

24 NOVEMBER 2020

THAILAND / CONSUMER STAPLES

# CARABAO GROUP CBG TB

## BUY

UNCHANGED

TARGET PRICE	THB150.00
CLOSE	THB121.00
UP/DOWNSIDE	+24.0%
PRIOR TP	THB148.00
CHANGE IN TP	+1.4%
TP vs CONSENSUS	+2.9%

## เติบโตอย่างต่อเนื่องในปี 2021

### ตั้งเป้าให้รายได้โตอย่างน้อย 20% ในปี 2021

ในที่ประชุมนักวิเคราะห์ครั้งล่าสุด ผู้บริหารระบุว่าบริษัท ตั้งเป้าให้รายได้ทั้งในและต่างประเทศในปี 2021 โต 20%/25% ตามลำดับ การเติบโตในประเทศจะมาจากยอดขาย C+ Lock และธุรกิจกระจายสินค้า ผู้บริหารคงเป้าหมายยอดขาย C+ Lock ไว้ที่ 100 ล้านขวดในปี 2021 สูงกว่าที่เราคาดไว้ที่ 90 ล้านขวดเล็กน้อย แม้บริษัท จะคงยอดขาย C+ Lock ที่เพียง 60 ล้านขวดในปีนี้ ซึ่งต่ำกว่าเป้าเดิมที่ 100 ล้านขวดจากความล่าช้าในการเปิดตัวผลิตภัณฑ์น้ำส้มพร้อมดื่มตัวใหม่ จากข้อมูลของ CBG ตลาดเครื่องดื่มวิตามินซีมีมูลค่าเพิ่มขึ้น 22% y-y ในช่วง 9M20 เป็น 5 พัน ลบ. ในขณะที่ C+ Lock ได้ส่วนแบ่งตลาดเพิ่มขึ้นเป็น 9% ใน 3Q20 จาก 7% ใน 2Q20 ซึ่งหมายความว่ายอดขาย C+ Locks อาจเพิ่มขึ้นจากค่านิยมในตัวสินค้าของผู้บริโภค นอกจากนี้ CBG ยังวางแผนเปิดตัวสินค้าใหม่ภายใต้ยี่ห้อ Woody ซึ่งอาจจะเป็นน้ำดื่มผสมวิตามิน

### พม่าเป็นศูนย์กลางการเติบโต เวียดนามและจีนเป็น Wildcards

ยอดขายในต่างประเทศยังเป็นปัจจัยหนุนการเติบโตสำคัญ ตลาดพม่ายังมีโอกาสโตและบริษัท คาดว่ายอดขายอาจพุ่งสูงถึง 4 พัน ลบ. ในปี 2022 เทียบกับ 1.9 พัน ลบ. ที่คาดในปี 2020 CBG จะให้ความสำคัญกับเวียดนามมากขึ้น เนื่องจากตลาดดังกล่าวมีขนาดใหญ่เป็น 2 เท่าเมื่อเทียบกับพม่า อย่างไรก็ตามเวียดนามก็มีการแข่งขันรุนแรงมาก ขณะเดียวกันผู้บริหารเห็นแนวโน้มที่เป็นบวกในจีน ในขณะที่บริษัท คาดว่าการดำเนินงานในอังกฤษจะให้ผลขาดทุน 4 ล้านปอนด์ในปี 2021 เทียบกับ 4.5 ล้านปอนด์ในปีนี้

