

18 FEBRUARY 2021

THAILAND / CONSUMER STAPLES

CARABAO GROUP CBG TB

BUY

UNCHANGED

| | |
|-----------------|-----------|
| TARGET PRICE | THB180.00 |
| CLOSE | THB138.50 |
| UP/DOWNSIDE | +30.0% |
| PRIOR TP | THB150.00 |
| CHANGE IN TP | +20.0% |
| TP vs CONSENSUS | +20.6% |

To be the champion in CLMV

ปีที่ดีกว่ารออยู่ข้างหน้า

เราเชื่อว่าแนวโน้มกำไรของ CBG จะยังคงดีในปี 2021-22 โดยคาดว่ากำไรจะโต 22%/15% ตามลำดับโดยได้แรงหนุนจาก 1) การเติบโตของความต้องการในตลาด CLMV ที่ดีโดยอยู่ที่ 25%/15% ในปี 2021/22; 2) การฟื้นตัวในตลาดเครื่องดื่มชูกำลังในประเทศจาก -6% y-y ในปี 2020 เป็น 8% y-y ในปี 2021; 3) ผลผลิตภัณฑ์ C+ Lock และยอดขายจากการเป็นผู้จัดจำหน่าย (Third-Party Distribution) ที่เพิ่มขึ้นจาก (+30% y-y ในปี 2021/22E); และ 4) การประหยัดต้นทุนจากโรงงานผลิตบรรจุภัณฑ์ใหม่ การสิ้นสุดสัญญาเป็นผู้สนับสนุนสโมสร Chelsea และ ภาษีที่ประหยัดได้จากสิทธิประโยชน์ของ BOI

พม่าอาจให้การเติบโตที่ดีในปี 2021-22

เราคาดว่ายอดขายในพม่าจะเป็นปัจจัยหนุนการเติบโตต่อเนื่องในปี 2021/22 โดยคาดว่ายอดขายจะโต 50%/25% y-y หลังจากที่เคยโตอย่างโดดเด่นถึงกว่า 100% y-y ในปี 2020E ประมาณการของเราอยู่ในระดับต่ำเมื่อเทียบกับเป้าหมายการของบริษัทฯ ที่กว่า 50% ในช่วงเดียวกัน เราคาดว่าตลาดเครื่องดื่มชูกำลังในพม่าอาจอึดตัวที่ 25-30 พัน ลบ. เทียบกับขนาดของตลาดในปัจจุบันที่ประมาณ 15 พัน ลบ. จากการบริโภคต่อคนต่อปีที่เท่ากับในประเทศไทย ดังนั้นเรายังมั่นใจว่าตลาดพม่าอาจโตได้อัตราสองหลักในปีถัดไป

Upside เกิดใหม่จากมาตรการกีดกันการเข้าสู่ตลาดเหล้าขาว

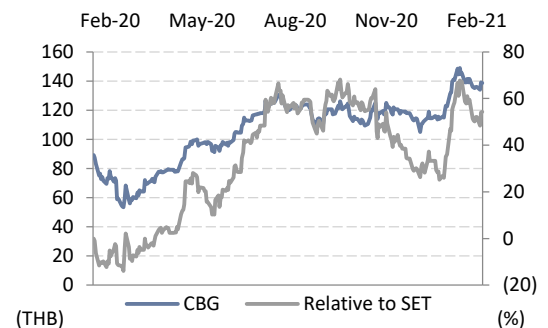
เราเชื่อว่ารายได้จากการเป็นผู้จัดจำหน่าย อาจมีบทบาทสำคัญสำหรับการเติบโตในประเทศ ซึ่งนักลงทุนไม่ควรมองข้าม ตลาดดังกล่าวมีการเติบโตอย่างมีนัยสำคัญที่ประมาณ 50% ในปี 2020 หลังผลผลิตภัณฑ์เหล้าขาวขาวหอมได้รับความนิยมในตลาด (ส่วนแบ่งตลาดประมาณ 2%) ดังนั้นเราจึงเชื่อว่า CBG มีโอกาสที่จะขยายธุรกิจในตลาดเหล้าขาวได้ในฐานะผู้จัดจำหน่าย ปัจจุบันมีการคาดการณ์ว่าตลาดเหล้าขาวในประเทศไทยมีขนาด 100 พัน ลบ. เราเห็นความเสี่ยงขาขึ้นสำหรับ CBG ในฐานะผู้จัดจำหน่ายสำหรับผลิตภัณฑ์บริษัทกัลแลคซี่ ซึ่งคาดว่าจะมีขนาดตลาดอยู่ที่ 8 พัน ลบ.

