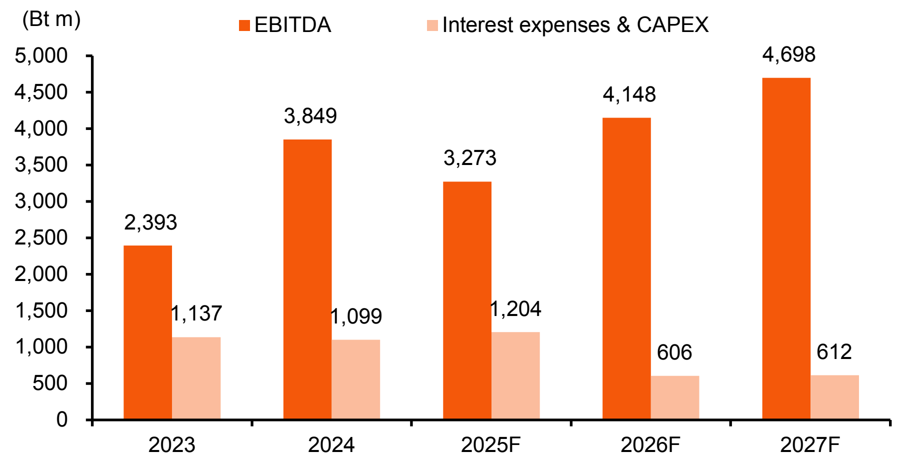
Ex 6: A Net Cash Position



Sources: Company data, Thanachart estimates

The high payout level appears sustainable to us because ITC plans to finance its capex through internal cash reserves of Bt11bn (as of 3Q25). Also, with capacity expansion due to be completed this year, we project capex to fall from Bt1.2bn in 2025F to Bt0.6bn annually in 2026-27F.

Ex 7: Capex Set To Fall



Sources: Company data, Thanachart estimates

Earnings revisions

We therefore adjust our earnings by -5%/+3%/+4% in 2025-27F and by 14% over the long term.

Ex 8: Earnings Revisions

	2022	2023	2024	2025F	2026F	2027F
Sales (US$ m)						
- New	610	446	505	547	602	656
- Old				559	612	655
- Change (%)				*(2.1)*	*(1.6)*	*0.3*
US$/baht						
New	35.1	34.8	35.3	33.2	33.0	33.5
Old				33.1	33.0	33.5
Gross margin (%)						
- New	19.5	27.7	27.7	24.8	25.4	25.9
- Old				24.2	24.2	23.6
- Change (ppt)				*0.6*	*1.2*	*2.4*
SG&A to sales (%)						
- New	7.6	9.2	9.2	10.2	7.9	7.8
- Old				9.5	8.5	7.2
- Change (ppt)				*0.7*	*(0.6)*	*0.6*
Normalized profit (Bt m)						
- New	2,312	3,830	3,830	2,970	3,714	4,241
- Old				3,137	3,617	4,062
- Change (%)				*(5.3)*	*2.7*	*4.4*

Sources: Company data, Thanachart estimates

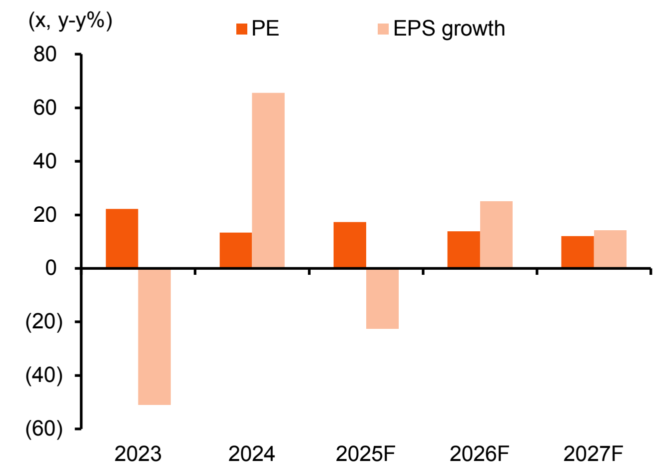
Inexpensive, in our view

Lastly, we view ITC's valuation as inexpensive, trading on a 14x PE multiple in 2026F vs. 25/14% EPS growth in 2025-27F and 4.9%/6.2% dividend yields.

Ex 9: Share Price Has Corrected

Source: Bloomberg

Ex 10: PE Vs. Growth



Sources: Company data, Thanachart estimates

Ex 11: Our 12-month DCF-based TP, Using a Base Year of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA		4,148	4,698	5,203	5,552	5,918	6,239	6,500	6,709	6,946	7,195	7,436	—
Free cash flow		3,307	3,754	3,721	4,320	4,681	5,074	5,614	5,408	5,347	5,599	6,213	68,137
PV of free cash flow		3,298	3,031	2,699	2,815	2,741	2,669	2,653	2,296	2,040	1,919	1,912	20,974
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.1												
WACC (%)	11.3												
Terminal growth (%)	2.0												
Enterprise value - add investments	49,047												
Net debt (2025F)	(11,179)												
Minority interest	0												
Equity value	60,226												
# of shares (m)	3,000												
Target price/share (Bt)	**20**												

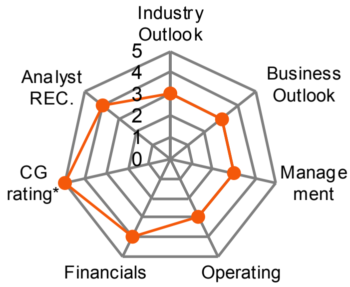
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

i-Tail Corporation Pcl (ITC) is among the top-five largest global OEM pet food makers. Its clients include various global pet food leading brands. ITC's key markets are the US, the UK, and other countries in Europe and Asia. ITC focuses mainly on wet-based food for cats, which is one of the fastest-growing pet-food segments.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *No CG rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Access to lower-cost raw materials
- Economies of scale
- Diversified markets
- Strong management execution

W — Weakness

- Foreign exchange risk exposure
- Labor-intensive business

O — Opportunity

- Overseas expansion and acquisitions
- Expanding product lines
- Penetrating new clients

T — Threat

- Strengthening Thai baht
- Changes in regulations
- Severe disease outbreaks

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	18.44	20.00	8%
Net profit 25F (Bt m)	3,016	2,970	-2%
Net profit 26F (Bt m)	3,343	3,714	11%
Consensus REC	**BUY: 12**	**HOLD: 7**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2026F earnings forecasts and TP are above the Bloomberg consensus numbers, which we suspect is due to us having a more positive view on the resiliency of premium pet food demand.

Sources: Bloomberg consensus, Thanachart estimates

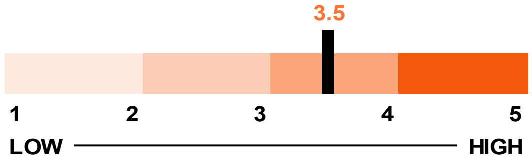
RISKS TO OUR INVESTMENT CASE

- Adverse weather conditions that could have negative impacts on raw material sourcing and raw material prices represent the key downside risk to our call.
- If the Thai baht were to strengthen to a level much higher than we presently assume, this would represent a secondary downside risk to our projections and TP.

Source: Thanachart

ITC is among the top-five global OEM pet food manufacturers. Its factories are located in Thailand, and most of its production is exported. Its pet food business's key raw material is tuna, which is co-sourced with its parent firm, Thai Union Group (TU). We assign ITC an ESG score of 3.5, which is high in our coverage universe. Its social score is the highest, followed by environmental and governance.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
ITC	-	-	-	-	-	-	-	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- We assign a 3.6 E score for ITC. This is relatively high. Despite its business nature, as a manufacturer, it releases a certain level of greenhouse gas (GHG) emissions. ITC has set clear targets for emission reduction and good energy management.
- ITC sets climate targets that align with Thailand's net-zero commitment, tracking emissions across operations. Emissions decreased from 63,222 tonnes of CO_2e in 2022 to 55,742 in 2024 (a 12% reduction) despite growth in production volume.
- Electricity from solar power now accounts for 12% of total power usage. The ratio is higher than the average for the Thai manufacturing sector but still below the global food sector average of 25-30%.
- The company has been reducing electricity usage. Its power usage fell by 76% after it installed electricity reduction tools a few years earlier.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- We assign a high 3.8 S score for ITC.
- Given the high involvement of machinery in its operations, ITC focuses on employee skill improvements and working safety by providing 23.5 hours of training per employee annually. Lost working time from injuries improved from 0.28 to 0.007 hours/year in 2024.
- ITC offers welfare programs, including health insurance, a provident fund, and work-life policies, with varying standards for factory and office workers.
- ITC has been actively providing support, including donations to public schools and offering assistance to those in need.

GOVERNANCE & SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- We assign a 3.3 G score for ITC, which is lower than the E and S scores.
- ITC's board structure is not ideal. Its board chair is not independent. It only has four independent directors out of a total of 11 board members. The ratio of independent directors is only 36%, well below the ideal of over 60% (two-thirds). It has 18% female board members, compared to a recommended ratio of 30%.
- However, board skills are diversified, including finance (5 directors), legal (4), management (5), and CSR/sustainability (8). There is a gap in technology skills for manufacturing evolution.
- ITC has all necessary committees, including audit, remuneration, governance, sustainability, and risk management committees. Its risk committee also incorporates climate risk assessment.
- ITC has good business sustainability in our view with its R&D and innovations allowing it to remain a global premium pet food player. It is also expanding its customer base from pet food brand owners to other customer groups, e.g., private brands by retailers.

Sources: Thanachart, Company data

Good earnings growth outlook, in our view

Net cash position to support high dividends

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	15,577	17,729	18,166	19,869	21,985
Cost of sales	12,539	12,810	13,664	14,829	16,281
Gross profit	**3,038**	**4,919**	**4,502**	**5,040**	**5,704**
% gross margin	19.5%	27.7%	24.8%	25.4%	25.9%
Selling & administration expenses	1,183	1,638	1,857	1,573	1,724
Operating profit	**1,854**	**3,281**	**2,646**	**3,466**	**3,980**
% operating margin	11.9%	18.5%	14.6%	17.4%	18.1%
Depreciation & amortization	539	568	628	682	718
EBITDA	**2,393**	**3,849**	**3,273**	**4,148**	**4,698**
% EBITDA margin	15.4%	21.7%	18.0%	20.9%	21.4%
Non-operating income	603	696	491	448	496
Non-operating expenses	0	0	0	0	0
Interest expense	(11)	(6)	(4)	(6)	(12)
Pre-tax profit	**2,446**	**3,971**	**3,133**	**3,909**	**4,464**
Income tax	132	141	163	195	223
After-tax profit	**2,314**	**3,830**	**2,970**	**3,713**	**4,241**
% net margin	14.9%	21.6%	16.3%	18.7%	19.3%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(1)	0	0	0	0
Extraordinary items	(31)	(233)	0	0	0
NET PROFIT	**2,281**	**3,597**	**2,970**	**3,714**	**4,241**
Normalized profit	**2,312**	**3,830**	**2,970**	**3,714**	**4,241**
EPS (Bt)	0.8	1.2	1.0	1.2	1.4
Normalized EPS (Bt)	0.8	1.3	1.0	1.2	1.4

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	18,573	20,550	20,334	21,957	23,481
Cash & cash equivalent	9,305	11,690	11,200	12,000	12,500
Account receivables	3,860	3,951	3,832	4,191	4,638
Inventories	3,243	3,535	3,893	4,225	4,639
Others	2,165	1,375	1,409	1,540	1,705
Investments & loans	878	0	0	0	0
Net fixed assets	5,482	6,009	6,581	6,500	6,382
Other assets	498	369	375	381	387
Total assets	**25,431**	**26,928**	**27,291**	**28,838**	**30,251**
LIABILITIES:					
Current liabilities:	1,710	2,096	2,440	2,623	2,892
Account payables	1,520	1,815	2,096	2,275	2,498
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	0	0	0	0	0
Others current liabilities	190	281	343	347	394
Total LT debt	**0**	**0**	**21**	**450**	**654**
Others LT liabilities	602	693	708	771	850
Total liabilities	**2,312**	**2,789**	**3,169**	**3,844**	**4,396**
Minority interest	1	0	0	0	(0)
Preferreds shares	0	0	0	0	0
Paid-up capital	3,000	3,000	3,000	3,000	3,000
Share premium	18,395	18,395	18,395	18,395	18,395
Warrants	(0)	(0)	(0)	(0)	(0)
Surplus	(247)	(553)	(553)	(553)	(553)
Retained earnings	**1,970**	**3,296**	**3,279**	**4,152**	**5,013**
Shareholders' equity	23,118	24,138	24,121	24,994	25,855
Liabilities & equity	**25,431**	**26,928**	**27,291**	**28,838**	**30,251**

Sources: Company data, Thanachart estimates

Scheduled to complete its capex cycle this year

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	2,446	3,971	3,133	3,909	4,464
Tax paid	(74)	(217)	(118)	(215)	(207)
Depreciation & amortization	539	568	628	682	718
Chg In working capital	73	(88)	41	(512)	(637)
Chg In other CA & CL / minorities	(895)	964	(17)	(108)	(134)
Cash flow from operations	**2,088**	**5,198**	**3,667**	**3,755**	**4,204**
Capex	(1,126)	(1,093)	(1,200)	(600)	(600)
Right of use	(4)	2	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(878)	878	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(19)	(24)	9	57	73
Cash flow from investments	**(2,026)**	**(236)**	**(1,191)**	**(543)**	**(527)**
Debt financing	0	0	21	428	204
Capital increase	0	0	0	0	0
Dividends paid	(1,349)	(2,250)	(2,987)	(2,840)	(3,381)
Warrants & other surplus	(421)	(327)	0	0	0
Cash flow from financing	**(1,770)**	**(2,577)**	**(2,966)**	**(2,412)**	**(3,176)**
Free cash flow	**963**	**4,105**	**2,467**	**3,155**	**3,604**

Inexpensive PE, in our view

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	22.2	13.4	17.3	13.8	12.1
Normalized PE - at target price (x)	25.9	15.7	20.2	16.2	14.1
PE (x)	22.5	14.3	17.3	13.8	12.1
PE - at target price (x)	26.3	16.7	20.2	16.2	14.1
EV/EBITDA (x)	17.6	10.3	12.3	9.6	8.4
EV/EBITDA - at target price (x)	21.2	12.6	14.9	11.7	10.3
P/BV (x)	2.2	2.1	2.1	2.1	2.0
P/BV - at target price (x)	2.6	2.5	2.5	2.4	2.3
P/CFO (x)	24.6	9.9	14.0	13.7	12.2
Price/sales (x)	3.3	2.9	2.8	2.6	2.3
Dividend yield (%)	3.5	6.7	4.9	6.2	7.0
FCF Yield (%)	1.9	8.0	4.8	6.2	7.0
(Bt)					
Normalized EPS	0.8	1.3	1.0	1.2	1.4
EPS	0.8	1.2	1.0	1.2	1.4
DPS	0.6	1.2	0.8	1.1	1.2
BV/share	7.7	8.0	8.0	8.3	8.6
CFO/share	0.7	1.7	1.2	1.3	1.4
FCF/share	0.3	1.4	0.8	1.1	1.2

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

High dividend yields

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(30.9)	13.8	2.5	9.4	10.7
Net profit (%)	(49.0)	57.7	(17.4)	25.0	14.2
EPS (%)	(54.0)	57.7	(17.4)	25.0	14.2
Normalized profit (%)	(45.6)	65.6	(22.5)	25.0	14.2
Normalized EPS (%)	(51.0)	65.6	(22.5)	25.0	14.2
Dividend payout ratio (%)	78.9	95.9	85.0	85.0	85.0
Operating performance					
Gross margin (%)	19.5	27.7	24.8	25.4	25.9
Operating margin (%)	11.9	18.5	14.6	17.4	18.1
EBITDA margin (%)	15.4	21.7	18.0	20.9	21.4
Net margin (%)	14.9	21.6	16.3	18.7	19.3
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)
Interest coverage - EBIT (x)	168.3	544.5	666.5	621.4	334.4
Interest coverage - EBITDA (x)	217.2	638.7	824.6	743.6	394.7
ROA - using norm profit (%)	9.0	14.6	11.0	13.2	14.4
ROE - using norm profit (%)	10.1	16.2	12.3	15.1	16.7
DuPont					
ROE - using after tax profit (%)	10.1	16.2	12.3	15.1	16.7
- asset turnover (x)	0.6	0.7	0.7	0.7	0.7
- operating margin (%)	15.8	22.4	17.3	19.7	20.4
- leverage (x)	1.1	1.1	1.1	1.1	1.2
- interest burden (%)	99.6	99.8	99.9	99.9	99.7
- tax burden (%)	94.6	96.5	94.8	95.0	95.0
WACC (%)	11.3	11.3	11.3	11.3	11.3
ROIC (%)	15.1	22.9	20.1	25.4	28.1
NOPAT (Bt m)	1,754	3,165	2,508	3,293	3,781
invested capital (Bt m)	13,813	12,449	12,943	13,444	14,009

Sources: Company data, Thanachart estimates

Thanachart Securities

BUY (Unchanged)

Change in Numbers

TP: Bt 11.00 (From: Bt 11.50)

Upside : 38.4%

13 NOVEMBER 2025

KCG Corporation Pcl. (KCG TB)

Cheap, growth, and yield

PATTADOL BUNNAK
662-779-9119
pattadol.bun@thanachartsec.co.th

KCG's business transformation is helping to expand its customer base amid the sluggish economy. In addition to cost savings, KCG offers decent 17/11% EPS growth in 2025-26F, along with 6.0/6.7% yields and trading at an attractive 8x PE, in our view.

Reaffirming BUY

We reaffirm our BUY rating on KCG with a DCF-based 12-month TP (2026F base year) of Bt11 (from Bt11.5). First, despite the sluggish economy, KCG's sales grew by 12% in 9M25, driven by its successful business transformation into FMCG products, which enabled it to expand its customer base. Second, despite business expansion, KCG has also been able to cut costs through efficiency improvements, thereby expanding margins. Lastly, KCG looks cheap to us, trading at 8x 2026F P/E vs. 17/12/9% EPS growth in 2025-27F and offering a 6.0/6.7% dividend yield in 2025-26F. In this report, we lower our earnings by 4% p.a. in 2025-27F to reflect the weaker economy in Thailand.

Continued sales growth

Despite the sluggish economy, KCG's sales grew 12% y-y in 9M25. KCG's management team, over the past few years, has decided to reposition its offerings from traditional cheese and butter into FMCG products that integrate more into everyday consumption, e.g., cheese with Thai food and cheese-based snacks. As the new products are performing well, KCG is also able to increase sales to B2B clients, by gaining restaurant chain and branded snack customers, as the company leverages its in-house certified food school to develop custom products for clients while also supplying its butter and cheese products as ingredients. We estimate its sales to grow 10/8/6% in 2025-27F.

Cost savings

KCG's EBIT margin rose to 6.7% in 9M25 from 6.4% in 9M24 as it improved production efficiency at its factories and adopted more cost-effective product formulations, e.g., using cheaper butter ingredients. Meanwhile, its R&D team was able to preserve the products' taste and aroma. KCG plans further efficiency improvements via more automation and a reduced workforce. Despite increasing sales, KCG has cut marketing expenses thanks to successful new product development, which has driven strong demand. We estimate its EBIT margin to expand to 7.7% in 2027F.

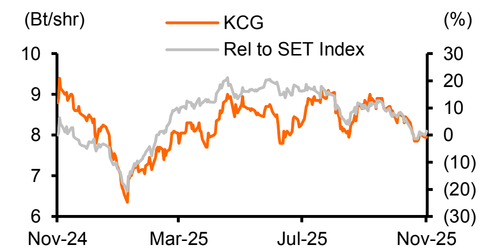
6.0/6.7% dividend yields

KCG also offers good 6.0/6.7% dividend yields in 2025-26F, on our estimates, based on a dividend payout ratio assumption of 55%. Despite its minimum payout ratio of 40%, KCG's dividend payout was 55% in 2024.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	7,743	8,553	9,261	9,830
Net profit	406	474	529	575
Consensus NP	—	446	505	548
Diff frm cons (%)	—	*6.4*	*4.6*	*5.0*
Norm profit	405	474	529	575
Prev. Norm profit	—	496	552	601
Chg frm prev (%)	—	*(4.4)*	*(4.3)*	*(4.2)*
Norm EPS (Bt)	0.7	0.9	1.0	1.1
Norm EPS grw (%)	12.0	17.2	11.5	8.8
Norm PE (x)	10.7	9.1	8.2	7.5
EV/EBITDA (x)	7.7	6.8	6.1	5.6
P/BV (x)	1.5	1.4	1.3	1.2
Div yield (%)	5.2	6.0	6.7	7.6
ROE (%)	14.4	15.5	16.0	16.2
Net D/E (%)	49.6	47.8	42.9	37.0

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	7.95
Market Cap (US$ m)	133.3
Listed Shares (m shares)	545.0
Free Float (%)	27.7
Avg Daily Turnover (US$ m)	4.8
12M Price H/L (Bt)	9.40/6.35
Sector	Food & Beverage
Major Shareholder	Kim Chua Trading Co Ltd 52.2%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ………………………….. P50

Cheap, growth and yield

Reaffirming BUY

We reaffirm our BUY rating on KCG with a DCF-based 12-month TP (2026F base year) of Bt11(from Bt11.5).

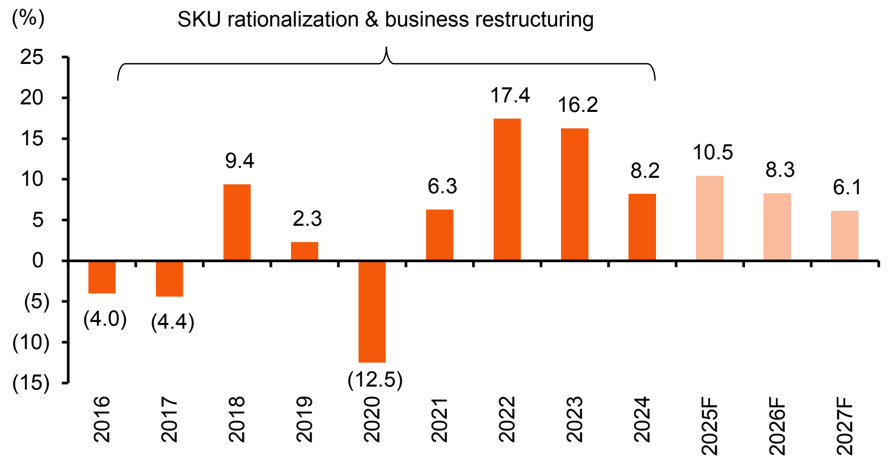
Able to generate sales growth amid weak consumption

First, despite weak domestic consumption, KCG's sales grew 12% y-y in 9M25. KCG has undergone a management transition to a second generation. The company has successfully transformed its business approach from a traditional Western-based food-related product company to an FMCG-oriented firm better able to adapt to the fast-changing trends of new-generation consumers.