### ความสามารถในการทำกำไรจะดีขึ้นไปพร้อมกัน

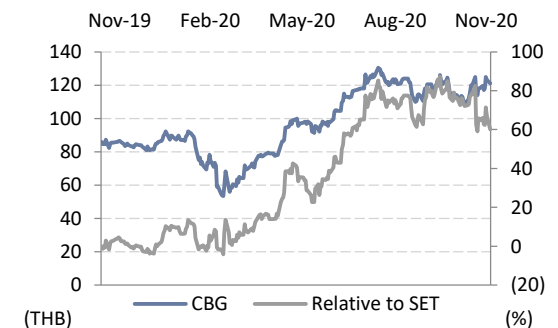
นอกจากการเติบโตของรายได้ ความสามารถในการทำกำไรของ CBG ควรดีขึ้นต่อเนื่องในปี 2021 โดยโรงงานบรรจุภัณฑ์ใหม่ของบริษัท อาจช่วยเพิ่มอัตรากำไรขั้นต้นได้ 1.5-2% หรือ 200 ลบ. หลังใช้กำลังการผลิตเต็มกำลัง ผู้บริหารตั้งเป้าสัดส่วนค่าใช้จ่ายในการขายและบริหารต่อยอดขายที่ 17% ในปี 2021 (เทียบกับสมมติฐานของเราที่ 17.6%) จาก 1) การประหยัดค่า Sponsorship จำนวน 60 ลบ. จากการสิ้นสุดสัญญาของเชลซี; และ 2) การประหยัดค่าใช้จ่ายจำนวน 15 ลบ. จากการตัดแผนพลังงานแสงอาทิตย์บนหลังคา นอกจากนี้ราคาออลูมิเนียมที่กำลังปรับตัวขึ้นควรมีผลกระทบจำกัดต่ออัตรากำไรขั้นต้นของบริษัท สมมติให้ตัวแปรอื่นคงที่ ทุกครั้งที่ราคาออลูมิเนียมเพิ่มขึ้น USD100 จะทำให้อัตรากำไรขั้นต้นของ CBG ลดลง 0.3-0.5%.

### หุ้นเด่นในกลุ่มเครื่องดื่มไทย

เราคาดค่าแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 150 บาทจาก 148 บาท (DCF) แม้ว่า CBG จะปรับขึ้นถึง 45% ในช่วง 12 เดือนที่ผ่านมา เราเห็นว่าราคาหุ้นยังมี Upside ในขณะที่แนวโน้มกำไร 4Q20 ของบริษัท อาจชะลอจากอำนาจในการซื้อที่อ่อนแอและการระบาด COVID รอบ 2 ในพม่า เรายังมีความมั่นใจเกี่ยวกับแนวโน้มของบริษัท ในปี 2021 จากโอกาสที่ผลิตภัณฑ์และตลาดต่างประเทศจะประสบความสำเร็จ

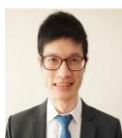
## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	15,052	17,416	20,669	22,891
Net profit	2,506	3,590	4,195	4,704
EPS (THB)	2.51	3.59	4.20	4.70
vs Consensus (%)	-	0.6	(4.1)	(5.2)
EBITDA	3,719	5,050	6,058	6,773
Core net profit	2,515	3,590	4,195	4,704
Core EPS (THB)	2.52	3.59	4.20	4.70
Chg. In EPS est. (%)	-	5.6	1.6	0.6
EPS growth (%)	117.1	42.7	16.9	12.1
Core P/E (x)	48.1	33.7	28.8	25.7
Dividend yield (%)	1.4	2.1	2.4	2.7
EV/EBITDA (x)	33.4	24.7	20.4	18.2
Price/book (x)	14.1	12.5	11.1	9.8
Net debt/Equity (%)	36.3	38.8	23.0	15.1
ROE (%)	32.0	39.4	40.8	40.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.1	0.4	41.5
Relative to country (%)	(9.3)	(8.2)	59.2
Mkt cap (USD m)	3,995		
3m avg. daily turnover (USD m)	20.3		
Free float (%)	34		
Major shareholder	Mr. Sathien Setthasit (34%)		
12m high/low (THB)	134.50/46.25		
Issued shares (m)	1,000.00		

Sources: Bloomberg consensus; FSSIA estimates


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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 24 พฤศจิกายน 2020

## Investment thesis

We believe CBG's strategy to enter growing markets, rather than markets in their introductory stage, is an effective and proven strategy for the company. We are optimistic about CBG's entry into Myanmar and Thailand's vitamin C drink market, which could be the key growth drivers for the next few years. Moreover, we see more room for a gross profit margin (GPM) expansion, driven by 1) a projected 150-200bps GPM increase over 2020-22 from its new packaging plant; 2) increasing export sales that we estimate at 64% in 2022, from 55% in 2019; and 3) 2022E C+ Lock sales of THB1.0b, which have a significantly higher GPM due to C+ Lock's higher retail price of THB15 and its exemption from the sugar tax.