คงแนะนำซื้อหลังปรับราคาเป้าหมายเพิ่มเป็น 180 บาท (จาก 150 บาท)

เราปรับเพิ่มประมาณการกำไรสุทธิปี 2021/22 ขึ้น 4.3%/6.9% หลังรวมส่วนแบ่งยอดขายจากการเป็นผู้จัดจำหน่ายที่คาดว่าจะสูงขึ้น และปรับสมมติฐานอัตรากำไรขั้นต้นและสัดส่วนค่าใช้จ่ายการขายและการบริหารต่อยอดขายขึ้นอีก ราคาเป้าหมายใหม่ของเราที่เพิ่มเป็น 180 บาท จาก 150 บาท (DCF) สะท้อนการปรับประมาณการกำไรของเราและแนวโน้มการเติบโตระยะยาวที่ดีของ CBG ราคาดังกล่าวคิดเป็นค่า 2021E P/E ที่ 41x (สูงกว่าค่าเฉลี่ยย้อนหลัง 5 ปีที่ 39x อยู่เล็กน้อย แต่อาจลดลงเหลือ 36x ในปี 2022E) เราเห็นว่ากำไรของบริษัทฯ มีความเสี่ยงขาขึ้นจากผลิตภัณฑ์ใหม่ เช่น เครื่องดื่มจากกัญชง ซึ่งอาจเป็นปัจจัยหนุนการเติบโตสำคัญในปี 2022-23 รวมถึงตลาดเวียดนามและจีนนับตั้งแต่ปี 2023 เป็นต้นไป

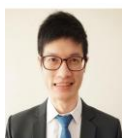
KEY STOCK DATA

| YE Dec (THB m) | 2019 | 2020E | 2021E | 2022E |
|----------------------|--------|--------|--------|--------|
| Revenue | 15,052 | 17,421 | 20,898 | 23,708 |
| Net profit | 2,506 | 3,591 | 4,378 | 5,027 |
| EPS (THB) | 2.51 | 3.59 | 4.38 | 5.03 |
| vs Consensus (%) | - | (0.5) | (2.0) | (2.6) |
| EBITDA | 3,719 | 5,051 | 6,290 | 7,198 |
| Core net profit | 2,515 | 3,591 | 4,378 | 5,027 |
| Core EPS (THB) | 2.52 | 3.59 | 4.38 | 5.03 |
| Chg. In EPS est. (%) | - | 0.0 | 4.3 | 6.9 |
| EPS growth (%) | 117.1 | 42.8 | 21.9 | 14.8 |
| Core P/E (x) | 55.1 | 38.6 | 31.6 | 27.6 |
| Dividend yield (%) | 1.2 | 1.8 | 2.2 | 2.5 |
| EV/EBITDA (x) | 38.1 | 28.2 | 22.4 | 19.5 |
| Price/book (x) | 16.2 | 14.4 | 12.6 | 11.1 |
| Net debt/Equity (%) | 36.3 | 38.8 | 22.4 | 13.9 |
| ROE (%) | 32.0 | 39.4 | 42.5 | 42.9 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-----------------------------|---------|----------|
| Absolute (%) | 13.1 | 18.4 | 52.2 |
| Relative to country (%) | 13.4 | 5.5 | 53.4 |
| Mkt cap (USD m) | 4,618 | | |
| 3m avg. daily turnover (USD m) | 38.4 | | |
| Free float (%) | 34 | | |
| Major shareholder | Mr. Sathien Setthasit (34%) | | |
| 12m high/low (THB) | 152.50/46.25 | | |
| Issued shares (m) | 1,000.00 | | |

Sources: Bloomberg consensus; FSSIA estimates


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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 18 กุมภาพันธ์ 2021

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's and Thailand's vitamin C drink markets, 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.

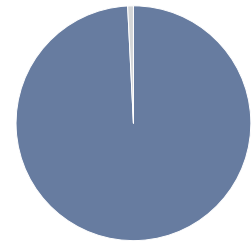
Company profile

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

Principal activities (revenue, 2019)

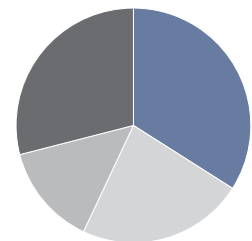
- Sales of goods - 99.2 %
- Other income - 0.8 %



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 |
|-------------|---------------------------|
| 19 Feb 2021 | 4Q20 results announcement |

Key assumptions

| | 2020E (%) | 2021E (%) | 2022E (%) |
|---------------------------------|--------------|--------------|--------------|
| Sales growth | 15.5 | 20.0 | 13.4 |
| - 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 | 42.5 | 42.6 |
| SG&A to sales | 16.7 | 16.5 | 16.3 |

Source: FSSIA estimates

Earnings sensitivity

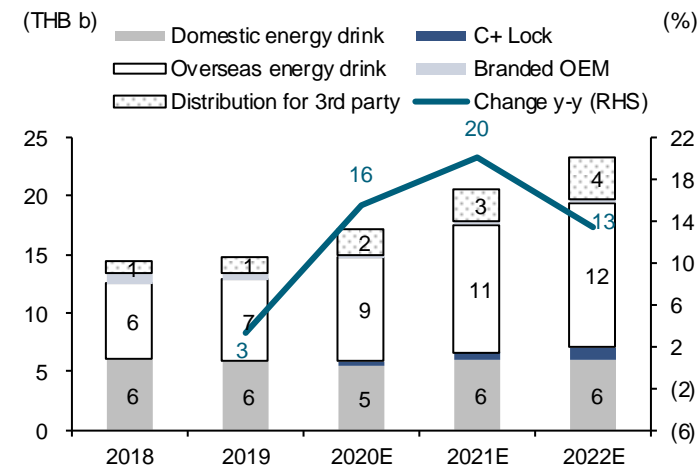
- For every 1% increase in sales, we estimate 2021 EPS would rise 0.4%, and vice versa, all else being equal.
- For every 1ppt increase in GPM, we estimate 2021 EPS would rise 3.9%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2021 EPS would fall 0.4%,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