The company focuses on all three of its key businesses: cheese & butter, food & bakery ingredients, and in-house snack brands.

We estimate sales growth of 10/8/6% p.a. in 2025-27F.

Ex 1: Sales Growth Has Accelerated



Sources: Company data, Thanachart estimates

Cheese & butter: The Western-dish segment in Thailand, which relies heavily on cheese and butter is relatively small. KCG has switched from focusing on expanding traditional Western food markets to making cheese more accessible in people's daily lives, for example, by positioning cheese as a side dish for grilled food with so-called "young-gen" popular hot pot buffets or incorporating cheese into popular Korean noodles. KCG has prepared to move as quickly as an FMCG company and is now introducing cheese as a snack, e.g., a mix of cheddar and mozzarella in one piece that offers different textures.

Bakery and food ingredients: KCG focuses on restaurant customers in this business. KCG is leveraging its certified food school, Imperial Bakery & Food Culinary School, to develop food recipes for restaurant customers and sell its ingredients.

In-house snacks: KCG also produces in-house snacks, with its key product being the Red-Box Imperial cookies, which are widely offered as New Year gifts. KCG is replicating this success by introducing new cookie versions for other holidays, such as Songkran. KCG has also developed more products, e.g., traditional familiar baked bread in hygienic packaging, leveraging its butter resources.

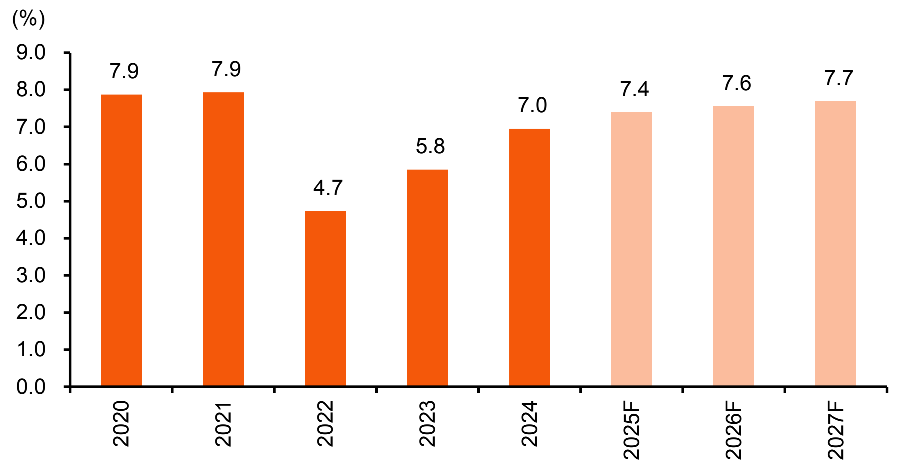
Cost savings

Second, margin drivers. We estimate KCG's EBIT margin to improve to 7.7% in 2027F from 7.0% in 2024 vs. 4.7% in 2022.

KCG has implemented SKU rationalization and improved production efficiency over the past few years. The company has built its own warehouse, which, on top of eliminating rental expenses, uses improved equipment to process and store temperature-sensitive products like cheese, butter, and milk.

This year, KCG has focused on product reformulation and shifting toward cheaper suppliers for less-taste-sensitive raw materials. KCG's new generation cheese and butter products are designed to customize taste, aroma, and eating function rather than texture, so raw-material sourcing is less critical to customer preferences.

Ex 2: EBIT Margin Expansion

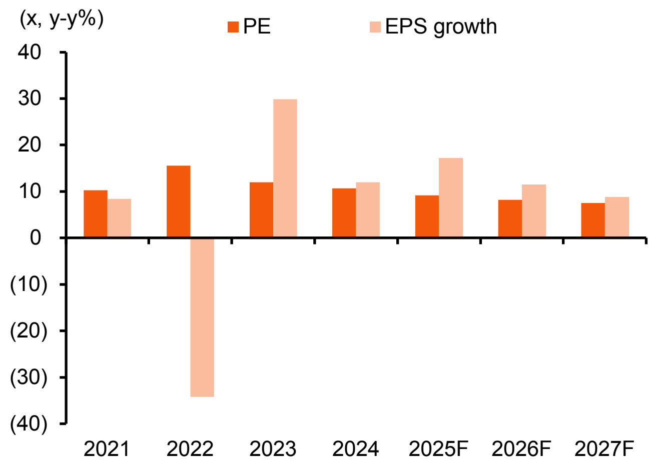


Sources: Company data, Thanachart estimates

Cheap with high yield

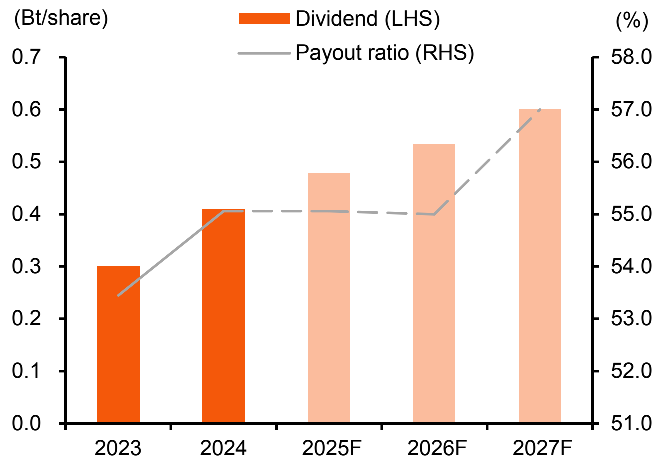
Lastly, KCG looks inexpensive to us trading on a 8x 2026F PE multiple vs. 11/9% earnings growth in 2026-27F, with 6.1/6.8% dividend yields in 2025-26F.

Ex 3: PE And EPS Trends



Sources: Company data, Thanachart estimates

Ex 4: Dividend Payout And DPS



Sources: Company data, Thanachart estimates

In this report, we cut our earnings estimates by 4%p.a. in 2025-27F to reflect our view about weak consumption in Thailand.

Ex 5: Earnings Revisions

	2023	2024	2025F	2026F	2027F
Sales (Bt m)					
New	7,157	7,743	8,553	9,261	9,830
Old			8,587	9,299	9,870
Change (%)			(0.4)	(0.4)	(0.4)
Gross margin (%)					
New	30.0	30.9	30.7	30.8	30.9
Old			31.0	31.1	31.2
Change (ppt)			*(0.3)*	*(0.3)*	*(0.3)*
SG&A to sales (%)					
New	24.1	23.9	23.3	23.2	23.2
Old			23.3	23.3	23.2
Change (ppt)			*(0.0)*	*(0.0)*	*(0.0)*
Normalized profit (Bt m)					
New	293	405	474	529	575
Old			496	552	601
Change (%)			*(4.4)*	*(4.3)*	*(4.2)*

Sources: Company data, Thanachart estimates

Ex 6: 12-month DCF-based TP Calculation Using A Base Year Of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA		946	1,017	1,070	1,117	1,158	1,200	1,235	1,270	1,306	1,343	1,381	—
Free cash flow		350	448	497	545	594	618	668	691	715	739	728	10,538
PV of free cash flow		294	346	352	354	353	337	334	317	301	285	257	3,726
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.1												
WACC (%)	9.0												
Terminal growth (%)	2.0												
Enterprise value - add investments	7,410												
Net debt (2025F)	1,459												
Minority interest	(0)												
Equity value	5,951												
# of shares (m)	545												
Target price/share (Bt)	**11**												

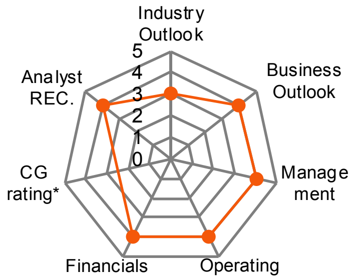
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

KCG Corporation Pcl (KCG) produces and distributes cheese & butter, bakery ingredients, and branded biscuits, catering both to household and corporate food customers in Thailand. KCG owns three production factories, five distribution centers, one warehouse, and numerous distribution vans.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *No CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Being a leading producer of its key products in Thailand.
- Offering more product SKUs than local competitors.
- Offering a one-stop service.

W — Weakness

- The food market in Thailand is saturated with only low organic growth.
- Heavy reliance on food customers who have strong bargaining power.

O — Opportunity

- Penetrating new customers.
- Mergers and acquisitions.

T — Threat

- Currency fluctuations.
- Domestic consumption and economic conditions.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	11.00	11.00	0%
Net profit 25F (Bt m)	446	474	6%
Net profit 26F (Bt m)	505	529	5%
Consensus REC	**BUY: 5**	**HOLD: 0**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings estimates are higher than the Bloomberg consensus numbers, which we attribute to us being more aggressive about KCG's potential success with new product introductions.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- Lower-than-expected growth of the food sectors in KCG's focus markets would pose downside risk to our numbers.
- Failure to gain new orders and customers would pose another downside risk to our earnings forecasts.

Source: Thanachart

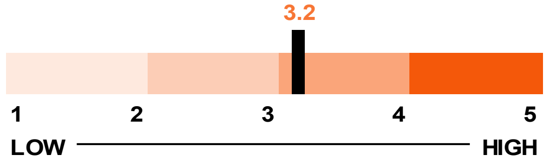
ESG & Sustainability Report

KCG Corporation Pcl

Sector: Agro & Food Industry | Food & Beverage

KCG is Thailand's leading food-related product manufacturer. Its factories release some greenhouse gases, and it has implemented measures to reduce emissions. However, our ESG score for KCG is 3.2, which is moderate, as it still lacks specific implementation strategies to achieve its pollutant-reduction target.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
KCG	YES	A	-	-	-	-	-	-	-

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments
ENVIRONMENT – **Environmental Policies & Guidelines** – **Energy Management** – **Carbon Management** – **Water Management** – **Waste Management**	▪ We assign a 3.1 E score for KCG, which is moderate for a food-related manufacturer. ▪ KCG has set a net-zero target by 2050, but does not have specific interim targets. ▪ KCG has been making steady progress toward its long-term environmental goals. In 2024, it increased renewable energy usage from solar rooftops by 20.3% with installations across logistics facilities and factories. Electricity and energy consumption per tonne of production also fell by 6.3%. ▪ It achieved a 23.5% reduction in water usage per tonne of production with 100% recycling of treated wastewater at both production plants. One of its key factories achieved zero waste to landfill, and total waste per tonne of production fell by 7.2%. Food waste was reduced by 5.7%, with 83% repurposed as animal feed. ▪ On the negative side, its GHG emissions intensity still increased slightly by 0.9% in 2024, primarily due to the construction of new logistics facilities.
SOCIAL – **Human Rights** – **Staff Management** – **Health & Safety** – **Product Safety & Quality** – **Social Responsibility**	▪ We assign a 3.6 S score for KCG, which is relatively high. ▪ KCG has demonstrated a strong focus on employee well-being, having achieved a solid employee engagement score of 78%, with 16 average training hours/employee/year (exceeding their 12-hour target). KCG reported zero violations of laws, regulations, or human rights in 2024, reflecting robust compliance systems. ▪ On product safety, KCG achieved FSSC 22000 certification, an internationally recognized standard for food safety in production. ▪ KCG has been active in providing support to over 60 community organizations, totaling approximately Bt2.5m. This represents 0.032% of total revenue
GOVERNANCE & SUSTAINABILITY – **Board** – **Ethics & Transparency** – **Business Sustainability** – **Risk Management** – **Innovation**	▪ We assign a 3.0 G score for KCG. ▪ KCG's board structure is decent but not ideal, in our view. The board chairman is an independent director. Five out of 12 board members are independent, above the minimum ratio of 1/3 but still below the ideal ratio of 2/3. However, female representation is 16.67% (2 of 12 directors), below the recommended 30%. ▪ KCG has all the necessary committees, including audit, remuneration, corporate governance &sustainability, and executive committees. Its risk management committee also incorporates climate risk assessment. ▪ As for business sustainability, KCG has the largest market share in the cheese and butter market and has been in business for 66 years. The long-term market dominance results from its constant product development to meet with demand trends. KCG has a certified food school, which it also uses to develop food recipes for restaurant customers.

Sources: Thanachart, Company data

Decent sales growth

Margin expansion

A decent balance sheet, in our view

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	7,157	7,743	8,553	9,261	9,830
Cost of sales	5,010	5,351	5,927	6,409	6,793
Gross profit	**2,147**	**2,392**	**2,626**	**2,852**	**3,038**
% gross margin	30.0%	30.9%	30.7%	30.8%	30.9%
Selling & administration expenses	1,728	1,854	1,993	2,153	2,282
Operating profit	**418**	**538**	**632**	**699**	**755**
% operating margin	5.8%	7.0%	7.4%	7.6%	7.7%
Depreciation & amortization	181	213	230	247	262
EBITDA	**600**	**751**	**862**	**946**	**1,017**
% EBITDA margin	8.4%	9.7%	10.1%	10.2%	10.3%
Non-operating income	35	25	25	25	25
Non-operating expenses	0	0	0	0	0
Interest expense	(80)	(53)	(59)	(58)	(55)
Pre-tax profit	**374**	**510**	**598**	**666**	**725**
Income tax	80	105	124	138	150
After-tax profit	**293**	**405**	**474**	**529**	**575**
% net margin	4.1%	5.2%	5.5%	5.7%	5.9%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	13	1	0	0	0
NET PROFIT	**306**	**406**	**474**	**529**	**575**
Normalized profit	**293**	**405**	**474**	**529**	**575**
EPS (Bt)	0.7	0.7	0.9	1.0	1.1
Normalized EPS (Bt)	0.7	0.7	0.9	1.0	1.1

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	3,307	3,175	3,639	3,922	4,149
Cash & cash equivalent	334	64	200	200	200
Account receivables	1,623	1,866	2,061	2,232	2,369
Inventories	1,288	1,174	1,301	1,406	1,491
Others	61	70	78	84	89
Investments & loans	0	0	0	0	0
Net fixed assets	2,354	2,618	2,789	2,842	2,875
Other assets	211	201	131	131	131
Total assets	**5,872**	**5,994**	**6,559**	**6,895**	**7,155**
LIABILITIES:					
Current liabilities:	2,925	2,808	3,124	3,190	3,168
Account payables	977	1,141	1,264	1,367	1,449
Bank overdraft & ST loans	1,826	1,518	1,711	1,663	1,559
Current LT debt	6	6	6	6	3
Others current liabilities	116	143	142	154	158
Total LT debt	**5**	**0**	**0**	**0**	**2**
Others LT liabilities	248	245	262	279	293
Total liabilities	**3,178**	**3,052**	**3,386**	**3,469**	**3,463**
Minority interest	(0)	(0)	(0)	(0)	(0)
Preferreds shares	0	0	0	0	0
Paid-up capital	545	545	545	545	545
Share premium	0	0	0	0	0
Warrants	0	0	0	0	0
Surplus	1,668	1,673	1,673	1,673	1,673
Retained earnings	**481**	**723**	**955**	**1,208**	**1,474**
Shareholders' equity	2,694	2,941	3,173	3,426	3,692
Liabilities & equity	**5,872**	**5,994**	**6,559**	**6,895**	**7,155**

Sources: Company data, Thanachart estimates

Passed its heavy capex cycle

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	374	510	598	666	725
Tax paid	(67)	(77)	(132)	(126)	(150)
Depreciation & amortization	181	213	230	247	262
Chg In working capital	(238)	35	(199)	(174)	(140)
Chg In other CA & CL / minorities	105	43	(0)	(7)	(1)
Cash flow from operations	**354**	**724**	**497**	**607**	**696**
Capex	(654)	(477)	(400)	(300)	(295)
Right of use	30	(5)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	4	(62)	87	17	14
Cash flow from investments	**(619)**	**(544)**	**(313)**	**(283)**	**(281)**
Debt financing	(980)	(292)	195	(48)	(105)
Capital increase	155	0	0	0	0
Dividends paid	(125)	(163)	(242)	(276)	(309)
Warrants & other surplus	1,174	5	0	0	0
Cash flow from financing	**225**	**(451)**	**(48)**	**(324)**	**(414)**
Free cash flow	**(299)**	**247**	**97**	**307**	**401**

We don't foresee an investment boom, just a cyclical recovery

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	12.0	10.7	9.1	8.2	7.5
Normalized PE - at target price (x)	16.4	14.7	12.5	11.2	10.3
PE (x)	11.5	10.7	9.1	8.2	7.5
PE - at target price (x)	15.8	14.6	12.5	11.2	10.3
EV/EBITDA (x)	8.4	7.7	6.8	6.1	5.6
EV/EBITDA - at target price (x)	10.5	9.9	8.7	7.8	7.2
P/BV (x)	1.6	1.5	1.4	1.3	1.2
P/BV - at target price (x)	2.2	2.0	1.9	1.7	1.6
P/CFO (x)	9.9	6.0	8.7	7.1	6.2
Price/sales (x)	0.6	0.6	0.5	0.5	0.4
Dividend yield (%)	3.8	5.2	6.0	6.7	7.6
FCF Yield (%)	(8.5)	5.7	2.2	7.1	9.2
(Bt)					
Normalized EPS	0.7	0.7	0.9	1.0	1.1
EPS	0.7	0.7	0.9	1.0	1.1
DPS	0.3	0.4	0.5	0.5	0.6
BV/share	4.9	5.4	5.8	6.3	6.8
CFO/share	0.8	1.3	0.9	1.1	1.3
FCF/share	(0.7)	0.5	0.2	0.6	0.7

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	16.2	8.2	10.5	8.3	6.1
Net profit (%)	26.9	32.7	16.9	11.5	8.8
EPS (%)	11.9	7.7	16.9	11.5	8.8
Normalized profit (%)	47.3	38.0	17.2	11.5	8.8
Normalized EPS (%)	29.9	12.0	17.2	11.5	8.8
Dividend payout ratio (%)	53.4	55.1	55.1	55.0	57.0
Operating performance					
Gross margin (%)	30.0	30.9	30.7	30.8	30.9
Operating margin (%)	5.8	7.0	7.4	7.6	7.7
EBITDA margin (%)	8.4	9.7	10.1	10.2	10.3
Net margin (%)	4.1	5.2	5.5	5.7	5.9
D/E (incl. minor) (x)	0.7	0.5	0.5	0.5	0.4
Net D/E (incl. minor) (x)	0.6	0.5	0.5	0.4	0.4
Interest coverage - EBIT (x)	5.2	10.1	10.7	12.1	13.7
Interest coverage - EBITDA (x)	7.5	14.2	14.6	16.4	18.4
ROA - using norm profit (%)	5.1	6.8	7.6	7.9	8.2
ROE - using norm profit (%)	15.1	14.4	15.5	16.0	16.2
DuPont					
ROE - using after tax profit (%)	15.1	14.4	15.5	16.0	16.2
- asset turnover (x)	1.3	1.3	1.4	1.4	1.4
- operating margin (%)	6.3	7.3	7.7	7.8	7.9
- leverage (x)	2.9	2.1	2.1	2.0	2.0
- interest burden (%)	82.4	90.6	91.0	92.0	92.9
- tax burden (%)	78.5	79.3	79.3	79.3	79.3
WACC (%)	9.0	9.0	9.0	9.0	9.0
ROIC (%)	9.0	10.2	11.4	11.8	12.2
NOPAT (Bt m)	328	427	502	555	599
invested capital (Bt m)	4,197	4,401	4,691	4,896	5,056

Sources: Company data, Thanachart estimates

BUY (Unchanged)

Change in Numbers

TP: Bt 19.30 (From: Bt 22.00)

Upside : 23.7%

13 NOVEMBER 2025

Thanachart Securities

Osotspa Pcl (OSP TB)

7.7/7.1% dividend yields

PATTADOL BUNNAK
662-779-9119
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OSP's share price has corrected by 25% YTD amid market concerns about potentially weak 3Q25 results. However, 3Q25 earnings were in line, and we see this as a BUYing opportunity into OSP's 7.7/7.1% dividend yields in 2025-26F.

A high-yield food play

We reaffirm our BUY call on OSP with a lower DCF-based 12-month TP (2026F base year) of Bt19.3 (from Bt22.0). First, despite an export hiccup, OSP reported in-line 4% y-y earnings growth in 3Q25, driven by domestic growth resumption and cost savings. The 31% q-q decline was due to the rainy season in 3Q (low season). Second, OSP believes exports have bottomed out and expects q-q growth in 4Q25 with a lower y-y decline. Third, it has initiated new cost-saving strategies and expects margin expansion to continue. Lastly, we like OSP as a high-yield play with 7.7/7.1% dividend yields, backed by 9.3/9.6% FCF yields, in 2025-26F. Despite its 100% payout ratio, OSP may implement additional capital management measures. We adjust earnings by +4/-3/-3% p.a. in 2025-27F to reflect weak consumption outlook.

Export update

OSP's sales breakdown is 67% domestic energy drinks, 16% energy drink export, 12% domestic personal care items, and 5% others. Total export sales fell 15% y-y in 3Q25 due to weak sales in its largest market, Myanmar, softened consumption and sluggish sales in Indonesia amid political turmoil, and a collapse in sales in Cambodia as consumers boycotted Thai products. OSP, however, expects a smaller decline to a low single-digit level in 4Q25. Myanmar sales have rebounded, given a more intense marketing strategy, although demand remains weak in Cambodia and Indonesia. Our total sales growth assumptions of -5/0/0% in 2025-27F incorporate export sales growth of 5/-10/7%.