Overall, we expect CBG's earnings to experience double-digit growth over 2020-22, which is outstanding compared to its peers.

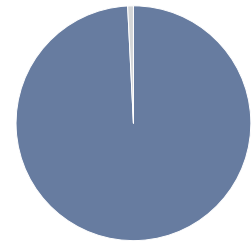
## Company profile

Founded in 2001 as a partnership between three founders, one of which is the lead singer of Carabao (legendary Thai folk band), the Carabao Group is now the second largest energy drink company in Thailand with about a 23% market share.

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

## Principal activities (revenue, 2019)

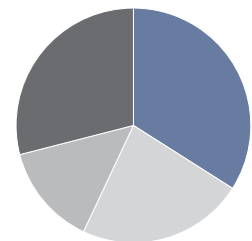
- Sales of goods - 99.2 %
- Other income - 0.8 %



Source: Carabao Group

## Major shareholders

- Mr. Sathien Setthasit - 34.0 %
- Ms. Nutchamai Thanombooncharoen - 23.0 %
- Mr. Yuenyoung Opakul - 14.0 %
- Others - 29.0 %



Source: Carabao Group

## Catalyst

Potential catalysts for CBG's share price include a higher-than-expected GPM and sales growth, and the company's potential entry into new markets, such as Vietnam, or new product segments, such as ready-to-drink coffee.

## Risk to our call

The key downside risks to our DCF-based TP are 1) slower-than-expected sales growth in Myanmar, Cambodia, and the vitamin C drink market; 2) a decrease in domestic energy drink market share; and 3) higher-than-expected SG&A expenses from overseas operations, such as in China and the UK.

## Event calendar

Date	Event
Feb 2021	4Q20/2020 results announcement

## Key assumptions

	2020E (%)	2021E (%)	2022E (%)
<b>Sales growth</b>	<b>15.5</b>	<b>18.7</b>	<b>10.7</b>
- Energy drink sales (Domestic)	(5.7)	8.0	2.0
- Energy drink sales (Overseas)	26.7	22.1	13.8
C+ Lock sales (THB m)	340	700	1,000
GPM	41.6	42.8	43.3
SG&A to sales	16.7	17.6	17.8

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in sales we estimate 2021 EPS would rise 0.4%, and vice versa, all else being equal.
- For every 1ppt increase in GPM we estimate 2021 EPS would rise 3.9%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales we estimate 2021 EPS would fall 0.4%, and vice versa, all else being equal.

Source: FSSIA estimates



## 4Q20 outlook to soften

We estimate 4Q20 earnings at THB938m. Energy drink sales in Cambodia (c28% of total sales) should grow q-q after a slowdown in 3Q20 due to high levels of rainfall and flooding, and could offset the impact of the 2<sup>nd</sup> wave of COVID infections in Myanmar (c10% of total sales). Meanwhile, domestic branded sales could grow q-q, driven by C+ Lock sales riding the high growth in the Vitamin C drink market, but will likely soften y-y due to lower purchasing power. CBG received a tax break from investing in new bottle (adding 300m bottles to 1.5b bottles per year) and can-filling lines (adding 300m cans to 1.8b cans per year), which will result in tax savings of THB40m per year. The new lines are scheduled to start operations in 4Q20. Hence, THB40m in tax savings will be booked in 4Q20, providing everything is on schedule. Note that CBG will book a one-off item of THB40m in 4Q20 from a rebate from its English Football League sponsorship due to the COVID-19 disruption.