Source: FSSIA estimates

Four pillars underpin net profit growth in 2021-22

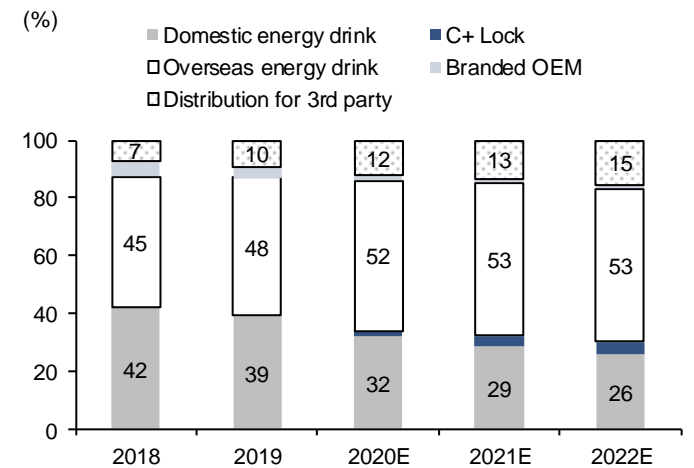
We believe CBG’s earnings outlook will remain solid over the next couple years and expect earnings to grow by 22%/15% in 2021-22, supported by 1) solid growth in the CLMV market at 25%/15% in 2021/22; 2) a rebound in the domestic energy drink market from -6% y-y in 2020 to 8% y-y in 2021; 3) C+ Lock products and a sales leap from third-party distribution (+30% y-y in 2021/22E); and 4) cost reduction from its new packaging plant, the expiration of Chelsea’s sponsorship, and tax savings due to the BOI privilege. Overall, we expect domestic and overseas sales to grow by 18%/22% in 2021, which is slightly below CBG’s target of 20%/25%.

Exhibit 1: Expect double-digit sales growth over 2020-22



Sources: CBG; FSSIA estimates

Exhibit 2: Revenue breakdown by product



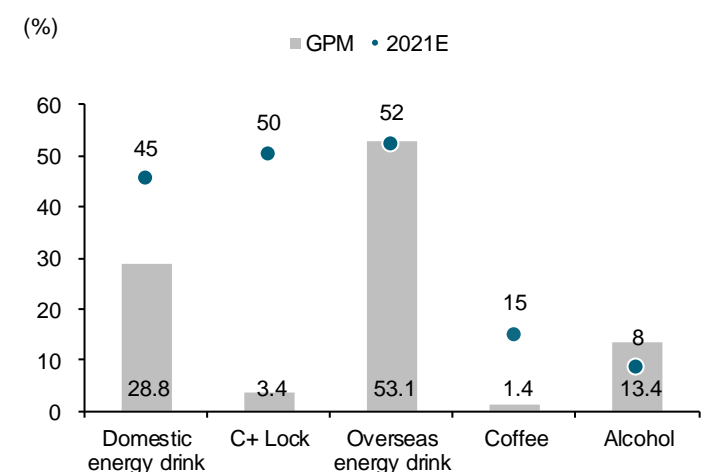
Sources: CBG; FSSIA estimates

Exhibit 3: GPM of each product, 2019 to 2023E

| Product | GPM (%) |
|--------------------------------|---|
| Branded own (domestic) | 43-47 |
| Branded own (overseas) | 48-53 |
| Woody C+ Lock | Above 50 |
| Branded OEM | 12-16 |
| Distribution for third parties | 7-8 |
| CBD infused drinks | Expected above other products due to its premium position |