More cost savings

Despite a lower average selling price with the relaunch of its Bt10/bottle product, OSP's net margin expanded to 12% in 3Q25 vs. 11% in 3Q24. Key drivers were lower marketing expenses, falling raw material prices, and reduced energy drink bottle cullet use. Next year, OSP plans to cut marketing spending further and expects SG&A to decline further. We project OSP's net margin at 13% in 2027F vs. 11% in 2024.

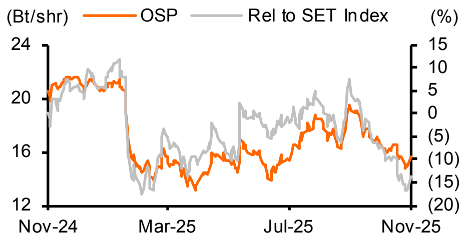
Domestic growth resumption

OSP's domestic energy drink sales in 3Q25 grew 5% y-y after declining since 3Q24. OSP also expects continued growth in 4Q25. After raising its domestic energy drink product price to Bt12/bottle in 2022, it lost volume-based market share (from 54.6% in 2021 to 43.0% at the end of 2024). OSP then relaunched its Bt10/bottle product, while keeping the Bt12/bottle product line in some areas of its coverage in early 2025, in an attempt to regain market share. The mix of Bt10/bottle is now about 30% and the Bt12/bottle has fallen to 70%. OSP has decided to maintain the mix at this level, as its market share has stabilized at 43.1% in September 2025.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	27,069	25,813	25,933	27,146
Net profit	1,638	3,596	3,343	3,592
Consensus NP	—	3,555	3,555	3,752
Diff frm *cons (%)*	—	*(7.2)*	*(6.0)*	*(4.3)*
Norm profit	3,035	3,299	3,343	3,592
Prev. Norm profit	—	3,184	3,433	3,684
Chg frm prev (%)	—	*3.6*	*(2.6)*	*(2.5)*
Norm EPS (Bt)	1.0	1.1	1.1	1.2
Norm EPS grw (%)	26.3	8.7	1.3	7.5
Norm PE (x)	15.4	14.2	14.0	13.0
EV/EBITDA (x)	10.2	9.0	8.9	8.1
P/BV (x)	3.0	2.9	2.9	2.9
Div yield (%)	3.8	7.7	7.1	7.7
ROE (%)	19.1	20.7	20.5	22.0
Net D/E (%)	0.4	(9.0)	(14.8)	(21.5)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	15.60
Market Cap (US$ m)	1,441.9
Listed Shares (m shares)	3,003.8
Free Float (%)	52.2
Avg Daily Turnover (US$ m)	14.3
12M Price H/L (Bt)	21.60/13.20
Sector	Food
Major Shareholder	Osathanugrah family 44.8%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P60

A high-yield play

We rate OSP as BUY for its high 7.7/7.1% yields

We reaffirm our BUY call on Osotspa Pcl (OSP) with a DCF-based TP (2026F base year) of Bt19.3/share (from Bt22.0)

Ex 1: Our Assumptions

	2021	2022	2023	2024	2025F	2026F	2027F
Total sales (% growth)	4.6	1.9	(4.4)	3.9	(4.6)	0.5	4.7
Domestic energy drinks	(0.8)	(8.9)	2.2	(4.4)	(7.0)	4.1	5.2
Other domestic drinks	17.2	2.3	(32.4)	9.3	4.0	3.7	4.5
Myanmar and other energy drink exports	16.8	8.4	3.3	29.6	5.1	(10.0)	7.0
Personal care	(16.5)	17.2	11.0	12.8	3.9	4.0	4.0
Others	27.1	43.2	(12.4)	(13.7)	(28.5)	4.0	4.0
Gross margin (%)	34.5	30.6	34.5	37.3	39.0	39.0	39.2
EBIT margin (%)	12.2	6.8	8.6	11.6	14.0	13.8	14.3

Sources: Company data, Thanachart estimates

First, despite its export hiccup, OSP reported earnings of Bt700m in 3Q25, growing 4% y-y, driven by very strong cost savings and domestic sales growth resumption, which helped lift its net margin to 12% from 11% in 3Q24. The 31% q-q decline was not a surprise to us given the low season impact (rainy season) in 3Q

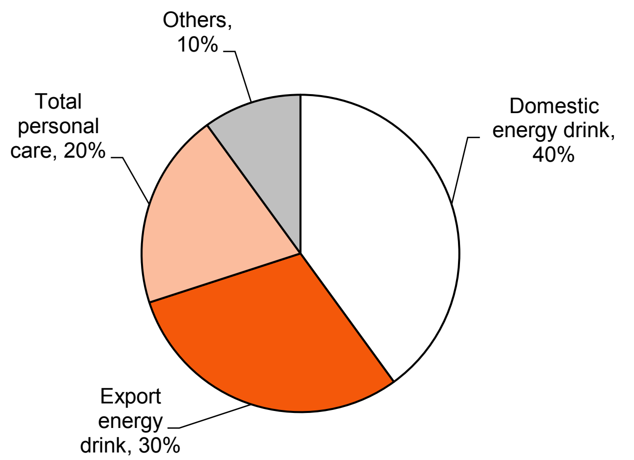
Second, OSP expects to see some export improvement in 4Q25. After a 15% y-y decline in 3Q25, OSP expects a smaller drop y-y in 4Q25F and a quarterly improvement.

Stable earnings despite hiccup

In 3Q25, OSP faced import difficulties into Myanmar amid the Myanmar government's border closure in August, implemented to limit external trade and preserve the very weak Kyat currency. Note that OSP manufactures most of its energy drink products in Myanmar, but also imports some from Thailand. There has also been a fall in demand in Cambodia amid the ongoing border conflict with Thailand, and in Indonesia due to weak consumption amid internal political conflict.

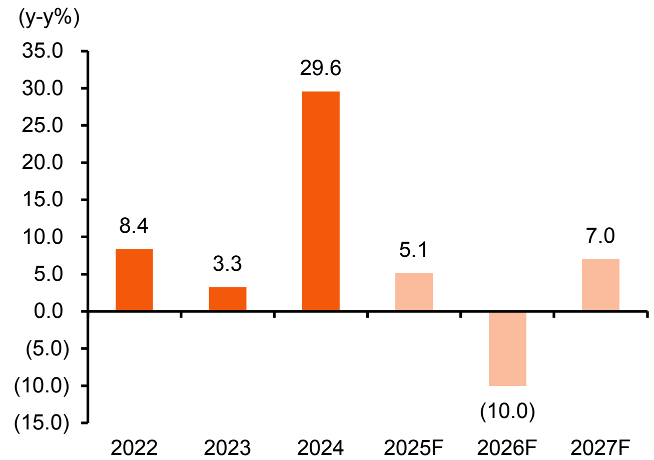
OSP can now import products into Myanmar as the border closure has been lifted. However, demand remains weak in Cambodia and Indonesia. Myanmar is the largest export business, followed by Indonesia and Cambodia. We estimate OSP's total export growth at 5/-10/7% in 2025-27F.

E x 2: OSP's EBIT Breakdown



Sources: Company data, Thanachart estimates

Ex 3: OSP's Export Outlook



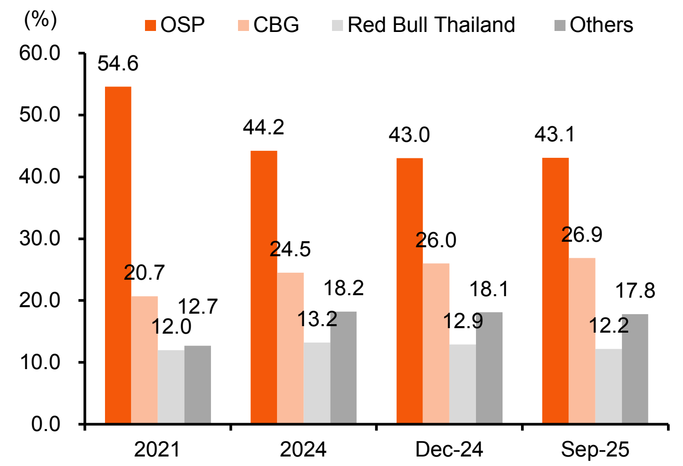
Sources: Company data, Thanachart estimates

Resumption in domestic growth

Third, OSP began to see domestic energy drink growth resume at 5% y-y in 3Q25 after contractions since 3Q24. This implies to us that its two-tier pricing strategy has been effective: OSP has successfully halted its declining market share trend. The company relaunched its Bt10/bottle energy drink this year to reverse its market share decline, after raising the product price by 20% to Bt12/bottle in 2022. OSP's volume-based market share fell from a peak of 54.6% in 2021 to an average of 44.2% in 2024 and 43.0% in December 2024. After the relaunch of its Bt10/bottle product, OSP's market share improved slightly to 24.1% in September this year.

OSP does not intend to adopt an outright price-cutting strategy to gain market share; rather it aims to mitigate the negative impact of introducing its Bt10/bottle product in areas with weak sales. This has helped it regain some market share without causing increased market competition. With the end of market share losses and organic domestic energy drink growth, we estimate OSP's domestic energy drink sales growth at 4/5% in 2025-27F.

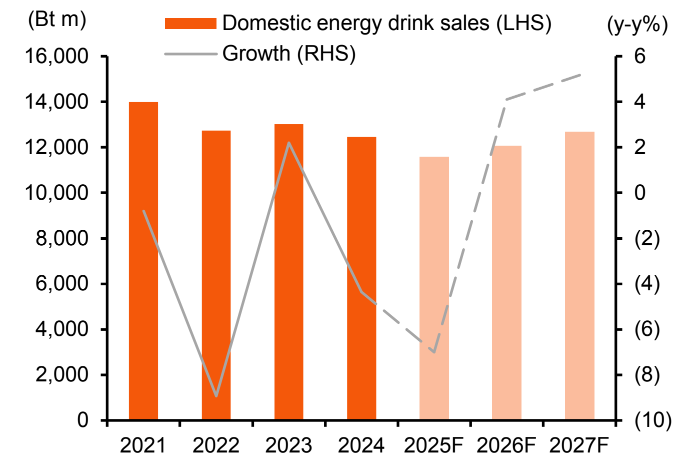
Ex 4: Domestic Energy Drink Market Share



Sources: Company data, Thanachart compilations, Thanachart estimates

Note: Other energy drinks are: higher-end energy drinks for non-blue-collar workers, herb-based energy drinks, and hangover relief drinks, whose performance is not influenced by the main energy drink products.

Ex 5: Domestic Energy Drink Sales Growth



Sources: Company data, Thanachart estimates

Ongoing cost savings

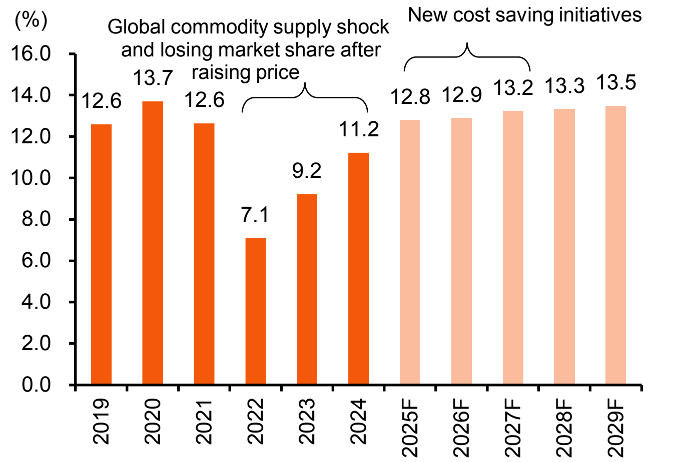
Fourth, OSP is focusing on cost savings. Despite a lower average selling price due to the relaunch of its Bt10/bottle, OSP's net margin expanded to 13.8% in 9M25 from 11.0% in 2024. Key drivers included a reduction in marketing spending, lower raw material prices, and a decrease in energy drink bottle usage. OSP plans further cost savings next year by combining two beverage factories, which will involve closing the facility in Min Buri and relocating to its Ayutthaya factory. This would lower labor and some other utility-based expenses. OSP said it may also cut marketing spending further, as advertising doesn't appear to be effective amid the weak economy.

OSP's historical strategy involved cutting production costs and reinvesting those savings into marketing, promotions, and new product launches. However, given Thailand's structurally sluggish growth environment, new product introductions have failed to generate meaningful revenue contributions. Consequently, OSP plans to reduce marketing and promotional spending going forward. Therefore, we have also increased OSP's projected margins beyond 2027F to reflect the company's strategic shift toward a profitability focus.

Improvement in operational efficiency

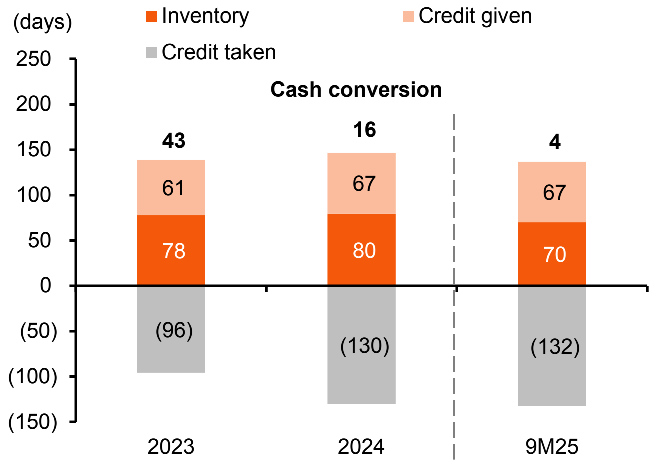
There has also been an improvement in operational efficiency that led to its cash cycle falling to 5 days in 9M25, vs. 16 days in 2024 and 43 days in 2023. The key improvement was seen in a better payables cycle, as OSP has restructured its supplier base to only include suppliers with generous credit terms.

Ex 6: Net Margin Trend



Sources: Company data, Thanachart estimates

Ex 7: Cash Cycle Has Improved

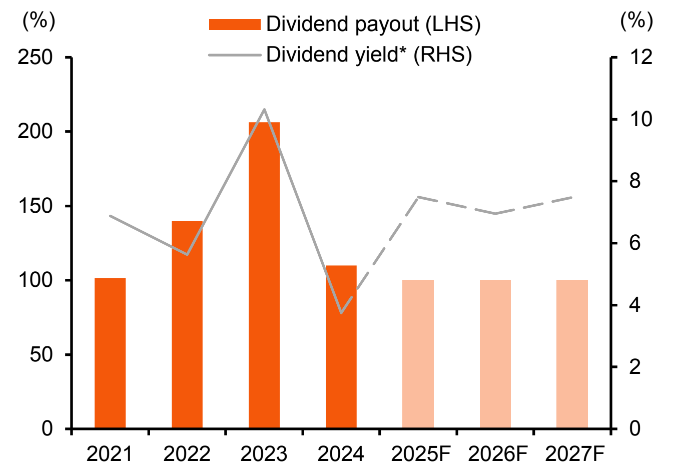


Source: Company data

A high-yield component

Lastly, our investment thesis for OSP is that despite the low earnings growth, it is a high-yield play offering 7.7/7.1% dividend yields supported by 9.1/9.3% FCF yields in 2025-26F. Despite an already 100% payout ratio, OSP may employ further capital management schemes. We adjust our 2025-27F earnings estimates by 4/-3/-3% p.a. to reflect the export business hiccup.

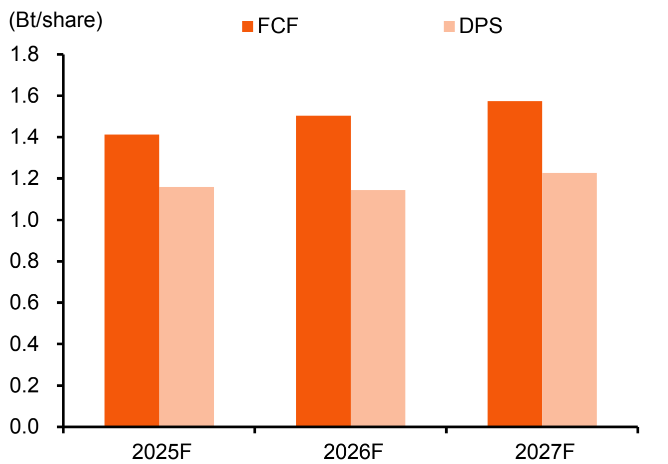
Ex 8: Dividend Payout Vs. Yield



Sources: Company data, Thanachart estimates

Note:* Based on a share price of Bt16.0

Ex 9: High Yields Supported By FCF



Sources: Company data, Thanachart estimates

Ex 10: 12-month DCF-based TP Calculation Using A Base Year Of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA		5,001	5,329	5,591	5,840	6,065	6,294	6,533	6,782	7,047	7,290	7,572	—
Free cash flow		4,568	4,690	4,804	5,029	5,429	5,632	5,843	6,063	6,098	6,534	5,443	66,425
PV of free cash flow		4,556	3,852	3,574	3,391	3,317	3,118	2,930	2,755	2,511	2,438	1,840	22,452
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.0												
WACC (%)	10.4												
Terminal growth (%)	2.0												
Enterprise value - add investments	56,733												
Net debt (2025F)	(1,509)												
Minority interest	299												
Equity value	57,943												
# of shares (m)	3,004												
Equity value/share (Bt)	**19.3**												

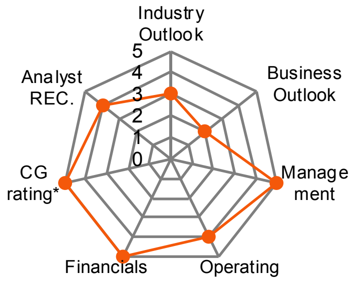
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

Osotspa Public Company Limited (OSP) produces and distributes non-alcoholic beverages. The company offers energy drinks and other beverages, including ready-to-drink coffee, sports drinks, and functional drinks. Osotspa also provides personal care products in the baby care and women's beauty product categories. The company also has an OEM business. OSP sells its products in Thailand and abroad.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Solid brands in the domestic energy drink and personal care product markets.
- Strong and experienced management team.
- Very healthy balance sheet.

W — Weakness

- The energy-drink and personal-care markets are saturated with only low organic growth.
- Limited pricing power despite market leadership position.
- High dependency on mature energy drink product limits growth potential despite successful new product launches.

O — Opportunity

- Overseas expansion.
- Mergers and acquisitions.
- Health-consciousness trend emerging in Thailand.

T — Threat

- Pricing competition in an oligopolistic energy drink industry can trigger rival responses.
- Fierce competition drives product taste improvement, but any misstep risks negative taste changes or higher sugar tax expenses.
- The re-intensifying competition in Myanmar market as competitors return to the territory.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	19.36	19.30	0%
Net profit 25F (Bt m)	3,555	3,299	-7%
Net profit 26F (Bt m)	3,555	3,343	-6%
Consensus REC	BUY: 14	HOLD: 10	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- Our long-term earnings are lower than the Bloomberg consensus numbers, which we attribute to us having a more bearish view of OSP's new product launch strategy and competition in Myanmar.

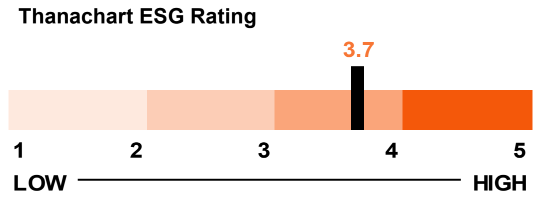
Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- Weaker-than-expected growth of the company's domestic energy drinks and personal care product businesses is the key downside risk to our call.
- Lower-than-expected market share gains in the domestic energy drink business would also pose downside risk to our earnings.
- Slower-than-expected expansion into new business lines poses a potential secondary downside risk to our earnings.

Source: Thanachart

OSP is Thailand's largest energy drink producer. Its factories release some greenhouse gas. Our ESG score for OSP is 3.7, which is relatively high, driven by a very high environmental score. OSP has clear measures to reduce emissions, and the company has consistently delivered progress in line with its goals.



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
OSP	YES	AA	-	BB	65.11	64.99	83.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors | **Our Comments**

ENVIRONMENT

- **Environmental Policies & Guidelines**
- **Energy Management**
- **Carbon Management**
- **Water Management**
- **Waste Management**

- We assign a very high 4.2 E score for OSP to reflect its clear goals and plans with clear progress in achieving them.
- OSP has set a carbon-neutral target by 2050 and a net-zero GHG target by 2065. The company has clear plans and measures with good implementation progress.
- OSP cut energy intensity by 18% and GHG emissions by 32% in 2024 against the 2018 baseline vs. its initial target of 10-15%. About 98% of packaging materials and processes already meet circularity criteria, while 90% of non-hazardous waste was recycled in 2024.
- OSP has installed solar rooftops and used hybrid generators to smooth peak-load demand, resulting in its electricity consumption falling by 14% in 2024. OSP also reduced and recycled its water consumption, resulting in an 8% decrease in water usage in 2024.
- On the negative side, its GHG emissions increased slightly in 2024.

SOCIAL

- **Human Rights**
- **Staff Management**
- **Health & Safety**
- **Product Safety & Quality**
- **Social Responsibility**

- We assign a good 3.7 S score to OSP to reflect its focus on employee well-being, active support to the community, and product quality.
- OSP has demonstrated a strong focus on employee well-being. Its employee voluntary retirement was only 12% in 2024, which was relatively low for Thai retail corporations. OSP provides comprehensive welfare benefits, including medical insurance, low-interest loans, and a provident fund.
- OSP has been active in providing support to communities, including the disability-employment scheme, reaching a total of 2,100 beneficiaries. Its total monetary support for the community was Bt31m or 0.12% of total revenue in 2024.

GOVERNANCE & SUSTAINABILITY

- **Board**
- **Ethics & Transparency**
- **Business Sustainability**
- **Risk Management**
- **Innovation**

- We assign a decent 3.3 G score for OSP to reflect its decent board structure and the company's strong product brands.
- OSP's board structure is decent with areas of improvement. The board chairman is an independent director. Eight of 17 board members are independent, which is above the minimum ratio of 1/3 but still below the ideal ratio of 2/3. Female representation stands at 35% (6/17 directors), exceeding the 30% guideline.
- OSP has all the necessary committees, including audit, remuneration, nomination, governance, sustainability, and investment and risk-management committees. The risk management committee also incorporates climate risk assessment.
- As for business sustainability, OSP holds the largest market share in the energy drink market in Thailand and Myanmar and has been in business for over 100 years. However, its energy drink products lack innovations to attract new buyers, and they are subject to price competition.