## Fine-tune net profit assumptions to reflect the stronger-than-expected 9M20 performance

We revise up our net profit forecast for 2020 by 5.6% to reflect the stronger-than-expected 9M20 results, and revise up our 2021-22 earnings assumptions by 1.6%/0.6%, after fine-tuning our other assumptions. We lower our C+Lock sales assumptions by 34.6% to THB340m in 2020 and by 12.5% to THB700m in 2021 after CBG lowered its target to 60m units sold in 2020 from its initial target of 100m units. We also lower our SG&A to sales assumptions by 40-140bps for 2020-21 due to the better-than-expected cost savings in 9M20. Our new DCF-derived TP is THB150 (from THB148) to reflect our earnings revision.

## Exhibit 1: Assumption revisions

	New			Previous			Change		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
	(%)	(%)	(%)	(%)	(%)	(%)	(% or ppt)	(% or ppt)	(% or ppt)
Retail sales (THB m)	17,248	20,474	22,675	17,271	20,458	22,462	(0.1)	0.1	0.9
Sales growth	15.5	18.7	10.7	15.7	18.5	9.8	(0.2)	0.3	1.0
Energy drink sales (Domestic)	(5.7)	8.0	2.0	(8.4)	9.0	2.0	2.7	(1.0)	0.0
Energy drink sales (Overseas)	26.7	22.1	13.8	26.7	22.1	13.0	0.0	0.0	0.9
C+ Lock sales (THB m)	340	700	1,000	520	800	1,000	(34.6)	(12.5)	0.0
Blended GPM	41.6	42.8	43.3	42.6	42.9	43.4	(1.0)	(0.1)	(0.1)
SG&A to sales	16.7	17.6	17.8	18.1	18.0	17.8	(1.4)	(0.4)	0.0
Net profit (THB m)	3,590	4,195	4,704	3,401	4,129	4,677	5.6	1.6	0.6

\* Note: Change of items in percentage terms are represented in ppt change

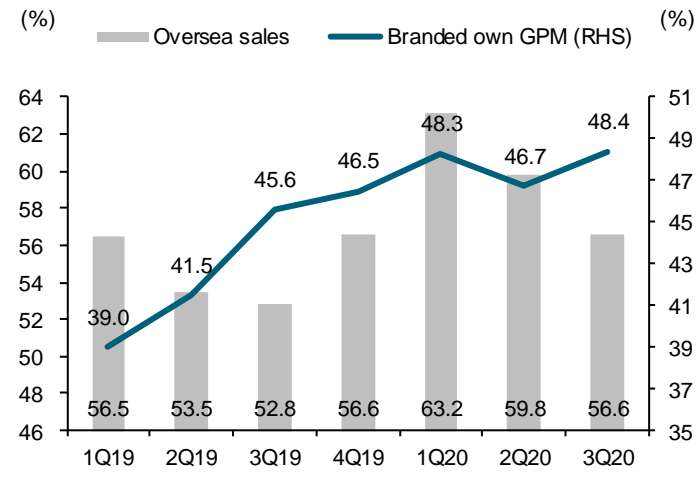
Source: FSSIA estimates

## Exhibit 2: DCF-derived TP

	(%)	(THB b)
Discount rate (WACC)	6.7	
Terminal growth	3.0	
<b>NPV</b>		<b>38</b>
Add: terminal value		115
<b>Sum of PV</b>		<b>153</b>
Add: investment		0
Less: debt		2.5
Less: minorities		0.2
Residual ordinary equity		150
No. of shares (m)		1,000
<b>Residual ordinary equity (THB/share)</b>		<b>150</b>