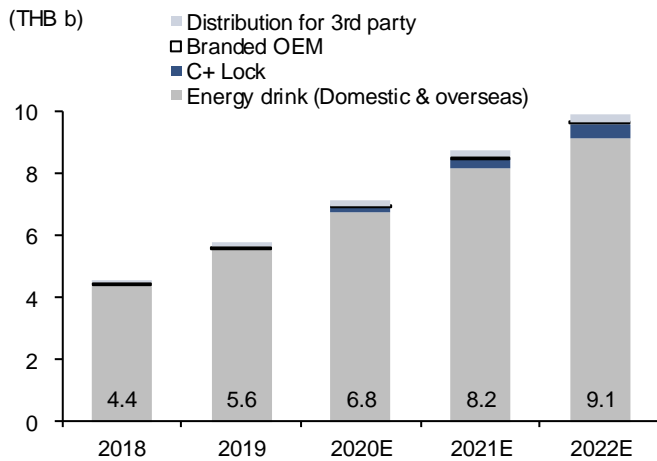
Sources: CBG; FSSIA estimates

Exhibit 4: % contribution of each product vs 2021E GPM



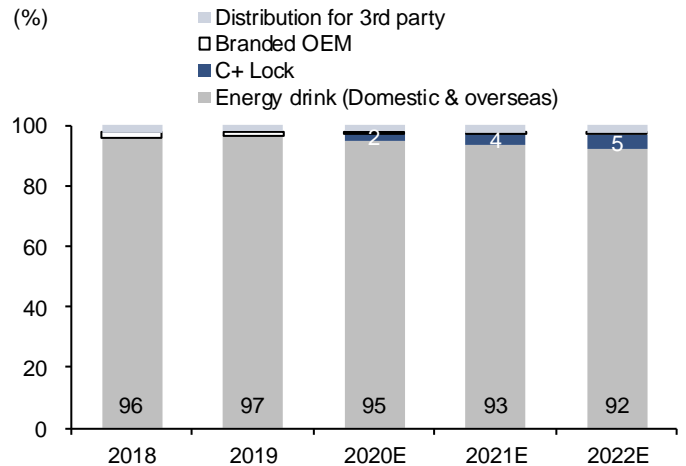
Sources: CBG; FSSIA estimates

Exhibit 5: Gross profit breakdown classified by company



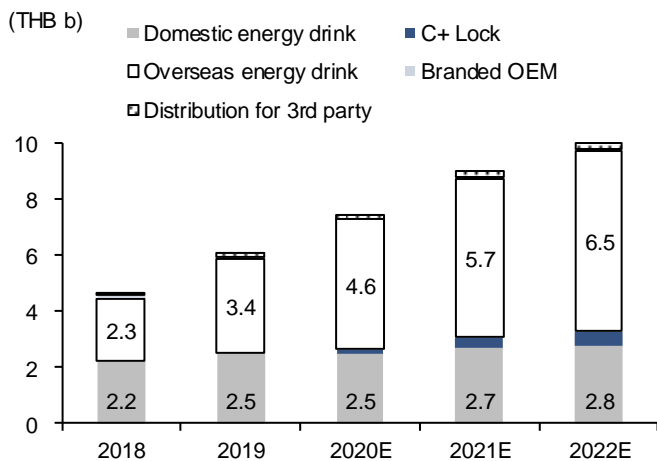
Sources: CBG; FSSIA estimates

Exhibit 6: Gross profit breakdown classified by company (%)



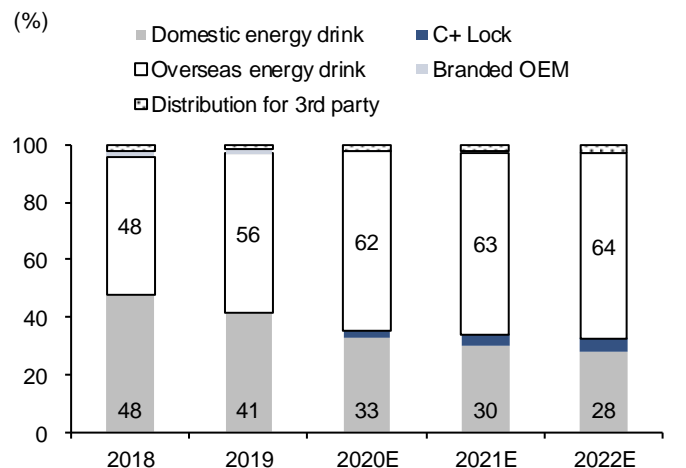
Sources: CBG; FSSIA estimates

Exhibit 7: Gross profit breakdown classified by FSSIA



Sources: CBG; FSSIA estimates

Exhibit 8: Gross profit breakdown classified by FSSIA (%)

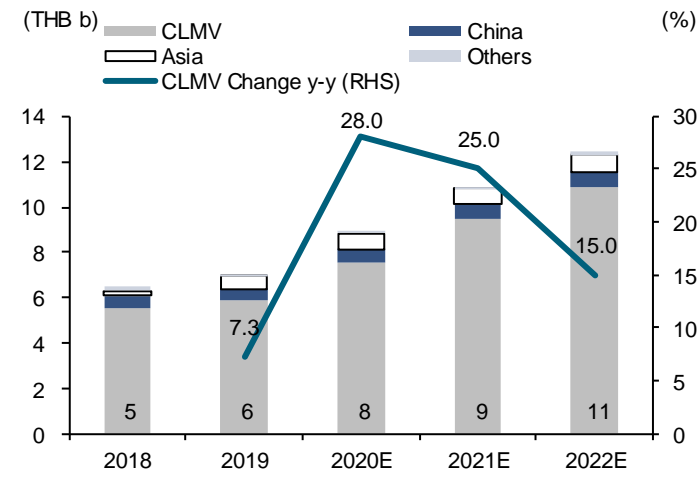


Sources: CBG; FSSIA estimates

Driver #1: Myanmar still the overseas hero

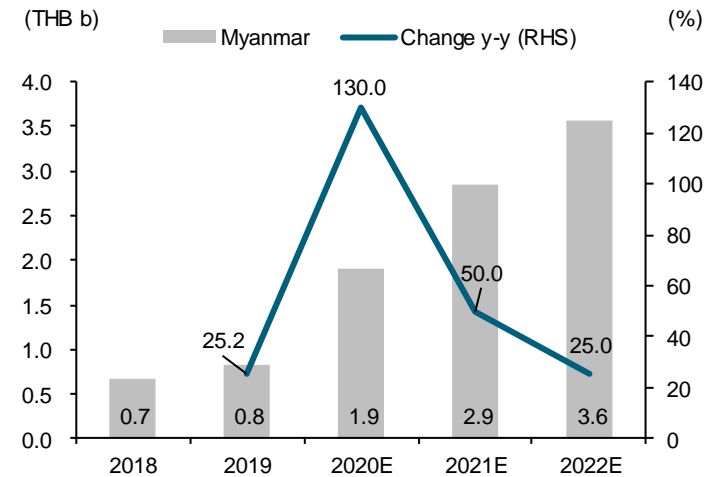
We expect Myanmar sales to continue to be the key growth driver in 2021/22 at 50%/25% y-y, after delivering outstanding growth of over 100% y-y in 2020E. Our forecast is conservative vs the company’s target of over 50% growth in the same period. We estimate that the energy drink market in Myanmar could mature to THB25b-30b vs the current market size of cTHB15b, based on a similar consumption/person/year as Thailand. Hence, we remain convinced that the Myanmar market could potentially grow by double digits in the following year due to its similar labour-intensive structure, younger population, and high base of blue-collar workers.