Sources: Thanachart, Company data

Limited earnings growth but high dividend yields

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	26,062	27,069	25,813	25,933	27,146
Cost of sales	17,059	16,966	15,752	15,819	16,505
Gross profit	**9,003**	**10,103**	**10,061**	**10,114**	**10,641**
% gross margin	34.5%	37.3%	39.0%	39.0%	39.2%
Selling & administration expenses	6,769	6,952	6,436	6,535	6,755
Operating profit	**2,233**	**3,151**	**3,625**	**3,579**	**3,886**
% operating margin	8.6%	11.6%	14.0%	13.8%	14.3%
Depreciation & amortization	1,498	1,435	1,402	1,423	1,443
EBITDA	**3,731**	**4,586**	**5,027**	**5,001**	**5,329**
% EBITDA margin	14.3%	16.9%	19.5%	19.3%	19.6%
Non-operating income	582	310	221	225	230
Non-operating expenses	0	0	0	0	0
Interest expense	(108)	(118)	(136)	(45)	(2)
Pre-tax profit	**2,708**	**3,344**	**3,710**	**3,759**	**4,113**
Income tax	431	398	420	426	535
After-tax profit	**2,278**	**2,946**	**3,289**	**3,333**	**3,579**
% net margin	8.7%	10.9%	12.7%	12.9%	13.2%
Shares in affiliates' Earnings	146	208	160	160	163
Minority interests	(21)	(120)	(150)	(150)	(150)
Extraordinary items	0	(1,396)	297	0	0
NET PROFIT	**2,402**	**1,638**	**3,596**	**3,343**	**3,592**
Normalized profit	**2,402**	**3,035**	**3,299**	**3,343**	**3,592**
EPS (Bt)	0.8	0.5	1.2	1.1	1.2
Normalized EPS (Bt)	0.8	1.0	1.1	1.1	1.2

Robust balance sheet

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	9,376	11,192	11,230	10,968	12,553
Cash & cash equivalent	1,339	2,190	2,800	2,500	3,700
Account receivables	4,390	4,993	4,809	4,831	5,057
Inventories	3,627	3,696	3,323	3,337	3,482
Others	21	313	298	299	313
Investments & loans	1,207	695	695	695	695
Net fixed assets	13,020	12,426	11,424	10,401	9,359
Other assets	799	821	903	948	996
Total assets	**24,402**	**25,135**	**24,253**	**23,013**	**23,603**
LIABILITIES:					
Current liabilities:	6,852	8,193	6,871	5,808	6,095
Account payables	4,467	6,059	5,610	5,634	5,878
Bank overdraft & ST loans	1,903	1,665	954	16	38
Current LT debt	187	230	132	2	5
Others current liabilities	294	240	175	156	174
Total LT debt	**267**	**358**	**205**	**3**	**8**
Others LT liabilities	773	791	487	490	512
Total liabilities	**7,892**	**9,343**	**7,564**	**6,301**	**6,616**
Minority interest	184	299	299	449	599
Preferreds shares	0	0	0	0	0
Paid-up capital	3,004	3,004	3,004	3,004	3,004
Share premium	0	0	0	0	0
Warrants	0	0	0	0	0
Surplus	11,104	10,886	10,886	10,886	10,886
Retained earnings	**2,218**	**1,602**	**2,499**	**2,373**	**2,497**
Shareholders' equity	16,326	15,493	16,390	16,263	16,387
Liabilities & equity	**24,402**	**25,135**	**24,253**	**23,013**	**23,603**

Sources: Company data, Thanachart estimates

Strong cash flows support dividends

Completed its capex cycle

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	2,708	3,344	3,710	3,759	4,113
Tax paid	(325)	(489)	(378)	(449)	(516)
Depreciation & amortization	1,498	1,435	1,402	1,423	1,443
Chg In w orking capital	(1,138)	918	109	(13)	(126)
Chg In other CA & CL / minorities	327	(3)	(84)	162	147
Cash flow from operations	**3,069**	**5,205**	**4,759**	**4,882**	**5,062**
Capex	(1,038)	(842)	(400)	(400)	(400)
Right of use	0	0	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	2,418	511	0	0	0
Adj for asset revaluation	(10)	(186)	0	0	0
Chg In other assets & liabilities	(506)	(1,448)	(88)	(42)	(24)
Cash flow from investments	**864**	**(1,965)**	**(488)**	**(442)**	**(424)**
Debt financing	850	(104)	(962)	(1,270)	30
Capital increase	0	0	0	0	0
Dividends paid	(4,956)	(2,253)	(2,699)	(3,469)	(3,467)
Warrants & other surplus	426	(32)	0	0	0
Cash flow from financing	**(3,681)**	**(2,389)**	**(3,661)**	**(4,739)**	**(3,437)**
Free cash flow	**2,031**	**4,363**	**4,359**	**4,482**	**4,662**

Sustainable high dividend yields support valuation, in our view

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	19.5	15.4	14.2	14.0	13.0
Normalized PE - at target price (x)	24.1	19.1	17.6	17.3	16.1
PE (x)	19.5	28.6	13.0	14.0	13.0
PE - at target price (x)	24.1	35.4	16.1	17.3	16.1
EV/EBITDA (x)	12.8	10.2	9.0	8.9	8.1
EV/EBITDA - at target price (x)	15.8	12.7	11.2	11.1	10.2
P/BV (x)	2.9	3.0	2.9	2.9	2.9
P/BV - at target price (x)	3.6	3.7	3.5	3.6	3.5
P/CFO (x)	15.3	9.0	9.8	9.6	9.3
Price/sales (x)	1.8	1.7	1.8	1.8	1.7
Dividend yield (%)	10.6	3.8	7.7	7.1	7.7
FCF Yield (%)	4.3	9.3	9.3	9.6	9.9
(Bt)					
Normalized EPS	0.8	1.0	1.1	1.1	1.2
EPS	0.8	0.5	1.2	1.1	1.2
DPS	1.7	0.6	1.2	1.1	1.2
BV/share	5.4	5.2	5.5	5.4	5.5
CFO/share	1.0	1.7	1.6	1.6	1.7
FCF/share	0.7	1.5	1.5	1.5	1.6

Sources: Company data, Thanachart estimates

EPS growth trend doesn't look exciting

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(4.4)	3.9	(4.6)	0.5	4.7
Net profit (%)	24.2	(31.8)	119.5	(7.1)	7.5
EPS (%)	24.2	(31.8)	119.5	(7.1)	7.5
Normalized profit (%)	24.2	26.3	8.7	1.3	7.5
Normalized EPS (%)	24.2	26.3	8.7	1.3	7.5
Dividend payout ratio (%)	206.3	110.0	100.0	100.0	100.0
Operating performance					
Gross margin (%)	34.5	37.3	39.0	39.0	39.2
Operating margin (%)	8.6	11.6	14.0	13.8	14.3
EBITDA margin (%)	14.3	16.9	19.5	19.3	19.6
Net margin (%)	8.7	10.9	12.7	12.9	13.2
D/E (incl. minor) (x)	0.1	0.1	0.1	0.0	0.0
Net D/E (incl. minor) (x)	0.1	0.0	(0.1)	(0.1)	(0.2)
Interest coverage - EBIT (x)	20.7	26.8	26.7	78.7	na
Interest coverage - EBITDA (x)	34.6	39.0	37.0	110.0	na
ROA - using norm profit (%)	9.5	12.3	13.4	14.1	15.4
ROE - using norm profit (%)	13.8	19.1	20.7	20.5	22.0
DuPont					
ROE - using after tax profit (%)	13.1	18.5	20.6	20.4	21.9
- asset turnover (x)	1.0	1.1	1.0	1.1	1.2
- operating margin (%)	10.8	12.8	14.9	14.7	15.2
- leverage (x)	1.5	1.6	1.5	1.4	1.4
- interest burden (%)	96.2	96.6	96.5	98.8	99.9
- tax burden (%)	84.1	88.1	88.7	88.7	87.0
WACC (%)	10.4	10.4	10.4	10.4	10.4
ROIC (%)	9.9	16.0	20.7	21.3	24.5
NOPAT (Bt m)	1,878	2,776	3,214	3,173	3,381
invested capital (Bt m)	17,344	15,556	14,881	13,784	12,739

Sources: Company data, Thanachart estimates

Small Cap Research

Thanachart Securities

SELL (Unchanged)	TP: Bt 2.80 (From: Bt 3.70)
Change in Numbers	Downside : 11.9% 13 NOVEMBER 2025

R&B Food Supply Pcl. (RBF TB)

Weak consumption victim

RBF's food ingredient business faces challenges due to weak demand for its end snack and drink products, resulting in declining sales and margin compression. We cut our earnings estimates by 16-17% p.a. in 2025-27F and maintain our SELL call on RBF.

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Cutting earnings; maintaining SELL

We cut our earnings estimates for RBF by 16-17% in 2025-27F and maintain our SELL call, with a lower DCF-based 12-month TP (2026F base year) of Bt2.8 (from 3.7). First, RBF, as a major supplier of food ingredients, faces weak demand for its end products, e.g., snacks and beverages. Second, we believe weaker demand is pushing consumers toward cheaper products, which is reflected in lower demand for RBF's higher-margin products, resulting in falling margins. Lastly, we see RBF's valuation as unattractive at 15x 2026F P/E vs. -13%/2%/2% EPS growth in 2025-27F.

Weak sales growth

RBF is actually a solid company that has operated in the food ingredients business in Thailand for over 30 years, and many top Thai food companies are its customers. However, the company is facing weak demand, and its sales fell by 2% y-y in 9M25. RBF has not lost key clients, but we believe weak orders are due to soft demand for the products of its key clients, which sell foods, snacks, and beverage products amid weak consumption in Thailand. Without new customers and our expectation of continued sluggish consumption, we expect RBF's sales to grow only -2%/-1%/2% in 2025-27F.

Margin under pressure

RBF's EBIT margin fell to 11.8% in 9M25 from 13.6% in 2024. RBF said this was due to lower demand for its high-margin products, which we believe reflects the weak consumption that caused its food-branded clients to focus on cheaper products for end consumers. As we expect the soft sentiment to persist, we estimate RBF's EBIT margin to fall to 10.8% in 2026F.

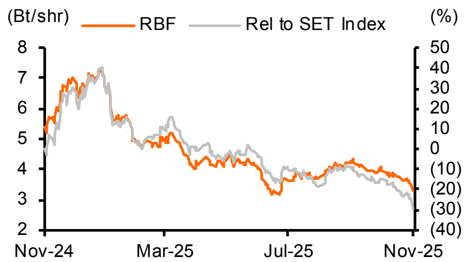
New BOI tax incentive

RBF recently received a new BOI tax incentive for its new food flavor factory, which commenced operations in 4Q25. RBF will only receive tax savings on its food flavor products produced at this factory, while other products, e.g., food coatings, made at other factories will not receive new tax savings. RBF is currently paying a corporate tax rate of about 20%, or about Bt100m p.a. for all products. RBF has not disclosed how much tax it pays on food flavors or how much tax savings it expects to realize. The BOI tax incentive allows RBF to earn tax savings of Bt400m on food coating products over the next four years, until 2029. Because food flavors account for a large share of profits, we expect RBF's tax rate to fall to 10% p.a. in 2026-29F and resume at 20% thereafter.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	4,391	4,303	4,261	4,341
Net profit	513	434	441	451
Consensus NP	—	431	808	510
Diff frm cons (%)	—	*0.6*	*(45.5)*	*(11.6)*
Norm profit	500	434	441	451
Prev. Norm profit	—	518	529	536
Chg frm prev (%)	—	*(16.4)*	*(16.7)*	*(15.9)*
Norm EPS (Bt)	0.2	0.2	0.2	0.2
Norm EPS grw (%)	(25.0)	(13.2)	1.6	2.3
Norm PE (x)	12.7	14.7	14.4	14.1
EV/EBITDA (x)	6.4	6.6	6.7	6.2
P/BV (x)	1.3	1.3	1.2	1.2
Div yield (%)	5.5	4.7	4.7	4.8
ROE (%)	10.2	8.7	8.6	8.5
Net D/E (%)	(16.9)	(21.9)	(25.8)	(29.2)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	3.18
Market Cap (US$ m)	195.7
Listed Shares (m shares)	2,000.0
Free Float (%)	27.1
Avg Daily Turnover (US$ m)	4.8
12M Price H/L (Bt)	7.25/3.18
Sector	FOOD
Major Shareholder	Ratanapoompinyo Family 62.3%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report …………....………...…. P67

Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA		750	773	856	881	915	956	998	1,032	1,062	1,096	1,142	—
Free cash flow		534	517	600	623	455	494	534	767	695	727	487	4,915
PV of free cash flow		476	412	426	395	257	249	240	307	249	232	138	1,398
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	12.1												
Terminal growth (%)	2.0												
Enterprise value - add investments	4,779												
Net debt (2025F)	(838)												
Minority interest	16												
Equity value	5,601												
# of shares (m)	2,000												
Target price/share (Bt)	**2.8**												

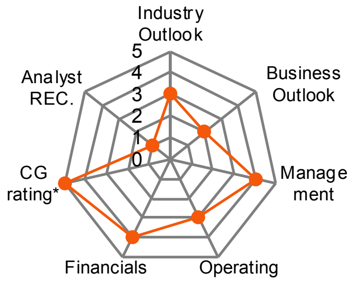
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

R&B Food Supply Pcl (RBF) produces and distributes food ingredients, such as food coatings, flavoring agents and food colorings, catering to leading food and beverage companies in Thailand. The company exports its products to several overseas countries. In some countries with good prospects, RBF has also set up its own factories. RBF's R&D units have over 100 staff.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	**5**
Strong	**4**
Good	**3**
Fair	**2**
Weak	**1**
None	**0**

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Being a leading producer of food ingredients in Thailand
- Serving more products SKUs than local competitors.
- Commanding lower costs than international competitors.

W — Weakness

- Food market in Thailand is saturated with only low organic growth.
- Heavy reliance on food customers who have strong bargaining power.

O — Opportunity

- Overseas expansions.
- Mergers and acquisitions.

T — Threat

- Currency fluctuations.
- Domestic consumption and economic conditions.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	4.08	2.80	-31%
Net profit 25F (Bt m)	431	434	1%
Net profit 26F (Bt m)	808	441	-45%
Consensus REC	**BUY: 1**	**HOLD: 4**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2026F earnings forecasts and TP are significantly lower than the Bloomberg consensus numbers, which we attribute to our assumption of a weak consumption outlook.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

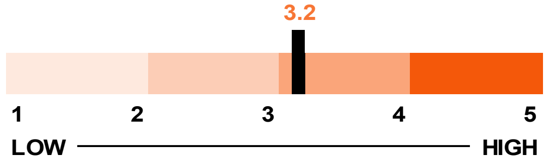
- Higher-than-expected growth of the food and beverage markets in RBF's focus markets would pose the key upside risk to our numbers.
- Achievement in gaining new orders and customers would be another upside risk to our earnings forecasts.

Source: Thanachart

ESG & Sustainability Report

RBF is Thailand's leading maker of food ingredient products. Its factories release some greenhouse gases. It has set a long-term target to cut emissions, and it has implemented measures to achieve this goal. Our ESG score for RBF is 3.24.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
RBF	YES	A	-	-	57.94	59.57	-	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

▪ We assign a 3.7 E score for RBF, which is relatively high.

▪ RBF has set clear greenhouse gas reduction targets: a 5% annual reduction by 2030, carbon neutrality by 2050, and net zero by 2065. The company was awarded Carbon Footprint for Organization (CFO) certification from the TGO in 2024.

▪ Solar rooftop installations generated 2,511,802.55 kWh in 2024, resulting in cost savings of Bt11,059,093.34 and reducing CO2e emissions by approximately 1,255.65 tonnes. This represents 38.95% renewable energy consumption vs. the baseline year of 2022.

▪ Municipal water consumption intensity fell to 0.0079 m^3/kg in 2024, achieving a 19.39% reduction vs. the 2022 baseline, approaching the target of a 5% reduction by 2027.

▪ Carbon intensity (Scope 1+2) reached 0.4501 tonnes of CO2e in 2024, representing a 20.55% reduction from the baseline year in 2022, despite increased production volumes.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

▪ We assign a 3.1 S score for RBF

▪ Its employee turnover rate improved to 22.20% in 2024 from 28.60% in 2023, indicating better employee retention. The company provides various welfare programs, including a provident fund (37.27% employee participation), annual uniforms, attendance bonuses, and transportation services.

▪ RBF has a strong safety record, with a Lost Time Injury Rate (LTIR) of 1.48 for employees in 2024 and zero LTIR for suppliers/contractors. There were zero fatalities from work-related incidents across all categories.

GOVERNANCE & SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

▪ We assign a G score of 3.0 for RBF.

▪ RBF's board structure is decent, but not ideal. The board consists of 12 directors, with four independent directors representing 33% of the board, below the ideal ratio of over 50% (two-thirds) of independent directors.

▪ The board chairman is an independent director. The company has four female directors (33.33%), which is higher than the recommended ratio of 30%.

▪ RBF has the necessary committees, including an audit committee, nomination and remuneration committee, risk management committee, corporate social responsibility committee, and executive committee with clearly defined charters, including accounting/finance, sales and marketing, risk and crisis management, strategic planning, and legal issues.

▪ RBF has diversified its business into many products. It also operates in several countries. Within the same product category, RBG has been studying and developing new product lines to ensure decent demand from existing clients and to acquire new clients.

Sources: Thanachart, Company data

We expect a soft earnings growth outlook

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	4,421	4,391	4,303	4,261	4,341
Cost of sales	2,760	2,844	2,818	2,833	2,886
Gross profit	**1,661**	**1,547**	**1,486**	**1,428**	**1,455**
% gross margin	37.6%	35.2%	34.5%	33.5%	33.5%
Selling & administration expenses	842	949	964	967	986
Operating profit	**819**	**597**	**522**	**461**	**470**
% operating margin	18.5%	13.6%	12.1%	10.8%	10.8%
Depreciation & amortization	240	262	273	289	303
EBITDA	**1,059**	**860**	**794**	**750**	**773**
% EBITDA margin	24.0%	19.6%	18.5%	17.6%	17.8%
Non-operating income	8	15	20	20	20
Non-operating expenses	0	0	0	0	0
Interest expense	(11)	(11)	(6)	3	5
Pre-tax profit	**816**	**601**	**536**	**484**	**495**
Income tax	157	107	107	48	50
After-tax profit	**659**	**495**	**428**	**435**	**446**
% net margin	14.9%	11.3%	10.0%	10.2%	10.3%
Shares in affiliates' Earnings	7	5	5	5	5
Minority interests	(0)	0	0	0	0
Extraordinary items	(17)	13	0	0	0
NET PROFIT	**649**	**513**	**434**	**441**	**451**
Normalized profit	**666**	**500**	**434**	**441**	**451**
EPS (Bt)	0.3	0.3	0.2	0.2	0.2
Normalized EPS (Bt)	0.3	0.2	0.2	0.2	0.2

RBF should remain in a net cash position

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	3,219	3,046	3,296	3,331	3,602
Cash & cash equivalent	921	838	1,120	1,160	1,390
Account receivables	1,045	1,062	1,040	1,030	1,050
Inventories	1,188	1,110	1,099	1,105	1,126
Others	64	37	36	36	37
Investments & loans	211	263	263	263	263
Net fixed assets	1,950	2,128	2,156	2,066	1,963
Other assets	371	373	20	20	20
Total assets	**5,750**	**5,810**	**5,734**	**5,680**	**5,848**
LIABILITIES:					
Current liabilities:	666	605	596	400	420
Account payables	571	534	529	532	542
Bank overdraft & ST loans	0	0	6	(185)	(179)
Current LT debt	0	0	0	0	0
Others current liabilities	95	70	60	53	57
Total LT debt	**0**	**0**	**0**	**0**	**0**
Others LT liabilities	247	239	61	61	62
Total liabilities	**914**	**843**	**657**	**461**	**482**
Minority interest	17	16	16	16	16
Preferreds shares	0	0	0	0	0
Paid-up capital	2,000	2,000	2,000	2,000	2,000
Share premium	1,249	1,249	1,249	1,249	1,249
Warrants	0	0	0	0	0
Surplus	63	32	32	32	32
Retained earnings	**1,507**	**1,669**	**1,780**	**1,922**	**2,069**
Shareholders' equity	4,819	4,950	5,061	5,203	5,350
Liabilities & equity	**5,750**	**5,810**	**5,734**	**5,680**	**5,848**

Sources: Company data, Thanachart estimates

Doesn't require significant capex despite its growth ambitions

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	816	601	536	484	495
Tax paid	(136)	(137)	(93)	(56)	(45)
Depreciation & amortization	240	262	273	289	303
Chg In working capital	24	26	27	7	(30)
Chg In other CA & CL / minorities	2	47	(18)	6	4
Cash flow from operations	**947**	**800**	**723**	**730**	**727**
Capex	(398)	(405)	(300)	(200)	(200)
Right of use	(57)	(20)	292	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(32)	(52)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	12	(31)	(116)	(1)	1
Cash flow from investments	**(475)**	**(509)**	**(125)**	**(201)**	**(199)**
Debt financing	(14)	7	6	(191)	6
Capital increase	0	0	0	0	0
Dividends paid	(206)	(350)	(323)	(298)	(304)
Warrants & other surplus	3	(31)	0	0	0
Cash flow from financing	**(218)**	**(374)**	**(317)**	**(490)**	**(298)**
Free cash flow	**549**	**395**	**423**	**530**	**527**