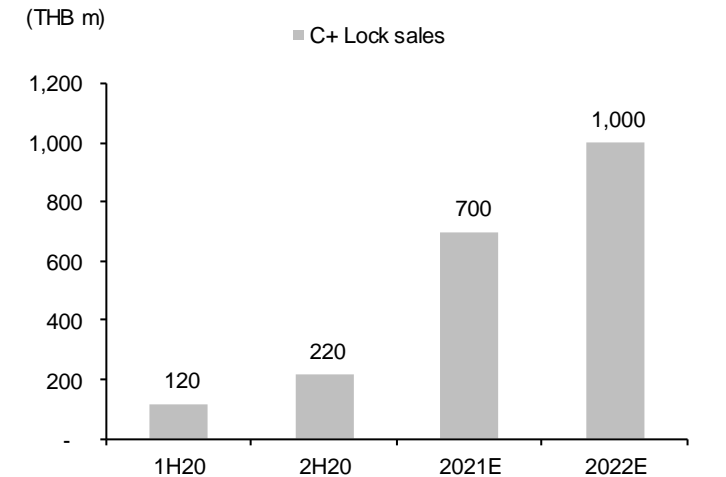
Source: FSSIA estimates

**Exhibit 3: Overseas sales contribution vs GPM**



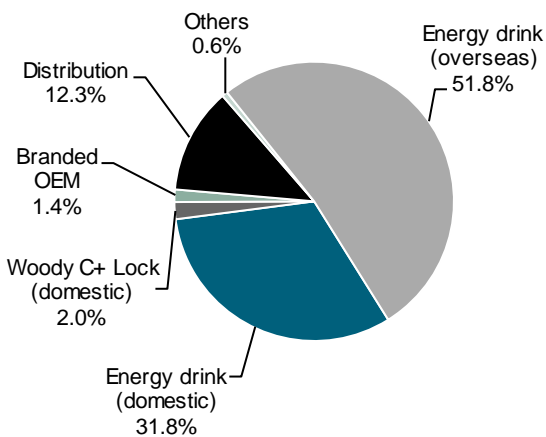
Source: CBG

**Exhibit 4: C+ Lock sales trend**



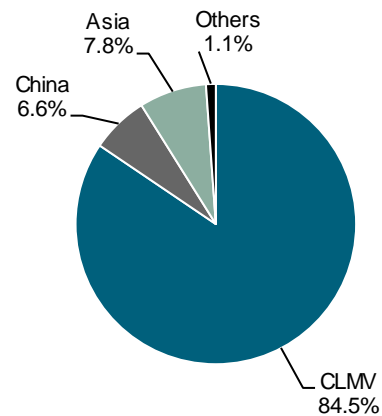
Sources: CBG; FSSIA estimates

**Exhibit 5: 2020E sales breakdown**



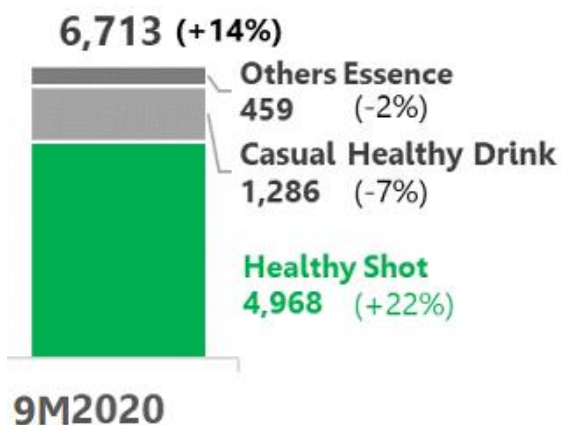
Source: FSSIA estimates

**Exhibit 6: 2020E overseas sales breakdown**



Source: FSSIA estimates

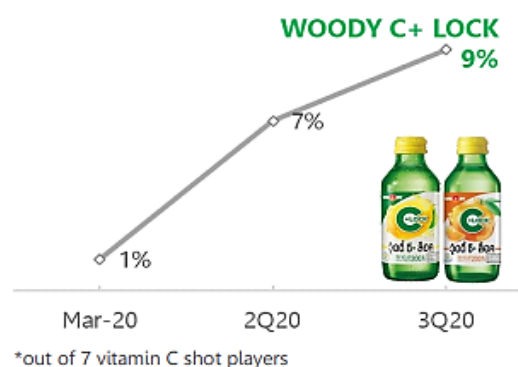
**Exhibit 7: Functional drinks' market value and trend**



Source: [Extracted from CBG's 3Q20 presentation](#)