Exhibit 9: CLMV market to continue delivering solid growth



Sources: CBG; FSSIA estimates

Exhibit 10: Myanmar is the key contributor to CLMV growth

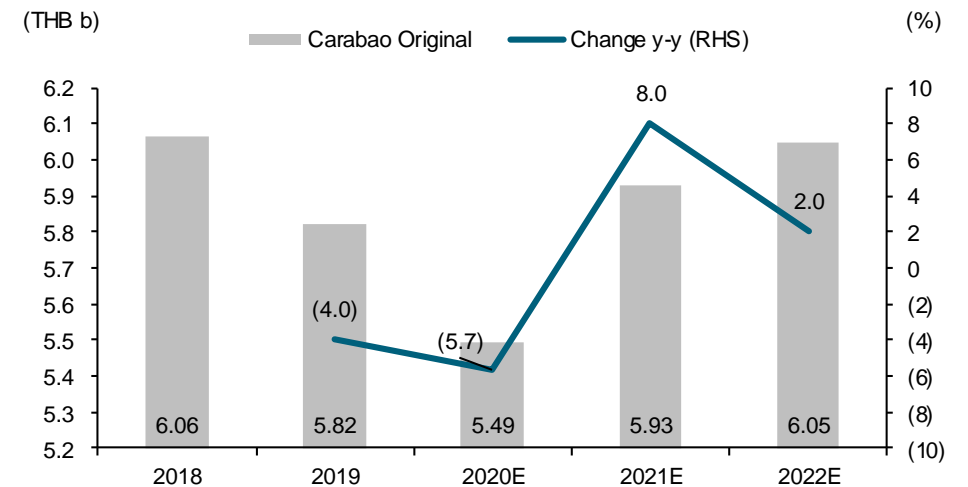


Sources: CBG; FSSIA estimates

Driver #2: A rebound in the domestic energy drink market

Energy drink sales in Thailand should recover from their low base in 2020 after suffering from the lockdown that limited economic and social activities. We expect energy drink sales to grow by 8% in 2021 but do not see this product as a key growth driver in 2022-23, as the domestic energy drink market has already matured.

Exhibit 11: Domestic energy drink sales growth trend

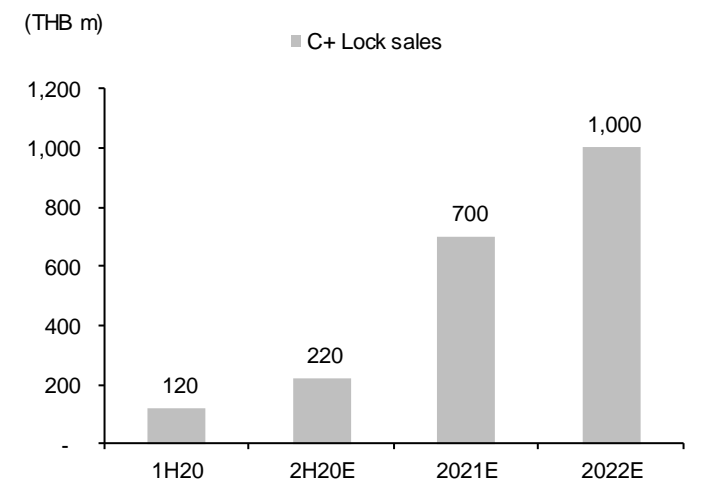


Sources: CBG; FSSIA estimates

Driver #3: Emerging upside from high barrier to entry for white spirit market

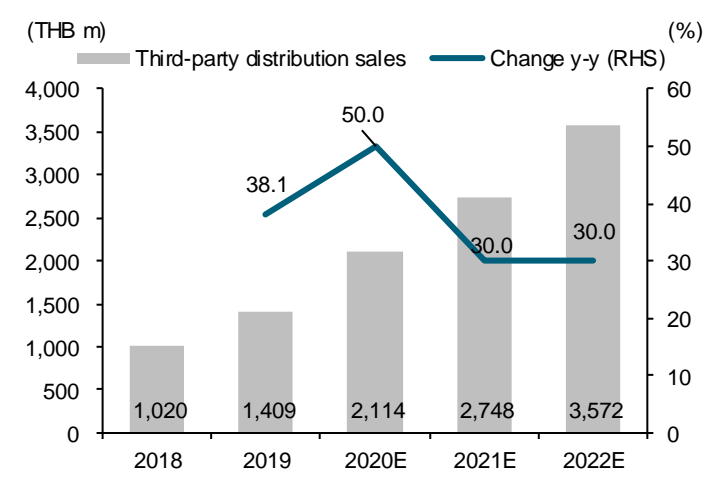
We believe third-party distribution revenue could play a key role for domestic growth, which should not be overlooked. This segment had significant growth of c50% in 2020 after “Kao Hom” white spirit products became more popular (c2% market share). Hence, we believe CBG has an opportunity to grow its presence in the alcohol market as a distributor. Currently, the white spirit market in Thailand is estimated at THB100b, with c95% of the market share held by Thai Beverage Public Company Limited (THBEV SP). Moreover, we see an upside risk for CBG as the distributor of the new “Galaxy” brandy product, which has an estimated market size of THB8.0b.

