

Business Overview

Manufacturer and distributor of western foods with 3 main product categories: dairy products, food and bakery ingredients, and biscuits.

Financial Statement

2023 2022 2021 2020

Income Statement (MB)

Revenues	7,192.08	6,190.79
Expenses	6,738.52	5,865.47
Net Profit (Loss)	305.90	241.06

Balance Sheet (MB)

Assets	5,872.01	5,539.60
Liabilities	3,178.11	4,356.08
Shareholders' Equity	2,693.90	1,183.52

Cash Flow (MB)

Operating	432.23	-325.92
Investing	-503.16	-124.47
Financing	30.92	475.85

Financial Ratio

EPS (Baht)	0.67	0.62
GP Margin (%)	30.00	28.68
NP Margin (%)	4.25	3.89
D/E Ratio (x)	1.18	3.68
ROE (%)	15.78	18.03
ROA (%)	8.17	7.24

Business Plan

- The Company plans to adopt more technology and digital transformation in every department to help improve the work process to be more accurate and faster in every department, as well as reducing work redundancy, which will result in increased operational efficiency and productivity while reducing operating expenses, covering purchasing plans for raw materials and inventory management that are in line with demand planning, production, sales, and support departments.
- The Company's distribution center and warehouse, KCG Logistics Park, which will be partly in use by the end of Q1/2024 and fully operational in the second half of the year, will add storage space, increase inventory management efficiency, and significantly reduce warehouse rental costs. All of these factors will help gradually reduce the percentage of selling and administrative expenses to sales (%SG&A to Sales) in 2024 and also in the future sustainably.

Sustainable Development Plan

- Reduce greenhouse gas emissions by 20% from the base year (2021).
- The corporate governance (CGR) score will increase by 10% from 2023 and get an assessment in 2024.
- Prepare for the SET ESG Ratings assessment in 2025.
- Develop sustainability knowledge for high-potential small suppliers to grow with the Company.
- Increase the number of environmentally friendly alternative materials, especially the packaging group.

Business Highlight

The Company operates business in manufacturing and distributing products for consumption covering activities from the research and development process to creating production formulas, procurement of raw materials, product manufacturing, distribution, and transportation to customers domestically, as well as exporting products to other countries. The Company is also an importer and distributor of leading products from overseas to Thailand. The Company's products can be categorized into three main groups (1) Dairy products, (2) Food and Bakery Ingredients and other products (FBI), and (3) Biscuits.

The Company is the market leader in both butter and cheese products, with the No.1 market share of 55.0% for butter, and the No. 1 market share of 31.6% for cheese. The Company is also ranked in the top 5 market share for FBI and biscuits. The Company's brands include "Allowrie", "Imperial", "DAIRYGOLD", "Violet", "Premio", "SUNQUICK", etc.

Performance and Analysis
Business Performance Summary

In 2023, the Company recorded net profit of THB 305.9 million, increased by 26.9% YoY, supported by sales increased by 16.2% YoY, with growth from every product category and every sales channel, supported by higher consumer demand, good-performing new products, as well as additional sales from Indoguna (Thailand) Co., Ltd. ("Indoguna" or "IDG"), a new subsidiary the Company acquired in March 2022.

Key Milestones

The movement of the overall cost of raw materials in 2023 has returned to normal, as it did not increase as sharply as in 2022. In 2024, the average overall cost of raw materials tends to be relatively stable compared to 2023. Meanwhile, the Company plans to continuously upgrade machinery and improve production processes to increase production efficiency. The Company also plans for SKU rationalization, while production capacity utilization tends to expand in 2024; thus, the Company expects that gross profit margins will continue to slightly improve in 2024.

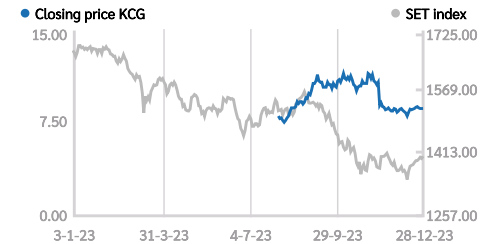
Risk Management Policy

The geopolitical conflict situation during the past year has caused a risk to the import and logistics of the Company's main raw materials from abroad. However, the Company has closely been following and analyzing the movement of the world commodity market situation that affects the Company's main raw materials. The Company also has been well prepared by finding alternative sources of raw materials, with at least 2 trading partners for main raw materials on different continents or countries to reduce reliance on imports of goods from a single country or continent and reduce the risk of supply chain disruptions. In addition, the Company has taken advantage of the Free Trade Agreement (FTA) to import dairy main raw materials from Australia and New Zealand, enhancing cost competitive advantage. The Company also plans to develop core new products that may be affected by the European FTA in the future and source new imported products that will benefit from the FTA to expand new product markets.

Recent Awards and Recognitions

- Accredited by Thai Labor Standard (TLS 8001:2563).
- A member of Thailand Trust Mark (T Mark) in 2023, certifying products and services from Thailand with world-class excellence including the quality production process, environmental and social responsibility, and labor standards.
- Received the GIP Plus Award in 2023 as an entrepreneur who imports products with transparency and enhances sustainability in health products.

Revenue Structure

Stock Information
SET / AGRO / FOOD


as of 28/12/23	KCG	FOOD	SET
P/E (X)	17.42	30.60	18.42
P/BV (X)	1.93	1.54	1.36
Dividend yield (%)	-	3.37	3.32
	28/12/23	-	-
Market Cap (MB)	4,850.50	N/A	N/A
Price (B/Share)	8.90	N/A	N/A
P/E (X)	17.42	N/A	N/A
P/BV (X)	1.93	N/A	N/A

CG Report: -

Company Rating:

Major Shareholders
as of 02/08/2023


- บริษัท กิมจี้ กรุ๊ป จำกัด (52.18%)
- กองทุนเปิด บัวหลวงหุ้นระยะยาว (2.36%)
- นาย วิจัย วิภาวพัฒน์กุล (1.94%)
- นาย ตง ชีระนุสรณ์กิจ (1.94%)
- นาย ดำรง วิภาวพัฒน์กุล (1.94%)
- Others (39.64%)

Company Information and Contact

<http://www.kcgcorporation.com>

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- Received permission to use the Carbon Footprint for Organization (CFO) from Thailand Greenhouse Gas Management Organization (Public Organization).

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Published on 15/03/2024