Unattractive PE against growth, in our view

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	9.6	12.7	14.7	14.4	14.1
Normalized PE - at target price (x)	8.4	11.2	12.9	12.7	12.4
PE (x)	9.8	12.4	14.7	14.4	14.1
PE - at target price (x)	8.6	10.9	12.9	12.7	12.4
EV/EBITDA (x)	5.1	6.4	6.6	6.7	6.2
EV/EBITDA - at target price (x)	4.4	5.5	5.6	5.7	5.2
P/BV (x)	1.3	1.3	1.3	1.2	1.2
P/BV - at target price (x)	1.2	1.1	1.1	1.1	1.0
P/CFO (x)	6.7	7.9	8.8	8.7	8.7
Price/sales (x)	1.4	1.4	1.5	1.5	1.5
Dividend yield (%)	5.5	5.5	4.7	4.7	4.8
FCF Yield (%)	8.6	6.2	6.7	8.3	8.3
(Bt)					
Normalized EPS	0.3	0.2	0.2	0.2	0.2
EPS	0.3	0.3	0.2	0.2	0.2
DPS	0.2	0.2	0.1	0.2	0.2
BV/share	2.4	2.5	2.5	2.6	2.7
CFO/share	0.5	0.4	0.4	0.4	0.4
FCF/share	0.3	0.2	0.2	0.3	0.3

Sources: Company data, Thanachart estimates

We model for RBF's margins to fall

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	11.6	(0.7)	(2.0)	(1.0)	1.9
Net profit (%)	34.6	(21.0)	(15.4)	1.6	2.3
EPS (%)	34.6	(21.0)	(15.4)	1.6	2.3
Normalized profit (%)	45.0	(25.0)	(13.2)	1.6	2.3
Normalized EPS (%)	45.0	(25.0)	(13.2)	1.6	2.3
Dividend payout ratio (%)	53.9	68.3	68.3	68.3	68.3
Operating performance					
Gross margin (%)	37.6	35.2	34.5	33.5	33.5
Operating margin (%)	18.5	13.6	12.1	10.8	10.8
EBITDA margin (%)	24.0	19.6	18.5	17.6	17.8
Net margin (%)	14.9	11.3	10.0	10.2	10.3
D/E (incl. minor) (x)	0.0	0.0	0.0	(0.0)	(0.0)
Net D/E (incl. minor) (x)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)
Interest coverage - EBIT (x)	74.6	53.9	86.1	na	na
Interest coverage - EBITDA (x)	96.5	77.6	131.1	na	na
ROA - using norm profit (%)	12.2	8.6	7.5	7.7	7.8
ROE - using norm profit (%)	14.5	10.2	8.7	8.6	8.5
DuPont					
ROE - using after tax profit (%)	14.3	10.1	8.6	8.5	8.4
- asset turnover (x)	0.8	0.8	0.7	0.7	0.8
- operating margin (%)	18.7	13.9	12.6	11.3	11.3
- leverage (x)	1.2	1.2	1.2	1.1	1.1
- interest burden (%)	98.7	98.2	98.9	100.6	101.1
- tax burden (%)	80.7	82.2	80.0	90.0	90.0
WACC (%)	12.1	12.1	12.1	12.1	12.1
ROIC (%)	17.8	12.6	10.1	10.5	11.0
NOPAT (Bt m)	661	491	417	415	423
invested capital (Bt m)	3,898	4,112	3,947	3,858	3,780

Sources: Company data, Thanachart estimates

Small Cap Research

SELL (Unchanged) | **TP: Bt 28.00** (Unchanged)

Company Update | **Downside : 17.0%** | **13 NOVEMBER 2025**

SAPPE Public Co. Ltd. (SAPPE TB)

Turnaround not yet in sight

While exports have been weak, domestic market growth has begun to subside. SAPPE now expects a weak 2H25F performance. We are forced to reduce our earnings estimates further and reaffirm our SELL rating on the stock.

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Thanachart Securities

Not yet a turnaround; reaffirming SELL

We reaffirm our SELL rating on SAPPE with a DCF-based 12-month TP (2026F base year) of Bt28/share. SAPPE now anticipates a weaker business outlook in 2H25F vs. the improvement expected earlier. First, SAPPE is facing difficulties in more of its export markets. While demand in the EU and Asia remains soft, weakness is now also being observed in the US and the Middle East. Second, domestic sales growth is also slowing due to weak domestic consumption. SAPPE's products are functional drinks, whose demand tends to be elastic in response to economic conditions. Lastly, with 30/6% EPS contractions in 2025-26F, we see SAPPE's valuation as expensive, trading on a 13x 2026F PE multiple.

More export difficulties

SAPPE's earnings fell by 39% y-y in 1H25 due to a 41% y-y drop in export sales. Exports accounted for 69% of total sales in 1H25. Demand was weak in the EU and Asia. SAPPE expects exports to decline further in 2H25F after the new US reciprocal tariff rate prompts SAPPE to increase selling prices in the US, where demand is weakening. There is also demand pressure in the Middle East due to regional conflicts, while demand in the EU continues to fall amid the sluggish economy. SAPPE is trying to resolve the issue in Asian markets by securing new distributors, although sales improvements have yet to materialize. We estimate SAPPE's export sales to drop by 29/6% over 2025-26F.

Domestic growth has peaked

SAPPE's key export products are fruit juices with coconut jelly. However, the key products in the domestic market are health-related functional drinks, such as those designed to improve eyesight and digestion. Domestic sales grew a healthy 19/29% y-y in 2024/1H25. However, SAPPE expects the growth rate to slow to the teens level in 2H25 due to weak consumption. Nevertheless, we would still consider that strong compared to the overall growth of the beverage companies under our coverage, which is 4-5%. Health-related products are experiencing decent demand. SAPPE also has scale advantages as it is the largest health-related beverage player. We estimate its domestic sales growth at 16/4% in 2025-26F. Domestic sales accounted for 31% of total sales growth in 1H25.

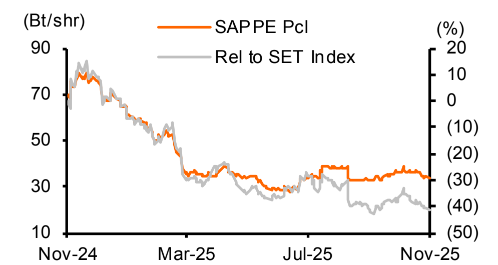
A victim of the strong baht

SAPPE is an exporter and a victim of the baht's appreciation. The Thai baht exchange rate remains strong at Bt32.3/US$ in 3Q25QTD, vs. an average of Bt/US$33.5 in 1H25. We assume Bt33.1/33.0/33.5 rates per US$ in our model over 2025-27F.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	6,775	5,213	5,191	5,299
Net profit	1,253	863	808	784
Consensus NP	—	910	1,069	1,174
Diff frm cons (%)	—	*(5.1)*	*(24.4)*	*(33.2)*
Norm profit	1,233	863	808	784
Prev. Norm profit	—	863	808	784
Chg frm prev (%)	—	*0.0*	*(0.0)*	*(0.0)*
Norm EPS (Bt)	4.0	2.8	2.6	2.6
Norm EPS grw (%)	13.7	(30.0)	(6.4)	(3.0)
Norm PE (x)	8.4	12.0	12.8	13.2
EV/EBITDA (x)	5.6	7.7	8.0	7.4
P/BV (x)	2.4	2.2	2.0	1.9
Div yield (%)	6.7	4.2	3.9	3.8
ROE (%)	30.0	19.0	16.5	14.9
Net D/E (%)	(39.5)	(38.0)	(29.5)	(36.4)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	33.75
Market Cap (US$ m)	320.2
Listed Shares (m shares)	308.3
Free Float (%)	25.5
Avg Daily Turnover (US$ m)	0.9
12M Price H/L (Bt)	79.50/28.00
Sector	FOOD
Major Shareholder	Ruckariyaphong Family 66.5%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P74

Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA		1,101	1,126	1,190	1,252	1,311	1,336	1,356	1,380	1,406	1,432	1,462	—
Free cash flow		137	925	667	728	282	1,108	926	950	975	999	915	9,244
PV of free cash flow		137	736	474	461	159	558	416	381	349	319	260	2,630
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	12.1												
Terminal growth (%)	2.0												
Enterprise value - add investments	6,880												
Net debt (2025F)	(1,825)												
Minority interest	109												
Equity value	8,596												
# of shares (m)	308												
Equity value/share (Bt)	**28**												

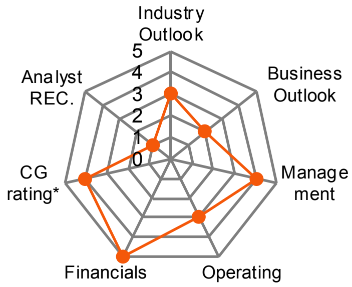
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

Sappe Public Company Limited (SAPPE) began manufacturing and distributing health drinks in 2011. The company produces three product lines: functional drinks, fruit juices infused with coconut jelly pieces, and health products. SAPPE sells its products both domestically and internationally, covering Asia, Europe, the Americas, and the Middle East.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong market position in Thailand and exposure to over 20 countries worldwide.
- Strong brand recognition.
- Access to key raw material supplies, including coconut, at home.
- Robust balance sheet.

W — Weakness

- Export sales are driven by a single product SKU: Mogu Mogu fruit juice.
- Single product for exports limits long-term growth potential.
- Heavy reliance on a few distributors for its export business.
- Small functional drinks market and highly competitive fruit juice market in Thailand.

O — Opportunity

- Room to expand exports into new countries.
- Room to increase penetration in existing exporting countries.
- Room to increase product lines in the fruit juice segment.

T — Threat

- Small functional drinks industry with a large number of players in Thailand.
- Fierce competition in the overall beverage and fruit juice segment in Thailand.
- Fluctuations in raw material prices.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	34.61	28.00	-19%
Net profit 25F (Bt m)	910	863	-5%
Net profit 26F (Bt m)	1,069	808	-24%
Consensus REC	**BUY: 1**	**HOLD: 9**	**SELL: 3**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F earnings estimates and TP are lower than the Street's, which we attribute to us having a more conservative view on a recovery of orders in export markets.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- Stronger overseas market penetration than we currently anticipate would pose an upside risk to our earnings estimates.
- Amid intense competition in the beverage market, the successful launch of new products by SAAPE could positively impact our earnings forecasts.
- Additionally, a weaker-than-expected Thai baht would represent another upside risk to our numbers.

Source: Thanachart

SAPPE

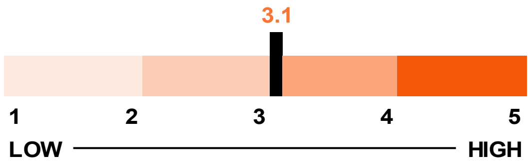
SAPPE Pcl

Sector: Agro & Food Industry | Food & Beverage

ESG & Sustainability Report

SAPPE is Thailand's leading manufacturer of functional drinks and fruit juices. Its factory does not release greenhouse gases due to the nature of beverage production. SAPPE has set a long-term target to cut emissions and implemented measures to achieve this goal. Our ESG score for SAPPE is 3.05.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
SAPPE	YES	A	-	-	-	34.8	-	-	4.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors | **Our Comments**

ENVIRONMENT

- **Environmental Policies & Guidelines**
- **Energy Management**
- **Carbon Management**
- **Water Management**
- **Waste Management**

- We assign a 3.2 E score for SAPPE
- SAPPE is the leading producer of functional drinks and fruit juices in Thailand. It has one factory in Thailand. SAPPE has been implementing measures to reduce pollution. In 2023, SAPPE fully switched from PVC to virgin PET bottles (bottles are its key raw material associated with greenhouse gases), which are easier to recycle while also releasing lower toxic dioxins, a greenhouse gas factor, when burned or degraded. By 2027, it plans to increase the use of recycled PET bottles from the normal PET currently used to 30%.
- SAPPE is also switching to 100% recyclable bottle caps, although there is no definite timeline.
- SAPPE is focusing on increasing the usage of renewable energy by installing solar rooftops to reduce overall energy consumption.

SOCIAL

- **Human Rights**
- **Staff Management**
- **Health & Safety**
- **Product Safety & Quality**
- **Social Responsibility**

- We assign a 3.1 S score.
- SAPPE has set up various welfare schemes for employees. Examples are life insurance and medical treatment expenses for accidents, group health insurance, employee dormitories and cheap food.
- SAPPE provides workshops to increase employee efficiency, e.g., improvements in production seals and garbage sorting.
- SAPPE provides donations for those in need and offers cleaning services for nearby communities.

GOVERNANCE & SUSTAINABILITY

- **Board**
- **Ethics & Transparency**
- **Business Sustainability**
- **Risk Management**
- **Innovation**

- We assign a 2.9 G score for SAPPE.
- SAPPE has a nine-member board of directors, which we consider reasonable for the size and scope of its business. The board chair is independent, which is good ESG practice. Of the nine members, four are independent directors, which is acceptable to us, as nearly half of the mix. There are two female directors.
- SAPPE's product diversification is low, focusing on a few product SKUs of fruit juices and beauty-and-health-focused functional drinks.
- SAPPE has good export market diversification, but still focuses on too few export product categories, in our view.

Sources: Thanachart, Company data

Falling sales

Profits drop more as high-margin exports decline

A net cash company

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	6,053	6,775	5,213	5,191	5,299
Cost of sales	3,341	3,632	2,983	3,011	3,080
Gross profit	**2,711**	**3,144**	**2,230**	**2,180**	**2,219**
% gross margin	44.8%	46.4%	42.8%	42.0%	41.9%
Selling & administration expenses	1,499	1,854	1,356	1,352	1,397
Operating profit	**1,213**	**1,289**	**874**	**828**	**822**
% operating margin	20.0%	19.0%	16.8%	15.9%	15.5%
Depreciation & amortization	178	237	236	273	304
EBITDA	**1,391**	**1,527**	**1,110**	**1,101**	**1,126**
% EBITDA margin	23.0%	22.5%	21.3%	21.2%	21.2%
Non-operating income	146	258	133	133	133
Non-operating expenses	0	0	0	0	0
Interest expense	(3)	(2)	4	3	(8)
Pre-tax profit	**1,356**	**1,546**	**1,011**	**964**	**947**
Income tax	275	298	137	145	152
After-tax profit	**1,081**	**1,248**	**875**	**819**	**795**
% net margin	17.9%	18.4%	16.8%	15.8%	15.0%
Shares in affiliates' Earnings	(20)	(1)	(2)	(2)	(2)
Minority interests	24	(13)	(10)	(10)	(10)
Extraordinary items	(10)	19	0	0	0
NET PROFIT	**1,074**	**1,253**	**863**	**808**	**784**
Normalized profit	**1,085**	**1,233**	**863**	**808**	**784**
EPS (Bt)	3.5	4.1	2.8	2.6	2.6
Normalized EPS (Bt)	3.5	4.0	2.8	2.6	2.6

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	3,656	2,698	2,280	2,580	3,199
Cash & cash equivalent	2,532	1,775	1,412	1,712	2,312
Account receivables	642	602	557	555	566
Inventories	438	234	245	247	253
Others	45	86	66	66	67
Investments & loans	99	76	52	29	6
Net fixed assets	1,665	2,881	3,146	3,872	3,793
Other assets	260	266	50	39	27
Total assets	**5,680**	**5,921**	**5,528**	**6,520**	**7,024**
LIABILITIES:					
Current liabilities:	1,647	1,292	629	1,230	1,346
Account payables	1,485	1,100	903	912	933
Bank overdraft & ST loans	9	2	(412)	177	275
Current LT debt	0	0	(0)	0	0
Others current liabilities	153	190	138	141	139
Total LT debt	**0**	**0**	**(0)**	**0**	**0**
Others LT liabilities	137	138	100	91	83
Total liabilities	**1,784**	**1,430**	**729**	**1,320**	**1,429**
Minority interest	78	99	109	119	129
Preferreds shares	0	0	0	0	0
Paid-up capital	308	308	306	306	306
Share premium	1,082	1,082	1,082	1,082	1,082
Warrants	0	0	0	0	0
Surplus	(9)	(12)	(12)	(12)	(12)
Retained earnings	**2,436**	**3,014**	**3,314**	**3,704**	**4,090**
Shareholders' equity	3,818	4,392	4,691	5,081	5,467
Liabilities & equity	**5,680**	**5,921**	**5,528**	**6,520**	**7,024**

Sources: Company data, Thanachart estimates

Expensive PE for the negative earnings growth outlook, in our view

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	1,356	1,546	1,011	964	947
Tax paid	(230)	(321)	(147)	(152)	(146)
Depreciation & amortization	178	237	236	273	304
Chg In working capital	346	(143)	(162)	8	4
Chg In other CA & CL / minorities	(4)	27	(24)	9	(11)
Cash flow from operations	**1,645**	**1,346**	**915**	**1,103**	**1,098**
Capex	(767)	(1,446)	(500)	(1,000)	(225)
Right of use	11	11	11	11	11
ST loans & investments	0	0	0	0	0
LT loans & investments	20	23	23	23	23
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(0)	(26)	167	(9)	(7)
Cash flow from investments	**(736)**	**(1,437)**	**(298)**	**(974)**	**(198)**
Debt financing	8	12	(415)	590	98
Capital increase	0	0	(2)	0	0
Dividends paid	(509)	(671)	(563)	(418)	(398)
Warrants & other surplus	(6)	(7)	0	0	0
Cash flow from financing	**(506)**	**(666)**	**(980)**	**172**	**(300)**
Free cash flow	**878**	**(100)**	**415**	**103**	**873**

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	9.5	8.4	12.0	12.8	13.2
Normalized PE - at target price (x)	7.9	6.9	9.9	10.6	10.9
PE (x)	9.6	8.2	12.0	12.8	13.2
PE - at target price (x)	8.0	6.8	9.9	10.6	10.9
EV/EBITDA (x)	5.6	5.6	7.7	8.0	7.4
EV/EBITDA - at target price (x)	4.3	4.5	6.1	6.4	5.8
P/BV (x)	2.7	2.4	2.2	2.0	1.9
P/BV - at target price (x)	2.2	2.0	1.8	1.7	1.6
P/CFO (x)	6.3	7.7	11.3	9.4	9.4
Price/sales (x)	1.7	1.5	2.0	2.0	2.0
Dividend yield (%)	6.5	6.7	4.2	3.9	3.8
FCF Yield (%)	8.5	(1.0)	4.0	1.0	8.5
(Bt)					
Normalized EPS	3.5	4.0	2.8	2.6	2.6
EPS	3.5	4.1	2.8	2.6	2.6
DPS	2.2	2.3	1.4	1.3	1.3
BV/share	12.5	14.4	15.3	16.6	17.9
CFO/share	5.4	4.4	3.0	3.6	3.6
FCF/share	2.9	(0.3)	1.4	0.3	2.9

Sources: Company data, Thanachart estimates

Falling margins due to weak exports

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	32.5	11.9	(23.1)	(0.4)	2.1
Net profit (%)	64.5	16.6	(31.1)	(6.4)	(3.0)
EPS (%)	64.5	16.6	(31.1)	(6.4)	(3.0)
Normalized profit (%)	63.0	13.7	(30.0)	(6.4)	(3.0)
Normalized EPS (%)	63.0	13.7	(30.0)	(6.4)	(3.0)
Dividend payout ratio (%)	62.6	55.4	50.0	50.0	50.0
Operating performance					
Gross margin (%)	44.8	46.4	42.8	42.0	41.9
Operating margin (%)	20.0	19.0	16.8	15.9	15.5
EBITDA margin (%)	23.0	22.5	21.3	21.2	21.2
Net margin (%)	17.9	18.4	16.8	15.8	15.0
D/E (incl. minor) (x)	0.0	0.0	(0.1)	0.0	0.0
Net D/E (incl. minor) (x)	(0.6)	(0.4)	(0.4)	(0.3)	(0.4)
Interest coverage - EBIT (x)	475.0	na	na	na	101.2
Interest coverage - EBITDA (x)	na	na	na	na	138.7
ROA - using norm profit (%)	21.2	21.3	15.1	13.4	11.6
ROE - using norm profit (%)	30.7	30.0	19.0	16.5	14.9
DuPont					
ROE - using after tax profit (%)	30.6	30.4	19.3	16.8	15.1
- asset turnover (x)	1.2	1.2	0.9	0.9	0.8
- operating margin (%)	22.4	22.8	19.3	18.5	18.0
- leverage (x)	1.4	1.4	1.3	1.2	1.3
- interest burden (%)	99.8	99.9	100.4	100.3	99.1
- tax burden (%)	79.7	80.7	86.5	85.0	84.0
WACC (%)	12.1	12.1	12.1	12.1	12.1
ROIC (%)	84.8	80.4	28.9	24.6	19.5
NOPAT (Bt m)	967	1,041	756	704	691
invested capital (Bt m)	1,295	2,619	2,866	3,546	3,429

Sources: Company data, Thanachart estimates

SELL (Unchanged) | TP: Bt 6.40 | (From: Bt 10.50)

Change in Numbers | Downside : 10.5% | 13 NOVEMBER 2025

Small Cap Research

Srinanaporn Marketing Pcl (SNNP TB)

Weak demand

SNNP is facing weak demand for its key products both at home and abroad. We cut our earnings by 12-27% p.a. in 2025-27F. Despite having a strong business position for its key products with a growth-mindset management team, we maintain our SELL rating on SNNP due to its -9/7/1 EPS growth outlook in 2025-27F.

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Thanachart Securities

Cutting our earnings; maintaining SELL

We reaffirm our SELL rating on SNNP with a DCF-based 12-month TP (2026F base year) of Bt6.4 (from Bt11). In this report, we cut our earnings estimates by 12-27% p.a. to reflect weak demand for its key products. First, SNNP's profits fell 11% y-y in 9M25. We believe SNNP's focused products of snacks and functional drinks are less essential by nature and are being consumed less when consumption spending is weak. Second, while weak export sales persist from last year, domestic demand growth turned negative from 2Q25. Third, weak demand forced more aggressive marketing spending, though SNNP plans to cut some spending next year. Lastly, we see SNNP's 12x PE as unattractive vs. -9/-6/1% EPS growth in 2025-27F.

A weak demand victim

SNNP is the leading manufacturer of seafood-based snacks and jelly-based drinks in Thailand and Vietnam. Total sales fell 2% y-y in 9M25. Exports fell 16% due to weak consumption in key markets like Vietnam and Indonesia. Domestic sales grew 2% y-y in 9M25 but started falling from 2Q25 into 3Q25 by an average of 2% y-y. SNNP's focused products of snacks and functional drinks are less essential in nature and consumers are not buying them amid weak economic sentiment. We project -1/-3/2% sales growth in 2025-27F.