Exhibit 12: C+ Lock sales growth trend



Sources: CBG; FSSIA estimates

Exhibit 13: Third-party distribution sales growth trend



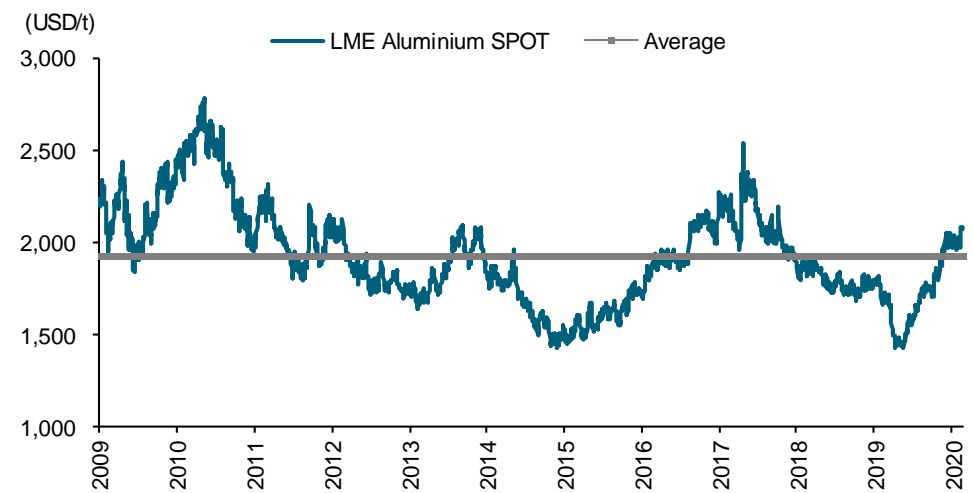
Sources: CBG; FSSIA estimates

Driver #4: Cost savings from three factors

We expect that CBG’s GPM could continue to improve by 90bps y-y to 42.5% in 2021 following 1) a higher proportion of high-margin overseas sales and C+ Lock products; and 2) the new packaging plant that could boost GPM by 150-200bps. However, the higher aluminium price at cUSD2,100 per tonne (+c20% y-y) could pressure GPM in 2021. We estimate that a USD100/tonne increase in the aluminium price would reduce GPM by 30bps. Note that aluminium costs account for 8-10% of CBG’s COGS.

Moreover, we expect SG&A expenses to lower by THB120m per year after the expiration of Chelsea’s sponsorship and tax savings of THB40m per year for five years due to the Board of Investment (BOI) privilege.

Exhibit 14: Aluminium rising price trend



Sources: Bloomberg; FSSIA compilation

Two upside risks in 2023 onward

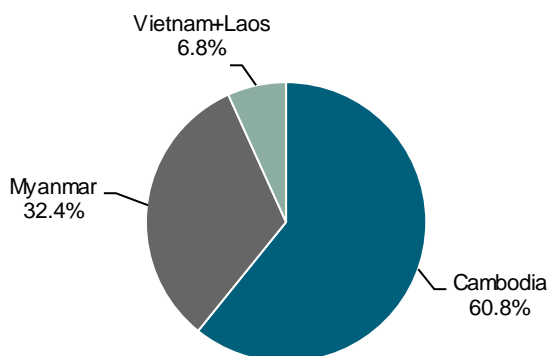
Upside risk #1: Vietnamese market could be the next star

Management believes that Vietnam could be the next key growth driver following Cambodia and Myanmar. Currently, Vietnam sales are worth cTHB300m vs sales of over THB4.5b in Cambodia and cTHB2.0b in Myanmar. However, we do not expect to see significant growth (50-100% sales growth) in 2021 due to the new wave of Covid-19. We expect that the roll-out of a vaccine and the easing of border restrictions could occur by this year's end. Hence, we think the Vietnamese market could be the next star by 2022 onward.

According to the Rakhoi Wholesale website, the Carabao brand is ranked the fifth most popular international energy drink brand in Vietnam. The most popular is Red Bull (c30% market share), with Sting coming in at second place (c20% market share), and Warrior (a product of TC Pharma (Thailand)) and Coca-Cola Energy in the third and fourth places, respectively.






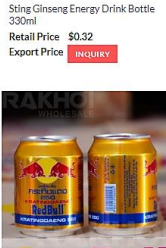


Despite the Vietnamese market having more intense competition compared to other CLMV markets, we think CBG's experience with the similar characteristics of the people in CLMV should be a key success factor for the company to gain more market share in Vietnam. CBG typically aims to acquire at least the third largest market share, or more than 10% of the market share, which could provide an upside of THB1.8b-2.0b in sales derived from the Vietnamese market.