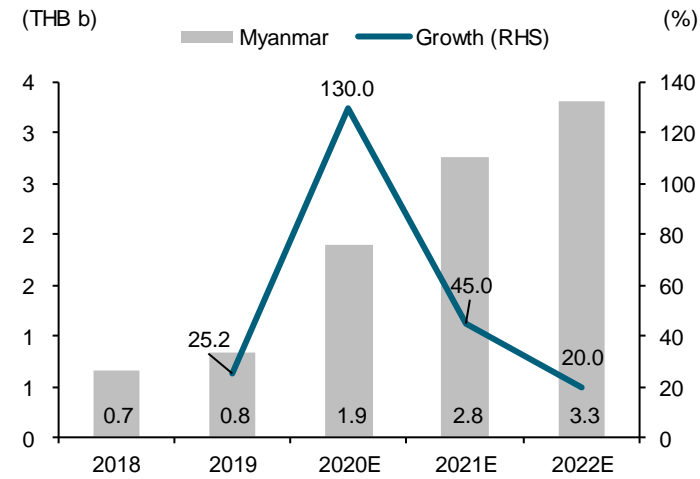
**Exhibit 8: Market share development of C+ Lock**

**Volume share among 7 brands**



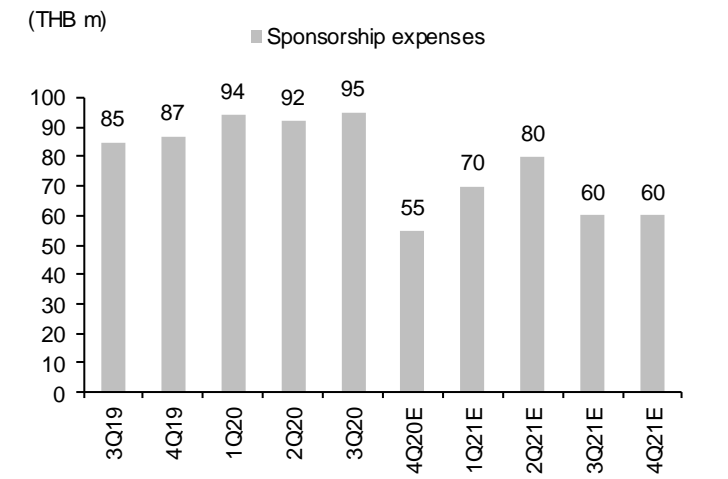
Source: [Extracted from CBG's 3Q20 presentation](#)