Margin outlook

SNNP's EBIT margin fell to 11.9% in 9M25 from 13.3% in 2024. Despite maintaining its gross margin at 30% amid falling volume, driven by production efficiency and decent gross margin, its SG&A as a percentage of sales rose to 18.0% from 16.3% in 2024. This was due to more aggressive marketing and promotional spending to boost demand amid weak consumption. SNNP plans to cut marketing spending while maintaining sales next year. We prefer to wait and see the implementation. We estimate EBIT margin at 11.3% in 2026F vs. 11.7% this year.

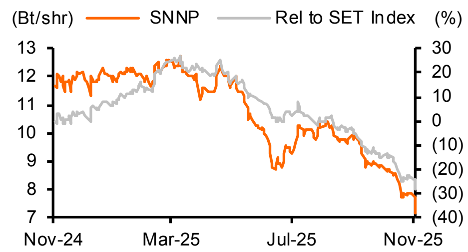
4Q25F outlook

Looking to 4Q25, we expect SNNP's sales to continue to fall slightly y-y. SNNP is refocusing on its key products after pursuing new SKU development, as it believes consumers prefer familiar products in a weak purchasing environment. SNNP hopes to maintain revenue in Thailand. Abroad, SNNP is seeing an improvement in Vietnam after a strategy adjustment, but this is offset by weakness in Cambodia due to a boycott of Thai products amid the ongoing border conflict and in Myanmar due to weak consumption.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	5,948	5,895	5,713	5,827
Net profit	651	591	550	556
Consensus NP	—	623	681	737
Diff frm cons (%)	—	*(5.2)*	*(19.2)*	*(24.5)*
Norm profit	651	591	550	556
Prev. Norm profit	—	672	713	762
Chg frm prev (%)	—	*(12.2)*	*(22.9)*	*(27.1)*
Norm EPS (Bt)	0.7	0.7	0.6	0.6
Norm EPS grw (%)	2.4	(9.3)	(6.8)	1.0
Norm PE (x)	9.9	10.9	11.7	11.6
EV/EBITDA (x)	7.3	8.4	8.3	7.9
P/BV (x)	2.0	1.9	1.9	1.8
Div yield (%)	8.4	7.6	7.1	7.2
ROE (%)	20.0	17.8	16.3	16.1
Net D/E (%)	19.0	24.5	18.3	14.2

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	7.15
Market Cap (US$ m)	211.2
Listed Shares (m shares)	960.0
Free Float (%)	28.2
Avg Daily Turnover (US$ m)	0.1
12M Price H/L (Bt)	12.70/7.75
Sector	FOOD
Major Shareholder	Ascend I. Holding 14.3%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P81

Ex 1: Assumption Revisions

	2023	2024	2025F	2026F	2027F
Sales (Bt m)					
New	5,948	5,895	5,895	5,713	5,827
Old			6,088	6,331	6,642
Change (%)			*(3.2)*	*(9.8)*	*(12.3)*
Gross margin (%)					
New	28.6	29.6	29.9	29.9	29.9
Old			29.6	29.6	29.6
Change (ppt)			*0.3*	*0.3*	*0.3*
SG&A/sales (%)					
New	15.4	16.3	18.2	18.6	18.7
Old			16.3	16.1	15.8
Change (ppt)			*1.9*	*2.6*	*2.9*
Normalized profit (Bt m)					
New	636	651	591	550	556
Old			672	713	762
Change (%)			*(12.2)*	*(22.9)*	*(27.1)*

Sources: Company data, Thanachart estimates

Ex 2: Our 12-month DCF-based TP, Using a Base Year of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA		851	886	933	985	1,041	1,101	1,162	1,227	1,294	1,364	1,465	—
Free cash flow		710	610	603	601	654	709	767	828	891	957	645	7,513
PV of free cash flow		641	497	444	400	392	384	375	365	355	344	210	2,439
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	10.8												
Terminal growth (%)	2.0												
Enterprise value - add investments	6,846												
Net debt (2025F)	877												
Minority interest	246												
Equity value	5,723												
# of shares (m)	900												
Target price/share (Bt)	**6.4**												

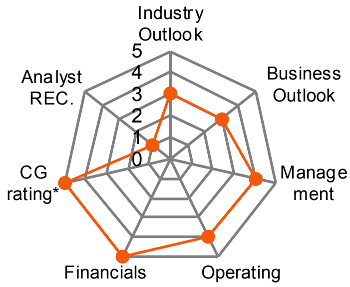
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

Srinanaporn Marketing Pcl (SNNP) is the leading manufacturer of seafood-based snacks under the Bento brand and gelatine drinks under the Jele brand in Thailand. It also sells products in more than 30 countries. The second-largest market for SNNP is Vietnam, where it also commands the leading market share. The company has four plants in Thailand, one in Cambodia, and another in Vietnam. SNNP distributes products via third-party distributors, which are leaders in SNNP's key markets.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *CG rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong presence in seafood snacks and gelatine drinks in its key markets.
- Robust balance sheet.
- Proactive management team.

W — Weakness

- The seafood snacks and gelatine drinks markets are saturated with only low organic growth.
- Heavy reliance on marketing activities for new product introduction, which is one of its key growth drivers.

O — Opportunity

- Overseas expansions.
- Mergers and acquisitions.
- Lack of strong competitors in markets abroad.

T — Threat

- Currency fluctuations.
- Domestic consumption and economic conditions.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	9.97	6.40	-36%
Net profit 25F (Bt m)	623	591	-5%
Net profit 26F (Bt m)	681	550	-19%
Consensus REC	**BUY: 1**	**HOLD: 8**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts are lower than the Bloomberg consensus numbers, which we attribute to us having a more conservative view on SNNP's business outlook.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- Higher-than-expected growth in domestic sales would represent the key upside risk to our earnings forecasts and TP.
- Stronger-than-expected sales growth in Vietnam and new markets such as the US and China would pose a secondary upside risk to our earnings forecasts.

Source: Thanachart

SNNP

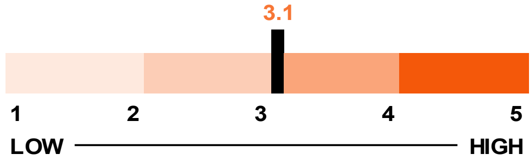
Srinanaporn Marketing Pcl.

Sector: Agro & Food Industry | Food & Beverage

ESG & Sustainability Report

SNNP is Thailand's leading maker of seafood snacks and gelatin drinks in Thailand and its market abroad in Vietnam. Its factories release some greenhouse gases. It has set a long-term target to cut emissions and implemented measures to achieve this goal. Our ESG score for SNNP is 3.1.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
SNNP	YES	A	-	-	-	-	-	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments
ENVIRONMENT – **Environmental Policies & Guidelines** – **Energy Management** – **Carbon Management** – **Water Management** – **Waste Management**	▪ We assign a 2.8 E score for SNNP. ▪ SNNP is the leading maker of seafood snacks and gelatin products in Thailand and Vietnam. It has four factories in Thailand, one in Cambodia, and another one in Vietnam. SNNP has been implementing measures to reduce pollution. It plans to become a net-zero pollution emissions company by 2032. ▪ SNNP has set up a water-quality monitoring system where polluted water is sent back for cleaning before discharge into public water sources. ▪ Its electricity usage is still increasing along with its business expansion but the percentage of clean energy usage rose by 5% in 2022.
SOCIAL – **Human Rights** – **Staff Management** – **Health & Safety** – **Product Safety & Quality** – **Social Responsibility**	▪ We assign SNNP a 3.0 E score ▪ SNNP has set up various welfare schemes for employees. Examples are life insurance and medical treatment expenses for accidents, group health insurance, employee dormitories, and cheap food. ▪ SSNP provides workshops to increase employee efficiency, e.g., improvement in production seals and garbage sorting. ▪ SNNP provides donations for those in need and offers cleaning services for nearby communities.
GOVERNANCE & SUSTAINABILITY – **Board** – **Ethics & Transparency** – **Business Sustainability** – **Risk Management** – **Innovation**	▪ We assign a 3.4 G score for SNNP ▪ SNNP has a nine-member board of directors, which we consider to be moderate for the size and scope of its business. Of the nine members, three are independent directors. There are two female directors. ▪ SNNP has diversified its business into many products. It also operates in over 30 countries. ▪ Within the same product category, SNNP has been studying and developing new product lines to ensure decent demand from existing clients and to acquire new clients.

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	6,016	5,948	5,895	5,713	5,827
Cost of sales	4,298	4,187	4,132	4,003	4,083
Gross profit	**1,718**	**1,761**	**1,764**	**1,710**	**1,744**
% gross margin	28.6%	29.6%	29.9%	29.9%	29.9%
Selling & administration expenses	925	968	1,071	1,065	1,092
Operating profit	**793**	**793**	**692**	**644**	**652**
% operating margin	13.2%	13.3%	11.7%	11.3%	11.2%
Depreciation & amortization	175	176	179	206	234
EBITDA	**968**	**969**	**871**	**851**	**886**
% EBITDA margin	16.1%	16.3%	14.8%	14.9%	15.2%
Non-operating income	34	36	65	65	66
Non-operating expenses	0	0	0	0	0
Interest expense	(8)	(12)	(14)	(15)	(16)
Pre-tax profit	**819**	**816**	**743**	**695**	**702**
Income tax	152	137	125	116	118
After-tax profit	**667**	**679**	**619**	**578**	**584**
% net margin	11.1%	11.4%	10.5%	10.1%	10.0%
Shares in affiliates' Earnings	(35)	(27)	(27)	(27)	(27)
Minority interests	4	(1)	(1)	(1)	(1)
Extraordinary items	0	0	0	0	0
NET PROFIT	**636**	**651**	**591**	**550**	**556**
Normalized profit	**636**	**651**	**591**	**550**	**556**
EPS (Bt)	0.7	0.7	0.7	0.6	0.6
Normalized EPS (Bt)	0.7	0.7	0.7	0.6	0.6

Soft earnings growth outlook

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	2,575	2,974	3,512	3,505	4,016
Cash & cash equivalent	72	81	359	450	900
Account receivables	1,894	2,075	2,245	2,176	2,219
Inventories	602	816	906	877	895
Others	8	2	2	2	2
Investments & loans	77	47	47	47	47
Net fixed assets	1,999	1,926	1,938	1,881	1,798
Other assets	574	573	364	363	363
Total assets	**5,225**	**5,520**	**5,860**	**5,796**	**6,223**
LIABILITIES:					
Current liabilities:	1,370	1,681	1,689	1,570	1,850
Account payables	1,070	963	487	472	481
Bank overdraft & ST loans	142	568	934	846	1,083
Current LT debt	80	73	121	109	140
Others current liabilities	79	76	147	144	145
Total LT debt	**234**	**110**	**181**	**164**	**210**
Others LT liabilities	158	197	411	406	408
Total liabilities	**1,763**	**1,989**	**2,281**	**2,140**	**2,469**
Minority interest	244	245	246	247	248
Preferreds shares	0	0	0	0	0
Paid-up capital	480	480	450	450	450
Share premium	2,018	2,018	2,018	2,018	2,018
Warrants	0	0	0	0	0
Surplus	(180)	(245)	(245)	(245)	(245)
Retained earnings	**900**	**1,034**	**1,109**	**1,187**	**1,284**
Shareholders' equity	3,218	3,286	3,332	3,409	3,506
Liabilities & equity	**5,225**	**5,520**	**5,860**	**5,796**	**6,223**

In a net cash position

Sources: Company data, Thanachart estimates

Passed its heavy capex cycle

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	819	816	743	695	702
Tax paid	(159)	(144)	(122)	(120)	(116)
Depreciation & amortization	175	176	179	206	234
Chg In w orking capital	(414)	(502)	(736)	83	(52)
Chg In other CA & CL / minorities	(38)	(5)	41	(27)	(27)
Cash flow from operations	**383**	**341**	**106**	**836**	**741**
Capex	(231)	(100)	(190)	(150)	(150)
Right of use	(5)	(4)	(0)	0	(0)
ST loans & investments	0	0	0	0	0
LT loans & investments	33	30	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	54	29	422	(5)	3
Cash flow from investments	**(148)**	**(46)**	**232**	**(155)**	**(147)**
Debt financing	171	296	485	(117)	315
Capital increase	0	0	(30)	0	0
Dividends paid	(443)	(480)	(515)	(473)	(459)
Warrants & other surplus	(23)	(103)	0	0	0
Cash flow from financing	**(296)**	**(287)**	**(60)**	**(590)**	**(144)**
Free cash flow	**152**	**241**	**(84)**	**686**	**591**

Unattractive PE against EPS growth ,in our view

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	10.1	9.9	10.9	11.7	11.6
Normalized PE - at target price (x)	9.1	8.8	9.8	10.5	10.4
PE (x)	10.1	9.9	10.9	11.7	11.6
PE - at target price (x)	9.1	8.8	9.8	10.5	10.4
EV/EBITDA (x)	7.0	7.3	8.4	8.3	7.9
EV/EBITDA - at target price (x)	6.3	6.6	7.6	7.6	7.1
P/BV (x)	2.0	2.0	1.9	1.9	1.8
P/BV - at target price (x)	1.8	1.8	1.7	1.7	1.6
P/CFO (x)	16.8	18.8	60.9	7.7	8.7
Price/sales (x)	1.1	1.2	1.2	1.2	1.2
Dividend yield (%)	6.7	8.4	7.6	7.1	7.2
FCF Yield (%)	2.4	3.7	(1.3)	10.7	9.2
(Bt)					
Normalized EPS	0.7	0.7	0.7	0.6	0.6
EPS	0.7	0.7	0.7	0.6	0.6
DPS	0.5	0.6	0.5	0.5	0.5
BV/share	3.6	3.7	3.7	3.8	3.9
CFO/share	0.4	0.4	0.1	0.9	0.8
FCF/share	0.2	0.3	(0.1)	0.8	0.7

Sources: Company data, Thanachart estimates

EPS growth looks set to slow down

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	8.3	(1.1)	(0.9)	(3.1)	2.0
Net profit (%)	23.3	2.4	(9.3)	(6.8)	1.0
EPS (%)	23.3	2.4	(9.3)	(6.8)	1.0
Normalized profit (%)	23.3	2.4	(9.3)	(6.8)	1.0
Normalized EPS (%)	23.3	2.4	(9.3)	(6.8)	1.0
Dividend payout ratio (%)	68.2	82.9	82.9	82.9	82.9
Operating performance					
Gross margin (%)	28.6	29.6	29.9	29.9	29.9
Operating margin (%)	13.2	13.3	11.7	11.3	11.2
EBITDA margin (%)	16.1	16.3	14.8	14.9	15.2
Net margin (%)	11.1	11.4	10.5	10.1	10.0
D/E (incl. minor) (x)	0.1	0.2	0.3	0.3	0.4
Net D/E (incl. minor) (x)	0.1	0.2	0.2	0.2	0.1
Interest coverage - EBIT (x)	104.0	63.5	49.5	42.4	40.3
Interest coverage - EBITDA (x)	127.1	77.6	62.3	55.9	54.7
ROA - using norm profit (%)	12.4	12.1	10.4	9.4	9.2
ROE - using norm profit (%)	20.3	20.0	17.8	16.3	16.1
DuPont					
ROE - using after tax profit (%)	21.3	20.9	18.7	17.2	16.9
- asset turnover (x)	1.2	1.1	1.0	1.0	1.0
- operating margin (%)	13.7	13.9	12.8	12.4	12.3
- leverage (x)	1.6	1.7	1.7	1.7	1.7
- interest burden (%)	99.1	98.5	98.2	97.9	97.7
- tax burden (%)	81.5	83.2	83.2	83.2	83.2
WACC (%)	10.8	10.8	10.8	10.8	10.8
ROIC (%)	20.2	18.3	14.6	12.7	13.3
NOPAT (Bt m)	646	660	576	537	543
invested capital (Bt m)	3,602	3,957	4,210	4,078	4,040

Sources: Company data, Thanachart estimates

Small Cap Research

SELL (Unchanged)

Change in Numbers

TP: Bt 4.00 (From: Bt 6.20)

Downside : 13.4%

13 NOVEMBER 2025

Taokaenoi Food & Marketing (TKN TB)

Weakening demand

TKN continues to experience weakness in overseas markets, while domestic sales growth is slowing. Soft demand has also triggered more aggressive marketing spending. We cut our earnings estimates by 25-38% in 2025-27F and maintain our SELL call on TKN.

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Thanachart Securities

Demand still falling

We maintain our SELL rating on TKN with a lower DCF-based 12-month TP (2026F base year) of Bt4 (from Bt6.2). In this report, we cut our earnings estimates by 25-38% in 2025-27F to reflect weaker-than-expected demand for TKN's products. First, TKN's earnings fell by 65% y-y in 1H25. Second, while export demand continues to fall, domestic growth has slowed down. Third, we see further risks of falling demand as weak consumption pushes consumers away from lower-necessity products, e.g., TKN's seaweed snacks. Lastly, we see TKN as unattractive on -49/-6/+9% EPS growth in 2025-27F vs. 16x PE in 2026F.

Weakening demand

TKN's sales fell by 7% y-y in 9M25. Export sales continued to fall by 22% y-y. Weakness was seen across key businesses in China (intense competition from local brands) and in the US (falling demand after it raised selling prices due to tariffs). TKN is adopting various new marketing strategies, but demand continues to fall amid more intense competition from leading local brands. Domestically, sales growth fell to 7% y-y in 3Q25 from 16% in 1H25. Weak demand is evident, but TKN, as the leading domestic snack operator, can still deploy aggressive marketing spending to boost demand. However, we expect further weakening of demand and estimate sales to fall, or that TKN will need more aggressive spending with margins eroded. We estimate total sales growth of -5/0-3% in 2025-27F.

Lower seaweed costs

TKN has started using a new inventory of seaweed in 3Q25. The price is 10% below the previous lot. Seaweed accounts for 43% of costs. That said, we still estimate TKN's net margin to fall to 7.3% in 2026F from 7.7% this year as TKN will likely need to market aggressively to help generate demand amid weak consumption. We also estimate falling export sales, which, by nature, generate a higher margin than domestic sales.

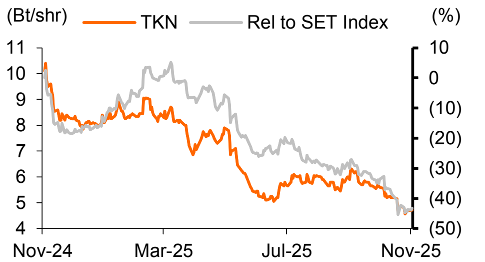
A change in management

TKN's CEO, Mr. Itthipat, has resigned from the position after he was accused by the SEC of insider trading of TKN shares. The new CEO is Ms. Orrapat, Mr. Itthipat's sister. Ms. Orrapat has been among the founders overseeing TKN's overseas business. TKN has been operating under professional management for day-to-day operational execution, while Mr. Itthipat has primarily set the strategic direction. We do not expect a meaningful change in operational quality.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	5,712	5,444	5,436	5,618
Net profit	836	419	395	430
Consensus NP	—	512	603	600
Diff frm cons (%)	—	*(18.1)*	*(34.4)*	*(28.3)*
Norm profit	829	419	395	430
Prev. Norm profit	—	561	643	696
Chg frm prev (%)	—	*(25.3)*	*(38.5)*	*(38.2)*
Norm EPS (Bt)	0.6	0.3	0.3	0.3
Norm EPS grw (%)	12.8	(49.4)	(5.7)	8.8
Norm PE (x)	7.7	15.2	16.1	14.8
EV/EBITDA (x)	6.0	9.5	9.7	8.9
P/BV (x)	2.7	2.8	2.8	2.7
Div yield (%)	11.0	5.5	5.2	5.6
ROE (%)	36.1	18.2	17.4	18.3
Net D/E (%)	(6.4)	(13.2)	(18.2)	(22.7)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	4.62
Market Cap (US$ m)	196.2
Listed Shares (m shares)	1,380.0
Free Float (%)	36.7
Avg Daily Turnover (US$ m)	4.8
12M Price H/L (Bt)	10.40/4.56
Sector	Food & Beverage
Major Shareholder	Peeradechapan Family 55.9%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P88

Ex 1: Earnings Revisions

	2023	2024	2025F	2026F	2027F
Sales (Bt m)					
- New	5,323	5,712	5,444	5,436	5,618
- Old			5,683	6,023	6,373
- Change (%)			*(4.2)*	*(9.7)*	*(11.8)*
Gross margin (%)					
- New	34.1	33.3	27.4	26.9	26.9
- Old			29.1	30.8	29.7
- Change (ppt)			*(1.7)*	*(3.9)*	*(2.8)*
SG&A to sales (%)					
- New	19.5	18.0	18.8	18.8	18.5
- Old			18.8	18.8	17.5
- Change (ppt)			*(0.1)*	*0.1*	*1.0*
Normalized profit (Bt m)					
- New	735	829	419	395	430
- Old			561	643	696
- Change (%)			*(25.3)*	*(38.5)*	*(38.2)*

Sources: Company data, Thanachart estimates

Ex 2: 12-month DCF-based TP Calculation Using A Base Year Of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA		613	657	624	628	630	661	711	780	871	928	992	—
Free cash flow		468	467	439	443	439	463	502	558	634	677	589	6,774
PV of free cash flow		467	380	322	293	262	249	243	244	250	241	189	2,175
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.1												
WACC (%)	10.9												
Terminal growth (%)	2.0												
Enterprise value - add investments	5,317												
Net debt (2025F)	(298)												
Minority interest	0												
Equity value	5,616												
# of shares (m)	1,380												
Target price/share (Bt)	**4.0**												

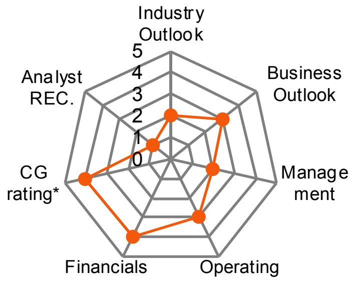
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

Taokaenoi Food & Marketing Pcl (TKN) is the largest producer of seaweed snacks in Thailand, and it exports to over 15 overseas markets. TKN has two factories in Thailand, and it has set up sales offices in some of its key overseas markets.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- The leading producer of seaweed snacks in Thailand.
- Serving more product SKUs than local and overseas competitors.
- .