Exhibit 15: CLMV sales breakdown



Sources: CBG; FSSIA estimates

Exhibit 16: Available energy drink products on Rakhoi Wholesale

| | | | |
|--|--|---|--|
|  STING Sting Ginseng Energy Drink Can 330ml Retail Price \$0.30 Export Price INQUIRY |  STING Sting Ginseng Energy Drink Bottle 330ml Retail Price \$0.32 Export Price INQUIRY |  WARRIOR Warrior Strawberry Energy Drink 325ml Retail Price \$0.34 Export Price INQUIRY |  ENERGY DRINKS Coca Cola Energy Drink 250ml Retail Price \$0.32 Export Price INQUIRY |
|  CARABAO Carabao Energy Drink 250ML Retail Price \$0.34 Export Price INQUIRY |  REDBULL Red Bull Gold Energy Drink 250ML Retail Price \$0.36 Export Price INQUIRY |  STING Sting Strawberry Energy Drink Bottle 330ML Retail Price \$0.32 Export Price INQUIRY |  STING Sting Strawberry Energy Drink Can 330ML Retail Price \$0.30 Export Price INQUIRY |

Source: [RAKHOI WHOLESAL](#)

Upside risk #2: CBD drinks could become another champion product

We believe this year is too early for cannabidiol (CBD) drinks to make it onto the market due to the limited hemp supply and the ongoing approval process from the Thai FDA to allow CBD extracts in food and beverages. Hence, we expect to see the first CBD drink product launched by early 2022, which could present an opportunity for CBG. The market size could range from THB5.0b (current vitamin drink market size) to THB20b (peak green tea market size), with a GPM not lower than other beverage products, from 35% (Osotspa (OSP TB, BUY TP THB43)'s average domestic beverage GPM) to 48% (CBG's average branded beverage GPM), due to its premium position. The global retail price of CBD drinks is THB80-120/unit and contains 10-20mg of CBD. The incremental cost per unit would be THB0.7-2.0 based on the market price of CBD extract at THB75k-100k/kg.

NP and TP revisions

We revise our 2021/2022E net profit up by 4.3%/6.9% after incorporating the higher estimated third-party distribution sales contributions and fine-tune our GPM and SG&A to sales assumptions. The Chelsea contract will expire in mid-2021 and CBG does not intend to renew the contract. This would reduce 2021/2022E SG&A expenses by THB60m/120m. Our new DCF-derived TP is THB180 (from THB150) to reflect our earnings revisions and CBG's promising long-term growth outlook. Our TP implies 41x 2021E P/E, slightly above its 5-year average at 39x, but could drop to 36x in 2022E. We see an earnings upside risk from new products like CBD drinks – which could be key growth drivers in 2022-23 – and the Vietnamese and Chinese markets in 2023 onward.

Exhibit 17: Assumption revisions

| | New | | | Previous | | | Change | | |
|-------------------------------|--------|--------|--------|----------|--------|--------|------------|------------|------------|
| | 2020E | 2021E | 2022E | 2020E | 2021E | 2022E | 2020E | 2021E | 2022E |
| | (%) | (%) | (%) | (%) | (%) | (%) | (% or ppt) | (% or ppt) | (% or ppt) |
| Retail sales (THB m) | 17,253 | 20,701 | 23,485 | 17,248 | 20,474 | 22,675 | 0.0 | 1.1 | 3.6 |
| Sales growth | 15.5 | 20.0 | 13.4 | 15.5 | 18.7 | 10.7 | 0.0 | 1.3 | 2.7 |
| Energy drink sales (Domestic) | (5.7) | 8.0 | 2.0 | (5.7) | 8.0 | 2.0 | 0.0 | 0.0 | 0.0 |
| Energy drink sales (Overseas) | 26.7 | 22.1 | 13.8 | 26.7 | 22.1 | 13.8 | 0.0 | 0.0 | 0.0 |
| C+ Lock sales (THB m) | 340 | 700 | 1,000 | 340 | 700 | 1,000 | 0.0 | 0.0 | 0.0 |
| Distribution sales | 50.0 | 30.0 | 30.0 | 50 | 20 | 10 | 0.0 | 10.0 | 20.0 |
| Blended GPM | 41.6 | 42.5 | 42.6 | 41.6 | 42.8 | 42.9 | 0.0 | (0.3) | (0.3) |
| SG&A to sales | 16.7 | 16.5 | 16.3 | 16.7 | 17.6 | 17.8 | 0.0 | (1.1) | (1.5) |
| Net profit (THB m) | 3,591 | 4,378 | 5,027 | 3,590 | 4,195 | 4,704 | 0.0 | 4.3 | 6.9 |

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

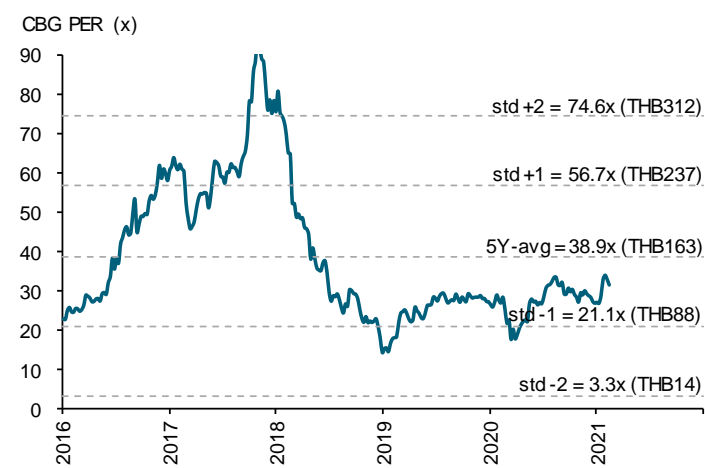
Source: FSSIA estimates

Exhibit 18: DCF-derived TP

| | (%) | (THB b) |
|---|-----|------------|
| Discount rate (WACC) | 6.7 | |
| Terminal growth | 3.0 | |
| NPV | | 44 |
| Add: terminal value | | 139 |
| Sum of PV | | 183 |
| Add: investment | | 0 |
| Less: debt | | 2.5 |
| Less: minorities | | 0.2 |
| Residual ordinary equity | | 180 |
| No. of shares (m) | | 1,000 |
| Residual ordinary equity (THB/share) | | 180 |