**Exhibit 9: Myanmar sales trend**



Sources: CBG; FSSIA estimates

**Exhibit 10: Sponsorship expenses could decline significantly in 3Q21 onward**



Sources: CBG; FSSIA estimates

## Financial Statements

### Carabao Group

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	14,597	15,052	17,416	20,669	22,891
Cost of goods sold	(9,349)	(8,589)	(9,458)	(10,973)	(12,043)
<b>Gross profit</b>	<b>5,248</b>	<b>6,463</b>	<b>7,958</b>	<b>9,696</b>	<b>10,848</b>
Other operating income	0	0	0	0	0
Operating costs	(3,333)	(2,744)	(2,908)	(3,638)	(4,075)
<b>Operating EBITDA</b>	<b>1,915</b>	<b>3,719</b>	<b>5,050</b>	<b>6,058</b>	<b>6,773</b>
Depreciation	(464)	(534)	(618)	(733)	(812)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,452</b>	<b>3,186</b>	<b>4,432</b>	<b>5,326</b>	<b>5,962</b>
Net financing costs	(107)	(133)	(121)	(126)	(100)
Associates	0	0	0	0	0
Recurring non operating income	(16)	(12)	0	0	0
Non recurring items	0	(9)	0	0	0
<b>Profit before tax</b>	<b>1,329</b>	<b>3,032</b>	<b>4,311</b>	<b>5,199</b>	<b>5,862</b>
Tax	(368)	(564)	(681)	(962)	(1,114)
<b>Profit after tax</b>	<b>960</b>	<b>2,468</b>	<b>3,630</b>	<b>4,237</b>	<b>4,748</b>
Minority interests	198	38	(40)	(42)	(44)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>1,159</b>	<b>2,506</b>	<b>3,590</b>	<b>4,195</b>	<b>4,704</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Recurring net profit</b>	<b>1,159</b>	<b>2,515</b>	<b>3,590</b>	<b>4,195</b>	<b>4,704</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.16	2.52	3.59	4.20	4.70
Reported EPS	1.16	2.51	3.59	4.20	4.70
DPS	0.80	1.70	2.51	2.94	3.29
Diluted shares (used to calculate per share data)	1,000	1,000	1,000	1,000	1,000
<b>Growth</b>					
Revenue (%)	11.7	3.1	15.7	18.7	10.7
Operating EBITDA (%)	39.6	94.2	35.8	20.0	11.8
Operating EBIT (%)	30.9	119.5	39.1	20.2	11.9
Recurring EPS (%)	(7.0)	117.1	42.7	16.9	12.1
Reported EPS (%)	(7.0)	116.3	43.2	16.9	12.1
<b>Operating performance</b>					
Gross margin inc depreciation (%)	32.8	39.4	42.1	43.4	43.8
Gross margin of key business (%)	28.2	39.0	41.6	42.8	43.3
Operating EBITDA margin (%)	13.1	24.7	29.0	29.3	29.6
Operating EBIT margin (%)	9.9	21.2	25.4	25.8	26.0
Net margin (%)	7.9	16.7	20.6	20.3	20.5
Effective tax rate (%)	27.7	18.5	15.8	18.5	19.0
Dividend payout on recurring profit (%)	69.1	67.6	70.0	70.0	70.0
Interest cover (X)	13.4	23.9	36.7	42.1	59.7
Inventory days	30.1	39.9	40.3	39.4	40.5
Debtor days	23.3	24.8	25.8	25.5	26.3
Creditor days	72.4	69.2	58.7	57.5	59.0
Operating ROIC (%)	23.6	22.9	30.9	34.0	37.0
ROIC (%)	20.7	21.4	28.9	31.4	33.9
ROE (%)	16.2	32.0	39.4	40.8	40.5
ROA (%)	11.9	17.8	23.6	25.5	27.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
Sales of goods	14,463	14,933	17,248	20,474	22,675
Other income	135	119	168	195	215