W — Weakness

- Food market in Thailand is saturated with only low organic growth.
- Heavy reliance on food customers who have strong bargaining power.

O — Opportunity

- Overseas expansions.
- Mergers and acquisitions.

T — Threat

- Raw material cost fluctuations.
- Domestic consumption and economic conditions.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	6.07	4.00	-34%
Net profit 25F (Bt m)	512	419	-18%
Net profit 26F (Bt m)	603	395	-34%
Consensus REC	**BUY: 2**	**HOLD: 2**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts are lower than the Street's, which we attribute to us having a more bearish view on TKN's export growth outlook

Sources: Bloomberg consensus, Thanachart estimates

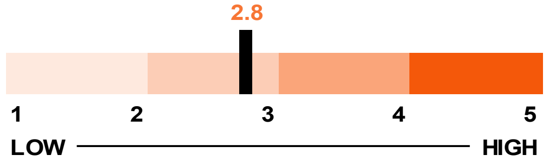
RISKS TO OUR INVESTMENT CASE

- Higher-than-expected growth of the food and beverage markets in TKN's focus markets would pose upside risk to our numbers.
- Achievement to gain new orders and customers would be another upside risk to our earnings forecasts.

Source: Thanachart

TKN is Thailand's leading maker of seaweed snack products. Its factories release some greenhouse gases. It has set a long-term target to cut emissions and has implemented measures to achieve this goal. Our ESG score for TKN is 2.8.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
TKN	-	-	-	-	-	64.48	20.00	-	4.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments
ENVIRONMENT – **Environmental Policies & Guidelines** – **Energy Management** – **Carbon Management** – **Water Management** – **Waste Management**	▪ We assign a 2.6 E score for TKN. ▪ TKN has set the goal of carbon neutrality by 2040 and net-zero by 2050. However, the company still needs a more detailed plan for implementation, in our view. ▪ The company has been reducing electricity usage. Electricity consumption per tonne of production was 2,770kWh in 2024, representing only a 1% reduction from 2,797kWh in 2023. ▪ The company has been reducing waste from its production process. Waste decreased to 203kg per tonne of production in 2024, a 1.7 % reduction from 2023. The packaging has been improved to be smaller, use less color, be more environmentally friendly, and create less waste.
SOCIAL – **Human Rights** – **Staff Management** – **Health & Safety** – **Product Safety & Quality** – **Social Responsibility**	▪ We assign a 3.4 E score to TKN ▪ TKN has set up various welfare schemes for employees. Examples are life insurance and medical treatment expenses for accidents, group health insurance, employee dormitories, and cheap food. ▪ TKN provides workshops to increase employee efficiency, e.g., improvements in its production process and garbage sorting. ▪ TKN provides donations for those in need and offers cleaning services for nearby communities.
GOVERNANCE & SUSTAINABILITY – **Board** – **Ethics & Transparency** – **Business Sustainability** – **Risk Management** – **Innovation**	▪ We assign a 2.5 G score to TKN. ▪ TKN's board structure is not ideal. The board consists of 10 directors, with four independent directors representing 40% of the board, which is below the recommended ratio of over 50% or two-thirds independent directors. ▪ In October 2025, the company's founder resigned from his positions as director and CEO following SEC civil sanctions related to accusations of insider trading violations in 2022. The company stated that this has not affected business operations and that it is expediting the recruitment process to find a suitable replacement. ▪ However, board members have the basic necessary skills, including finance, legal, management, and CSR/sustainability. ▪ TKN has all the necessary committees, including audit, remuneration, governance and sustainability, and risk management. Its risk committee also incorporates climate risk assessments. ▪ TKN is the largest seaweed snack maker in Thailand. Despite a low risk of in-industry competition, TKN lacks a variety of products.

Sources: Thanachart, Company data

We expect flattish earnings growth over 2025-26F

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	5,323	5,712	5,444	5,436	5,618
Cost of sales	3,509	3,811	3,950	3,974	4,107
Gross profit	**1,815**	**1,901**	**1,494**	**1,462**	**1,511**
% gross margin	34.1%	33.3%	27.4%	26.9%	26.9%
Selling & administration expenses	1,038	1,027	1,021	1,024	1,039
Operating profit	**776**	**875**	**473**	**437**	**472**
% operating margin	14.6%	15.3%	8.7%	8.0%	8.4%
Depreciation & amortization	167	161	167	176	185
EBITDA	**944**	**1,035**	**640**	**613**	**657**
% EBITDA margin	17.7%	18.1%	11.8%	11.3%	11.7%
Non-operating income	23	18	15	15	15
Non-operating expenses	0	0	0	0	0
Interest expense	(11)	(18)	(17)	(8)	(4)
Pre-tax profit	**788**	**874**	**471**	**444**	**484**
Income tax	48	44	52	49	53
After-tax profit	**740**	**831**	**419**	**395**	**430**
% net margin	13.9%	14.5%	7.7%	7.3%	7.7%
Shares in affiliates' Earnings	(1)	(1)	0	0	0
Minority interests	(4)	(1)	0	0	0
Extraordinary items	8	7	0	0	0
NET PROFIT	**743**	**836**	**419**	**395**	**430**
Normalized profit	**735**	**829**	**419**	**395**	**430**
EPS (Bt)	0.5	0.6	0.3	0.3	0.3
Normalized EPS (Bt)	0.5	0.6	0.3	0.3	0.3

TKN should remain in a net cash position

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	2,062	2,267	2,344	2,289	2,431
Cash & cash equivalent	297	416	500	440	520
Account receivables	923	881	840	838	866
Inventories	665	956	991	997	1,030
Others	177	14	13	13	14
Investments & loans	16	15	15	15	15
Net fixed assets	884	923	876	808	736
Other assets	272	290	110	110	110
Total assets	**3,234**	**3,495**	**3,345**	**3,223**	**3,292**
LIABILITIES:					
Current liabilities:	828	1,045	1,003	826	809
Account payables	708	691	717	721	745
Bank overdraft & ST loans	20	266	202	19	(22)
Current LT debt	35	0	0	0	(0)
Others current liabilities	65	87	84	86	86
Total LT debt	**85**	**0**	**0**	**0**	**(0)**
Others LT liabilities	88	93	91	91	92
Total liabilities	**1,001**	**1,138**	**1,094**	**917**	**901**
Minority interest	3	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	345	345	345	345	345
Share premium	1,315	1,315	1,315	1,315	1,315
Warrants	0	0	0	0	0
Surplus	(5)	(88)	(88)	(88)	(88)
Retained earnings	**575**	**785**	**679**	**734**	**818**
Shareholders' equity	2,230	2,357	2,251	2,306	2,391
Liabilities & equity	**3,234**	**3,495**	**3,345**	**3,223**	**3,292**

Sources: Company data, Thanachart estimates

Business doesn't require significant capex despite TKN's growth ambitions

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	788	874	471	444	484
Tax paid	(53)	(41)	(54)	(49)	(53)
Depreciation & amortization	167	161	167	176	185
Chg In working capital	(169)	(265)	32	(0)	(37)
Chg In other CA & CL / minorities	(5)	195	(1)	1	(0)
Cash flow from operations	**729**	**925**	**616**	**573**	**578**
Capex	(116)	(200)	(120)	(109)	(112)
Right of use	(10)	(7)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	33	1	0	0	0
Adj for asset revaluation	0	(81)	0	0	0
Chg In other assets & liabilities	(25)	(24)	178	(0)	1
Cash flow from investments	**(118)**	**(311)**	**58**	**(109)**	**(111)**
Debt financing	(181)	134	(64)	(183)	(42)
Capital increase	0	0	0	0	0
Dividends paid	(593)	(621)	(525)	(341)	(346)
Warrants & other surplus	(1)	(7)	0	0	0
Cash flow from financing	**(775)**	**(494)**	**(590)**	**(524)**	**(387)**
Free cash flow	**613**	**725**	**496**	**464**	**466**

Expensive PE against EPS growth, in our view

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	8.7	7.7	15.2	16.1	14.8
Normalized PE - at target price (x)	7.5	6.7	13.2	14.0	12.8
PE (x)	8.6	7.6	15.2	16.1	14.8
PE - at target price (x)	7.4	6.6	13.2	14.0	12.8
EV/EBITDA (x)	6.6	6.0	9.5	9.7	8.9
EV/EBITDA - at target price (x)	5.7	5.2	8.2	8.3	7.6
P/BV (x)	2.9	2.7	2.8	2.8	2.7
P/BV - at target price (x)	2.5	2.3	2.5	2.4	2.3
P/CFO (x)	8.7	6.9	10.4	11.1	11.0
Price/sales (x)	1.2	1.1	1.2	1.2	1.1
Dividend yield (%)	10.0	11.0	5.5	5.2	5.6
FCF Yield (%)	9.6	11.4	7.8	7.3	7.3
(Bt)					
Normalized EPS	0.5	0.6	0.3	0.3	0.3
EPS	0.5	0.6	0.3	0.3	0.3
DPS	0.5	0.5	0.3	0.2	0.3
BV/share	1.6	1.7	1.6	1.7	1.7
CFO/share	0.5	0.7	0.4	0.4	0.4
FCF/share	0.4	0.5	0.4	0.3	0.3

Sources: Company data, Thanachart estimates

We forecast TKN's profitability to improve

Not really the case

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	21.9	7.3	(4.7)	(0.1)	3.3
Net profit (%)	70.9	12.5	(49.8)	(5.7)	8.8
EPS (%)	70.9	12.5	(49.8)	(5.7)	8.8
Normalized profit (%)	70.1	12.8	(49.4)	(5.7)	8.8
Normalized EPS (%)	70.1	12.8	(49.4)	(5.7)	8.8
Dividend payout ratio (%)	85.4	83.7	83.7	83.7	83.7
Operating performance					
Gross margin (%)	34.1	33.3	27.4	26.9	26.9
Operating margin (%)	14.6	15.3	8.7	8.0	8.4
EBITDA margin (%)	17.7	18.1	11.8	11.3	11.7
Net margin (%)	13.9	14.5	7.7	7.3	7.7
D/E (incl. minor) (x)	0.1	0.1	0.1	0.0	(0.0)
Net D/E (incl. minor) (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Interest coverage - EBIT (x)	70.8	48.9	28.5	54.4	133.0
Interest coverage - EBITDA (x)	86.1	57.9	38.5	76.3	185.1
ROA - using norm profit (%)	22.8	24.6	12.3	12.0	13.2
ROE - using norm profit (%)	34.1	36.1	18.2	17.4	18.3
DuPont					
ROE - using after tax profit (%)	34.3	36.2	18.2	17.4	18.3
- asset turnover (x)	1.7	1.7	1.6	1.7	1.7
- operating margin (%)	15.0	15.6	9.0	8.3	8.7
- leverage (x)	1.5	1.5	1.5	1.4	1.4
- interest burden (%)	98.6	98.0	96.6	98.2	99.3
- tax burden (%)	93.9	95.0	89.0	89.0	89.0
WACC (%)	10.9	10.9	10.9	10.9	10.9
ROIC (%)	37.4	40.1	19.1	19.9	22.3
NOPAT (Bt m)	729	831	421	389	420
invested capital (Bt m)	2,073	2,208	1,953	1,885	1,848

Sources: Company data, Thanachart estimates

HOLD (Unchanged)

Change in Numbers

TP: Bt 12.60 (From: Bt 11.50)

Upside : 6.7%

13 NOVEMBER 2025

Thai Union Group Pcl (TU TB)

Fairly valued

TU has continued to focus on cost-saving strategies as its seafood-based business faces sluggish demand. We see TU as fairly priced, trading on 11x 2026F PE vs. -11/8% EPS growth in and 5.6/5.5% dividend yields in 2025-26F.

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Thanachart Securities

Fairly priced; maintaining HOLD

We maintain our HOLD rating on TU with a higher DCF-based TP (2026F base year) of Bt12.6 (from Bt11.5). First, the burden from a large consulting fee for its business restructuring peaked in 1H25, while cost-saving benefits are starting to materialize. We no longer expect margin pressure and anticipate some net margin improvement to 4.0% in 2027F from 3.5% in 2025F. Second, TU's business, to us, is experiencing a limited sales growth outlook amid the sluggish economy in key markets in the US and Europe. TU offers decent dividend yields of 5.6/5.5% p.a. in 2025-26F. Lastly, we foresee limited potential upside as we believe the stock is now fairly valued at 11x 2026F PE vs. –11/8/5% EPS growth in 2025-27F. In this report, we lift our earnings estimates by 1-2% p.a., as TU has identified more cost-saving opportunities than we'd expected.

Stagnant demand

TU is an ambient and frozen seafood processor and also runs a specialized pet food OEM business via its 78.8%-owned i-Tail Corporation Pcl (ITC TB, BUY, Bt17.1). During 2019-24, ambient seafood US$ sales amid the global slowdown grew by an average of 2% p.a., while higher-priced frozen seafood faced weak demand, and with the business downsizing, sales fell 7% p.a. In 9M25, ambient seafood and frozen seafood sales declined grew 1% y-y. TU's premium pet food OEM business remained resilient, growing by 7% p.a. over 2019-24 and 9% y-y in 9M25. We project a flat total US$ sales growth for TU in 2025-27F but 9% p.a. growth for its pet food business. We prefer ITC as a direct play on resilient pet food.

Cost-saving mode

TU hired consultants for the restructuring of its tuna and frozen seafood businesses, as well as for ITC. The fee booking period is 2024 to early 2027, with 2025 being the peak year. Benefits are from procurement savings, efficiency gains, and new customers. TU expects total benefits to reach Bt4.5bn p.a. in 2027. We forecast net margin rising to 4.0% in 2027F from 3.5% this year

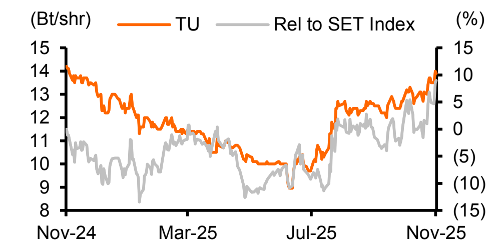
5.6/5.5% dividend yields in 2025-26F

TU has ample cash on hand, with free cash flow (FCF) per share of Bt2.3/1.7 in 2025-26F, or 16/12% FCF yields. However, we project a DPS of Bt0.76/0.75, or 5.6/5.5% in 2025-26F dividend yields based on a 60% dividend payout ratio assumption. TU's minimum dividend payout ratio is 50%. TU's D/E was 1.4x in 3Q25, and dividend payments are constrained by a debt covenant limiting its payout to likely not over 70%. During 2020-24, TU implemented a more active capital management strategy via a combined share buyback program of Bt11.8bn, or 19.2% of total shares before the share repurchase program. The company does not have a further buyback program planned at this time.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	138,433	131,755	130,958	130,817
Net profit	4,985	4,877	4,788	5,040
Consensus NP	—	4,393	4,815	4,799
Diff frm cons (%)	—	*11.0*	*(0.6)*	*5.0*
Norm profit	4,985	4,420	4,788	5,040
Prev. Norm profit	—	4,327	4,689	5,000
Chg frm prev (%)	—	*2.1*	*2.1*	*0.8*
Norm EPS (Bt)	1.3	1.1	1.2	1.3
Norm EPS grw (%)	(16.0)	(11.3)	8.3	5.3
Norm PE (x)	10.4	11.8	10.9	10.3
EV/EBITDA (x)	9.0	9.1	8.4	7.8
P/BV (x)	1.1	1.0	1.0	1.0
Div yield (%)	5.6	5.6	5.5	5.8
ROE (%)	9.3	8.9	9.3	9.4
Net D/E (%)	92.5	79.8	71.9	63.4

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Nov-25 (Bt)	13.50
Market Cap (US$ m)	1,850.7
Listed Shares (m shares)	4,455.1
Free Float (%)	68.8
Avg Daily Turnover (US$ m)	5.9
12M Price H/L (Bt)	14.20/8.95
Sector	FOOD
Major Shareholder	Chansiri family 25.5%

Sources: Bloomberg, Company data, Thanachart estimates

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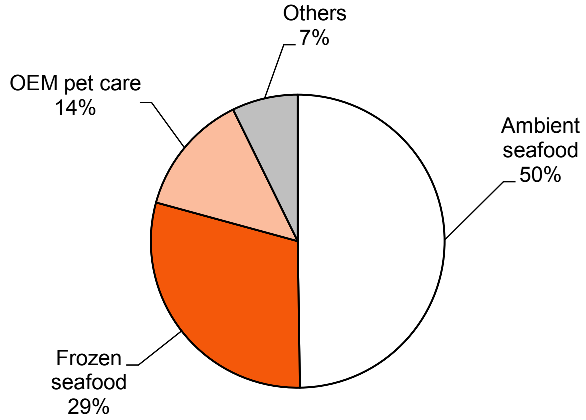
Divergence in businesses

We maintain our HOLD call on TU

Our HOLD recommendation on Thai Union Group Pcl (TU) stems from our expectation of sluggish revenue growth, while we see its valuation as fairly priced, trading on 11 x 2026F PE, vs. -11/8/5% EPS growth in 2025-27F. TU is actually a strong company with a leading business position in canned tuna, frozen pet food, and pet food. Due to weak consumption, consumers' preferences have shifted toward cheaper canned tuna and frozen seafood, while demand for premium pet food remains resilient. We prefer TU's subsidiary i-Tail Corporation Pcl (ITC TB, Bt17.1, BUY) as a direct play on the resilient pet food industry.

Ex 1: Sales Breakdown



Sources: Company data, Thanachart estimates

Ex 2: Our Assumptions

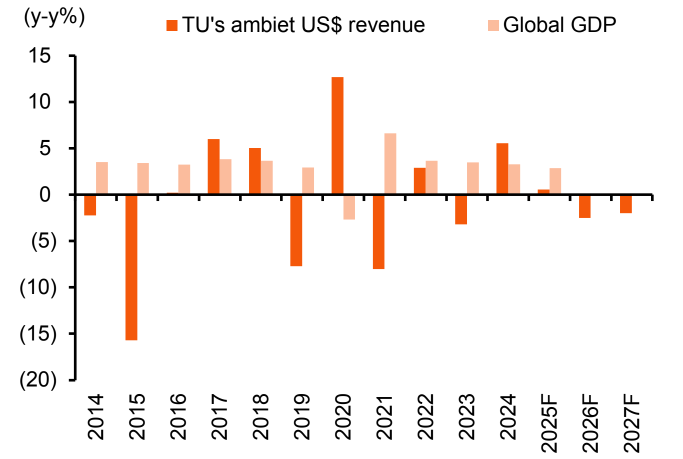
	2023	2024	2025F	2026F	2027F
US$ sales (% growth)	(11.8)	0.3	1.5	(0.3)	(1.6)
- Ambient seafood	(3.2)	5.6	0.3	(0.7)	(2.0)
- Frozen food	(16.4)	(12.0)	0.2	(4.7)	(5.9)
- OEM pet food	(30.1)	13.9	8.9	9.4	7.0
- Others	(4.3)	3.7	2.4	2.3	0.5
Baht/US$	34.9	35.3	33.1	33.0	33.5
Gross margin (%)	17.1	18.5	19.2	18.5	18.3
SG&A to sales (%)	12.0	13.3	14.2	13.3	13.0
Net margin	4.4	3.8	3.5	3.8	4.0

Sources: Company data, Thanachart estimates

Sluggish canned tuna and frozen segments

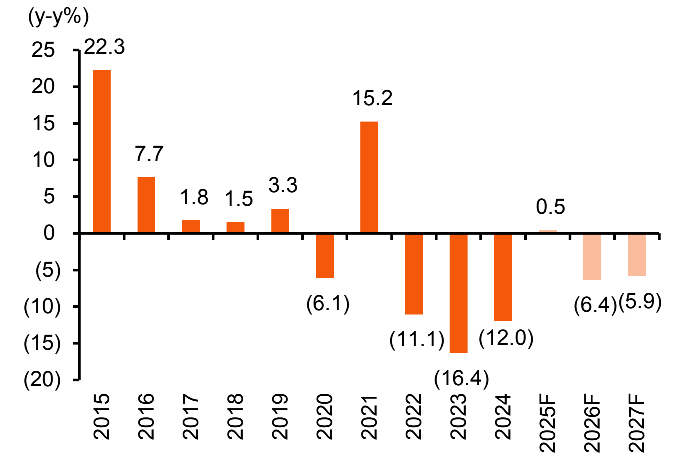
TU operates as the world's largest canned tuna producer while also running frozen seafood operations and a specialized pet food manufacturing business through its majority-owned subsidiary ITC. The company's core canned tuna segment has grown modestly at roughly 2% yearly since 2019, reflecting challenging global economic conditions. Its frozen seafood division has struggled more significantly, contracting about 7% p.a. as consumers pulled back on higher-priced restaurant products.

Ex 3: Soft Ambient Growth…



Sources: Company data, Thanachart estimates

Ex 4: Sluggish Frozen Seafood

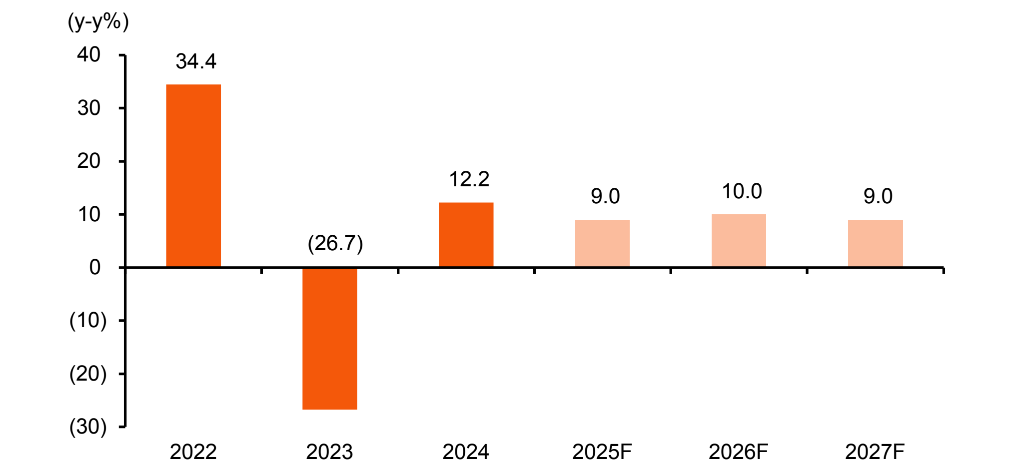


Sources: Company data, Thanachart estimates

Strong pet food operations

The bright spot remains its premium pet food operations, which have maintained impressive momentum with 7% p.a. growth through 2024 and 9% growth in the 9M25. This segment focuses on specialized offerings, such as human-grade ingredients and health-targeted formulations, that continue to resonate with pet owners despite premium pricing.

Ex 5: Go od Outlook For Pet Food



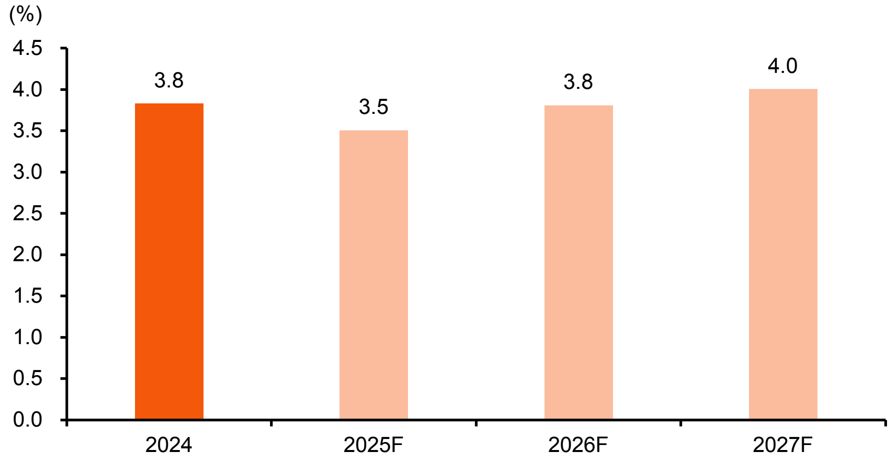
Sources: Company data, Thanachart estimates

Cost improvements

Efforts to reduce cost base

The company engaged external consultants to restructure operations, with associated fees peaking this year before declining. Management expects these efforts to generate approximately B4.5bn in annual benefits by 2027 through improved procurement, operational efficiency, and new customer relationships. That said, TU mentioned that it needs to allocate some of the savings to marketing amid weak demand. We expect net profit margin to expand from 3.5% in 2025F to 4.0% by 2027F.

Ex 6: Net Margin Improvement



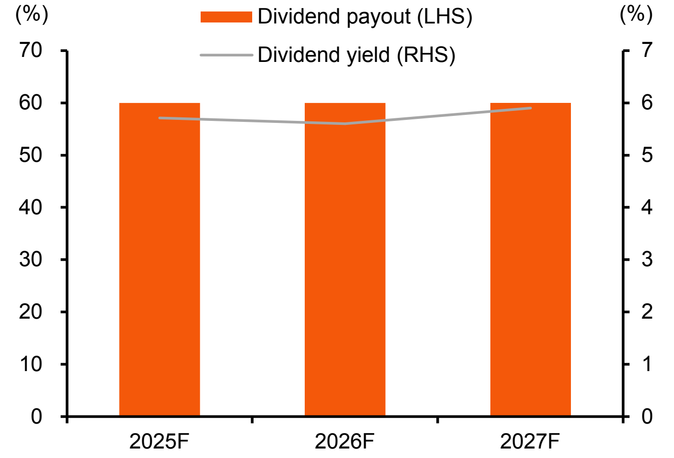
Sources: Company data, Thanachart estimates

The dividend story

Also a decent yield play

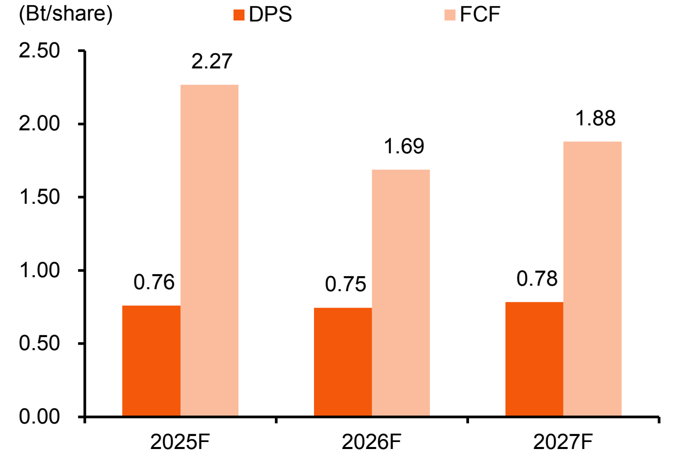
We estimate TU to offer DPS of Bt0.76/0.75, or 5.6/5.5% dividend yields in 2025-26F. Note that TU has ample cash on hand with free cash flow (FCF) per share of Bt2.3/1.7 in 2025-26F, or 16/12% FCF yields. TU's minimum dividend payout ratio is 50%. TU's D/E was 1.4x in 3Q25, and dividend payments are constrained by a debt covenant limiting its payout to likely not over 70%. Between 2020-24, TU implemented a more active capital management strategy via a combined share buyback program of Bt11.9bn or 19.2% of total shares. The company does not have a further buyback program planned at this time.

Ex 7: DPS And Dividend Payout



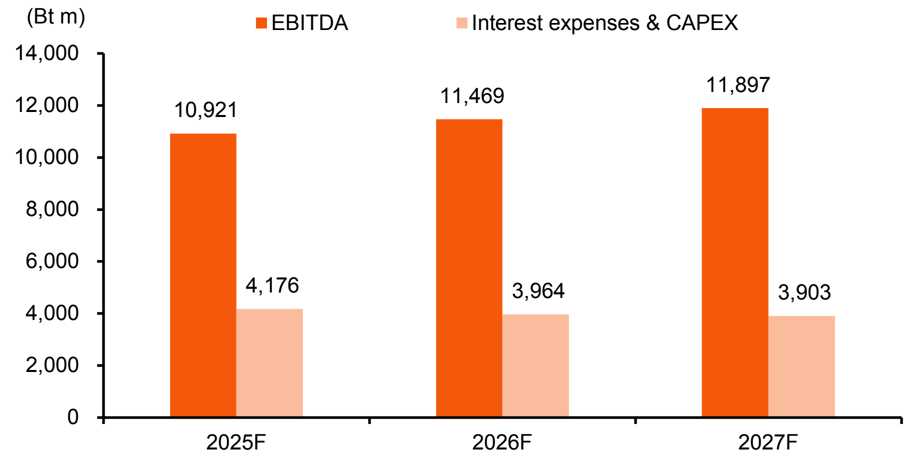
Source: Thanachart estimates

Ex 8: DPS Vs. FCF/Share



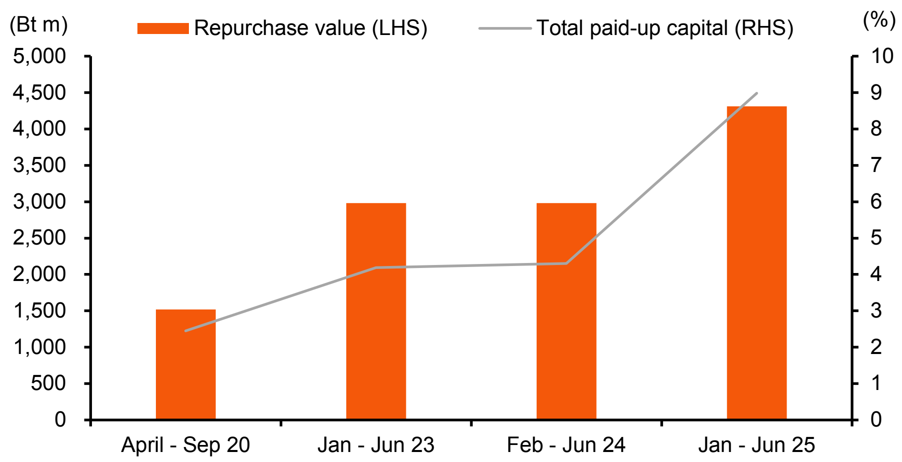
Source: Thanachart estimates

Ex 9: EBITDA Vs. Capex And Interest Expenses



Source: Thanachart estimates

Ex 10: TU's Recent Share Repurchase Programs



Source: Company data

Ex 11: O ur 12-month DCF-based TP, Using a Base Year of 2026F

(Bt m)		2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA		10,892	11,234	11,586	11,902	12,053	12,231	12,421	12,627	12,907	12,958	13,067	—
Free cash flow		6,605	6,906	7,676	8,019	7,554	7,713	7,883	7,967	8,048	8,343	6,190	111,568
PV of free cash flow		5,959	5,959	6,152	5,969	5,223	4,954	4,702	4,414	4,141	3,988	2,748	49,521
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.1												
WACC (%)	7.7												
Terminal growth (%)	2.0												
Enterprise value - add investments	104,357												
Net debt (2025F)	47,159												
Minority interest	8,648												
Equity value	48,550												
# of shares (m)	3,855												
Target price/share (Bt)	**12.6**												

Sources: Company data, Thanachart estimates

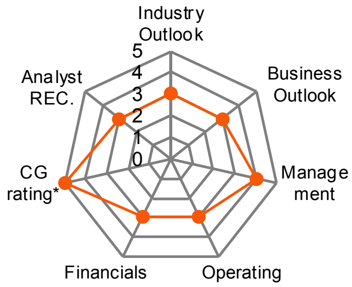
Note: we use ex-treasury number of shares as TU plans to cancel them.

COMPANY DESCRIPTION

Thai Union Group Pcl (TU) was founded in 1988. TU is the world's leading seafood processor and exporter, with a global workforce of around 26,000, and it recently expanded into the food services business. Its major products are canned tuna, frozen tuna loin, frozen shrimp, lobster, frozen and canned seafood, frozen cephalopods, pet food, fish snacks, and shrimp feed. TU has a 25% stake in Red Lobster.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *CG rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Fully integrated business
- Economies of scale
- Diversified markets
- Strong management execution

W — Weakness

- Foreign exchange risk exposure
- Fluctuations in raw material prices
- Labor-intensive business

O — Opportunity

- Overseas expansion and acquisitions
- Expanding product lines
- Penetrating the food-services segment

T — Threat

- Strengthening Thai baht
- A sharp rise in oil and tuna prices
- Changes in regulations
- Severe disease outbreaks

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	13.45	12.60	-6%
Net profit 25F (Bt m)	4,393	4,877	11%
Net profit 26F (Bt m)	4,815	4,788	-1%
Consensus REC	**BUY: 8**	**HOLD: 11**	**SELL: 3**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2026F earnings are relatively in line with the Bloomberg consensus estimate, which we attribute to our sharing a conservative view on the impact of the global economic slowdown on TU's food business.

Sources: Bloomberg consensus, Thanachart estimates

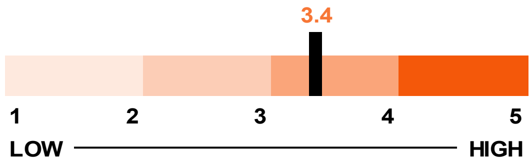
RISKS TO OUR INVESTMENT CASE

- A milder/greater impact from the global economic slowdown would pose a upside/downside risk to our earnings forecasts.
- If the Thai baht were to weaken/strengthen to levels far different from what we presently assume, this would represent a secondary upside/downside risk to our projections and TP.

Source: Thanachart

TU is the largest global canned tuna producer and is also among the top-five global OEM pet food manufacturers for leading branded manufacturers. ITC has clear targets for pollution reduction, and it is implementing various measures to achieve these goals, although its manufacturing-based business releases sizable amounts of pollutants. Our ESG score is 3.45.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
TU	YES	A	YES	A	64.88	78.95	85.00	41.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments
ENVIRONMENT – **Environmental Policies & Guidelines** – **Energy Management** – **Carbon Management** – **Water Management** – **Waste Management**	▪ We assign a 4.0. E score for TU, which is relatively high. ▪ TU is the world's largest canned tuna producer and also among the top-five global OEM pet-food manufacturers whose customers are leading branded pet-food providers. The company has pollution release measurement systems and specific plans to achieve its ESG targets. ▪ TU reduced energy consumption from coal by 46% in 2024, increased solar energy consumption by 257%, and reduced GHG by 21% from the 2021 baseline. ▪ TU achieved 100% zero discharge from one of its key factories in 2024. Twenty-three of its 32 factories achieved zero waste to landfill in 2024.
SOCIAL – **Human Rights** – **Staff Management** – **Health & Safety** – **Product Safety & Quality** – **Social Responsibility**	▪ We assign a 3.5 S score for TU. ▪ TU has installed in-house rainwater tanks, allowing it to use less public water, therefore leaving more available for the community. ▪ TU has been active in providing support, such as donations to public schools and offering other help to those in need. Bt250m has been donated, or 1.8% of 2024 profits.
GOVERNANCE & SUSTAINABILITY – **Board** – **Ethics & Transparency** – **Business Sustainability** – **Risk Management** – **Innovation**	▪ Our G score for TU is 3.0. ▪ TU has an 11-member board of directors (BOD), which we see as appropriate for its business scale. Of the 11 members, five are independent directors. The chairman is also an independent director. ▪ TU has highly diversified food products, e.g., canned tuna, frozen food, and pet food. ▪ TU has been active in developing automation to reduce its workforce, although the process has been gradual.

Sources: Thanachart, Company data

Soft sales, but falling costs help

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	136,153	138,433	131,755	130,958	130,817
Cost of sales	112,928	112,809	106,446	106,764	106,850
Gross profit	**23,225**	**25,624**	**25,309**	**24,194**	**23,967**
% gross margin	17.1%	18.5%	19.2%	18.5%	18.3%
Selling & administration expenses	16,313	18,401	18,769	17,384	17,006
Operating profit	**6,912**	**7,222**	**6,539**	**6,810**	**6,961**
% operating margin	5.1%	5.2%	5.0%	5.2%	5.3%
Depreciation & amortization	4,189	4,365	4,382	4,659	4,936
EBITDA	**11,101**	**11,587**	**10,921**	**11,469**	**11,897**
% EBITDA margin	8.2%	8.4%	8.3%	8.8%	9.1%
Non-operating income	760	1,003	726	514	453
Non-operating expenses	0	0	0	0	0
Interest expense	(2,302)	(2,492)	(2,144)	(1,843)	(1,656)
Pre-tax profit	**5,369**	**5,733**	**5,122**	**5,480**	**5,758**
Income tax	(620)	430	502	493	518
After-tax profit	**5,989**	**5,303**	**4,620**	**4,987**	**5,240**
% net margin	4.4%	3.8%	3.5%	3.8%	4.0%
Shares in affiliates' Earnings	679	771	771	771	771
Minority interests	(733)	(1,089)	(970)	(970)	(970)
Extraordinary items	(19,869)	0	457	0	0
NET PROFIT	**(13,933)**	**4,985**	**4,877**	**4,788**	**5,040**
Normalized profit	**5,936**	**4,985**	**4,420**	**4,788**	**5,040**
EPS (Bt)	(3.6)	1.3	1.3	1.2	1.3
Normalized EPS (Bt)	1.5	1.3	1.1	1.2	1.3

Strong balance sheet, based on our estimates

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	85,829	79,649	68,710	65,715	65,728
Cash & cash equivalent	16,451	15,487	8,000	5,000	5,000
Account receivables	16,031	16,876	16,062	15,965	15,948
Inventories	50,482	43,626	41,165	41,288	41,321
Others	2,866	3,659	3,483	3,462	3,459
Investments & loans	9,935	9,263	9,263	9,263	9,263
Net fixed assets	30,031	29,513	29,733	29,762	29,599
Other assets	39,655	36,488	36,316	36,058	35,714
Total assets	**165,450**	**154,912**	**144,022**	**140,797**	**140,303**
LIABILITIES:					
Current liabilities:	50,473	50,588	44,355	41,673	40,228
Account payables	18,798	18,522	17,477	17,529	17,543
Bank overdraft & ST loans	8,587	16,991	13,869	12,452	11,619
Current LT debt	19,716	12,650	10,326	9,270	8,650
Others current liabilities	3,372	2,425	2,683	2,422	2,415
Total LT debt	**38,518**	**37,934**	**30,964**	**27,799**	**25,940**
Others LT liabilities	10,442	10,078	9,626	9,390	9,138
Total liabilities	**99,433**	**98,600**	**84,945**	**78,863**	**75,306**
Minority interest	7,389	7,678	8,648	9,618	10,588
Preferreds shares	5,950	0	0	0	0
Paid-up capital	1,164	1,114	964	964	964
Share premium	19,948	19,948	19,948	19,948	19,948
Warrants	0	0	0	0	0
Surplus	12,526	9,322	9,322	9,322	9,322
Retained earnings	**19,040**	**18,251**	**20,195**	**22,083**	**24,175**
Shareholders' equity	58,628	48,635	50,429	52,317	54,409
Liabilities & equity	**165,450**	**154,912**	**144,022**	**140,797**	**140,303**

Sources: Company data, Thanachart estimates

Strong cash flows

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	5,369	5,733	5,122	5,480	5,758
Tax paid	623	(419)	(529)	(496)	(519)
Depreciation & amortization	4,189	4,365	4,382	4,659	4,936
Chg In w orking capital	414	5,735	2,230	26	(2)
Chg In other CA & CL / minorities	1,819	(1,830)	1,231	533	768
Cash flow from operations	**12,416**	**13,584**	**12,437**	**10,203**	**10,942**
Capex	(4,766)	(2,875)	(3,700)	(3,700)	(3,700)
Right of use	(385)	(319)	(319)	(319)	(319)
ST loans & investments	(21)	87	0	0	0
LT loans & investments	18,401	672	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(21,703)	2,112	(405)	(647)	(663)
Cash flow from investments	**(8,473)**	**(323)**	**(4,425)**	**(4,666)**	**(4,682)**
Debt financing	7,560	754	(12,416)	(5,638)	(3,311)
Capital increase	(29)	(6,000)	(150)	0	0
Dividends paid	(3,385)	(2,389)	(2,933)	(2,900)	(2,948)
Warrants & other surplus	(4,667)	(6,589)	0	0	0
Cash flow from financing	**(521)**	**(14,224)**	**(15,499)**	**(8,537)**	**(6,260)**
Free cash flow	**7,650**	**10,709**	**8,737**	**6,503**	**7,242**

Valuation looks fairly priced to us at 11x 2026F PE

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	8.8	10.4	11.8	10.9	10.3
Normalized PE - at target price (x)	8.2	9.7	11.0	10.1	9.6
PE (x)	na	10.4	10.7	10.9	10.3
PE - at target price (x)	na	9.7	10.0	10.1	9.6
EV/EBITDA (x)	9.2	9.0	9.1	8.4	7.8
EV/EBITDA - at target price (x)	8.9	8.7	8.8	8.1	7.5
P/BV (x)	1.0	1.1	1.0	1.0	1.0
P/BV - at target price (x)	0.9	1.0	1.0	0.9	0.9
P/CFO (x)	4.2	3.8	4.2	5.1	4.8
Price/sales (x)	0.4	0.4	0.5	0.5	0.5
Dividend yield (%)	4.8	5.6	5.6	5.5	5.8
FCF Yield (%)	14.7	20.6	16.8	12.5	13.9
(Bt)					
Normalized EPS	1.5	1.3	1.1	1.2	1.3
EPS	(3.6)	1.3	1.3	1.2	1.3
DPS	0.7	0.8	0.8	0.7	0.8
BV/share	13.7	12.6	13.1	13.6	14.1
CFO/share	3.2	3.5	3.2	2.6	2.8
FCF/share	2.0	2.8	2.3	1.7	1.9

Sources: Company data, Thanachart estimates

Stable dividend policy

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(12.5)	1.7	(4.8)	(0.6)	(0.1)
Net profit (%)	na	na	(2.2)	(1.8)	5.3
EPS (%)	na	na	(2.2)	(1.8)	5.3
Normalized profit (%)	(25.9)	(16.0)	(11.3)	8.3	5.3
Normalized EPS (%)	(25.9)	(16.0)	(11.3)	8.3	5.3
Dividend payout ratio (%)	(18.0)	59.0	60.0	60.0	60.0
Operating performance					
Gross margin (%)	17.1	18.5	19.2	18.5	18.3
Operating margin (%)	5.1	5.2	5.0	5.2	5.3
EBITDA margin (%)	8.2	8.4	8.3	8.8	9.1
Net margin (%)	4.4	3.8	3.5	3.8	4.0
D/E (incl. minor) (x)	1.0	1.2	0.9	0.8	0.7
Net D/E (incl. minor) (x)	0.8	0.9	0.8	0.7	0.6
Interest coverage - EBIT (x)	3.0	2.9	3.1	3.7	4.2
Interest coverage - EBITDA (x)	4.8	4.6	5.1	6.2	7.2
ROA - using norm profit (%)	3.4	3.1	3.0	3.4	3.6
ROE - using norm profit (%)	8.5	9.3	8.9	9.3	9.4
DuPont					
ROE - using after tax profit (%)	8.6	9.9	9.3	9.7	9.8
- asset turnover (x)	0.8	0.9	0.9	0.9	0.9
- operating margin (%)	5.6	5.9	5.5	5.6	5.7
- leverage (x)	2.5	3.0	3.0	2.8	2.6
- interest burden (%)	70.0	69.7	70.5	74.8	77.7
- tax burden (%)	111.5	92.5	90.2	91.0	91.0
WACC (%)	7.7	7.7	7.7	7.7	7.7
ROIC (%)	6.1	6.1	5.9	6.4	6.5
NOPAT (Bt m)	7,710	6,681	5,898	6,197	6,334
invested capital (Bt m)	108,999	100,722	97,588	96,838	95,619

Sources: Company data, Thanachart estimates

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Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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