Sources: Carabao Group; FSSIA estimates

## Financial Statements

### Carabao Group

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	1,159	2,515	3,590	4,195	4,704
Depreciation	464	534	618	733	812
Associates & minorities	495	3	(40)	(42)	(44)
Other non-cash items	(198)	(38)	40	42	44
Change in working capital	(308)	(204)	(122)	(105)	(88)
<b>Cash flow from operations</b>	<b>1,611</b>	<b>2,810</b>	<b>4,085</b>	<b>4,824</b>	<b>5,428</b>
Capex - maintenance	(1,945)	(316)	(2,000)	(500)	(1,400)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	8	60	(208)	(124)	(84)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(1,937)</b>	<b>(256)</b>	<b>(2,208)</b>	<b>(624)</b>	<b>(1,484)</b>
Dividends paid	(800)	(1,700)	(2,513)	(2,937)	(3,293)
Equity finance	(296)	583	0	0	0
Debt finance	1,405	(612)	684	(1,193)	(586)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from Financing</b>	<b>310</b>	<b>(1,730)</b>	<b>(1,829)</b>	<b>(4,129)</b>	<b>(3,879)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(16)</b>	<b>824</b>	<b>48</b>	<b>71</b>	<b>65</b>
Free cash flow to firm (FCFF)	(219.39)	2,686.80	1,998.07	4,326.45	4,043.32
Free cash flow to equity (FCFE)	1,079.23	1,941.84	2,561.17	3,007.37	3,357.56
<b>Per share (THB)</b>					
FCFF per share	(0.22)	2.69	2.00	4.33	4.04
FCFE per share	1.08	1.94	2.56	3.01	3.36
Recurring cash flow per share	1.92	3.01	4.21	4.93	5.52
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed asset (gross)	12,721	13,006	15,006	15,506	16,906
Less: Accumulated depreciation	(1,630)	(2,133)	(2,751)	(3,484)	(4,296)
<b>Tangible fixed assets (Net)</b>	<b>11,090</b>	<b>10,872</b>	<b>12,255</b>	<b>12,022</b>	<b>12,610</b>
<b>Intangible fixed assets (Net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. In associates & subsidiaries	100	103	103	103	103
Cash & equivalents	138	962	1,010	1,081	1,146
A/C receivable	907	1,140	1,319	1,566	1,734
Inventories	887	992	1,095	1,272	1,397
Other current assets	546	104	120	142	157
<b>Current assets</b>	<b>2,477</b>	<b>3,197</b>	<b>3,544</b>	<b>4,061</b>	<b>4,435</b>
Other assets	652	607	878	1,042	1,154
<b>Total assets</b>	<b>14,320</b>	<b>14,780</b>	<b>16,780</b>	<b>17,228</b>	<b>18,302</b>
Common equity	7,177	8,566	9,643	10,901	12,313
Minorities etc.	188	153	153	153	153
<b>Total Shareholders' equity</b>	<b>7,365</b>	<b>8,718</b>	<b>9,795</b>	<b>11,054</b>	<b>12,465</b>
Long term debt	4,065	2,131	3,200	2,407	2,018
Other long-term liabilities	126	153	216	256	284
<b>Long-term liabilities</b>	<b>4,191</b>	<b>2,284</b>	<b>3,416</b>	<b>2,663</b>	<b>2,301</b>
A/C payable	1,810	1,447	1,598	1,856	2,039
Short term debt	676	1,997	1,612	1,213	1,016
Other current liabilities	278	333	359	442	481
<b>Current liabilities</b>	<b>2,764</b>	<b>3,777</b>	<b>3,569</b>	<b>3,511</b>	<b>3,535</b>
<b>Total liabilities and shareholders' equity</b>	<b>14,320</b>	<b>14,780</b>	<b>16,780</b>	<b>17,228</b>	<b>18,302</b>
Net working capital	251	455	578	682	770
Invested capital	12,094	12,038	13,814	13,849	14,637
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	7.18	8.57	9.64	10.90	12.31
Tangible book value per share	7.18	8.57	9.64	10.90	12.31
<b>Financial strength</b>					
Net debt/Equity (%)	62.5	36.3	38.8	23.0	15.1
Net debt/total assets (%)	32.1	21.4	22.7	14.7	10.3
Current ratio (x)	0.9	0.8	1.0	1.2	1.3
CF interest cover (x)	11.1	15.6	22.2	24.8	34.6
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>104.4</b>	<b>48.1</b>	<b>33.7</b>	<b>28.8</b>	<b>25.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>129.5</b>	<b>59.6</b>	<b>41.8</b>	<b>35.8</b>	<b>31.9</b>
Reported P/E (x)	104.4	48.3	33.7	28.8	25.7
Dividend yield (%)	0.7	1.4	2.1	2.4	2.7
Price/book (x)	16.9	14.1	12.5	11.1	9.8
Price/tangible book (x)	16.9	14.1	12.5	11.1	9.8
EV/EBITDA (x) **	65.7	33.4	24.7	20.4	18.2
EV/EBITDA @ target price (x) **	80.8	41.2	30.5	25.2	22.4
EV/invested capital (x)	10.4	10.3	9.0	8.9	8.4
* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income					

Sources: Carabao Group; FSSIA estimates



## Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

**Disclaimer:**

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

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#### History of change in investment rating and/or target price

##### Carabao Group (CBG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-Sep-2019	BUY	92.00	02-Apr-2020	BUY	117.00	-	-	-
02-Dec-2019	BUY	117.00	17-Sep-2020	BUY	148.00			

Karun Intrachai Started covering this stock from 17-Sep-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Carabao Group	CBG TB	THB 121.00	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected sales growth in Myanmar, Cambodia, and the vitamin C drink market; 2) a decrease in domestic energy drink market share; and 3) higher-than-expected SG&A expenses from overseas operations, such as in China and the UK.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 23-Nov-2020 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.