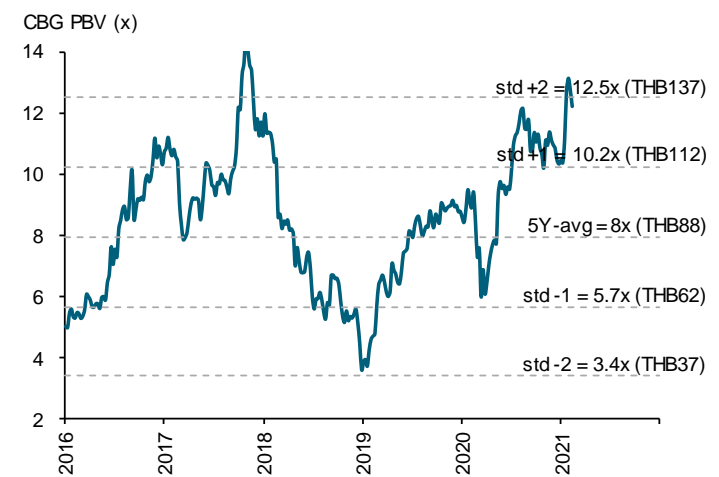
Source: FSSIA estimates

Exhibit 19: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 20: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Carabao Group

| Profit and Loss (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|--------------|--------------|--------------|--------------|---------------|
| Revenue | 14,597 | 15,052 | 17,421 | 20,898 | 23,708 |
| Cost of goods sold | (9,349) | (8,589) | (9,461) | (11,160) | (12,645) |
| Gross profit | 5,248 | 6,463 | 7,960 | 9,738 | 11,063 |
| Other operating income | 0 | 0 | 0 | 0 | 0 |
| Operating costs | (3,333) | (2,744) | (2,909) | (3,448) | (3,864) |
| Operating EBITDA | 1,915 | 3,719 | 5,051 | 6,290 | 7,198 |
| Depreciation | (464) | (534) | (618) | (741) | (841) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 1,452 | 3,186 | 4,433 | 5,549 | 6,358 |
| Net financing costs | (107) | (133) | (121) | (126) | (97) |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Recurring non operating income | (16) | (12) | 0 | 0 | 0 |
| Non recurring items | 0 | (9) | 0 | 0 | 0 |
| Profit before tax | 1,329 | 3,032 | 4,312 | 5,423 | 6,261 |
| Tax | (368) | (564) | (681) | (1,003) | (1,190) |
| Profit after tax | 960 | 2,468 | 3,631 | 4,420 | 5,071 |
| Minority interests | 198 | 38 | (40) | (42) | (44) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 1,159 | 2,506 | 3,591 | 4,378 | 5,027 |
| Non recurring items & goodwill (net) | 0 | 9 | 0 | - | - |
| Recurring net profit | 1,159 | 2,515 | 3,591 | 4,378 | 5,027 |
| Per share (THB) | | | | | |
| Recurring EPS * | 1.16 | 2.52 | 3.59 | 4.38 | 5.03 |
| Reported EPS | 1.16 | 2.51 | 3.59 | 4.38 | 5.03 |
| DPS | 0.80 | 1.70 | 2.51 | 3.06 | 3.52 |
| Diluted shares (used to calculate per share data) | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Growth | | | | | |
| Revenue (%) | 11.7 | 3.1 | 15.7 | 20.0 | 13.4 |
| Operating EBITDA (%) | 39.6 | 94.2 | 35.8 | 24.5 | 14.4 |
| Operating EBIT (%) | 30.9 | 119.5 | 39.2 | 25.2 | 14.6 |
| Recurring EPS (%) | (7.0) | 117.1 | 42.8 | 21.9 | 14.8 |
| Reported EPS (%) | (7.0) | 116.3 | 43.3 | 21.9 | 14.8 |
| Operating performance | | | | | |
| Gross margin inc depreciation (%) | 32.8 | 39.4 | 42.1 | 43.1 | 43.1 |
| Gross margin of key business (%) | 28.2 | 39.0 | 41.6 | 42.5 | 42.6 |
| Operating EBITDA margin (%) | 13.1 | 24.7 | 29.0 | 30.1 | 30.4 |
| Operating EBIT margin (%) | 9.9 | 21.2 | 25.4 | 26.6 | 26.8 |
| Net margin (%) | 7.9 | 16.7 | 20.6 | 20.9 | 21.2 |
| 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 | 44.1 | 65.6 |
| Inventory days | 30.1 | 39.9 | 40.3 | 39.1 | 39.8 |
| Debtor days | 23.3 | 24.8 | 25.8 | 25.4 | 26.0 |
| Creditor days | 72.4 | 69.2 | 58.7 | 57.0 | 58.1 |
| Operating ROIC (%) | 23.6 | 22.9 | 30.9 | 35.4 | 39.5 |
| ROIC (%) | 20.7 | 21.4 | 28.9 | 32.7 | 36.1 |
| ROE (%) | 16.2 | 32.0 | 39.4 | 42.5 | 42.9 |
| ROA (%) | 11.9 | 17.8 | 23.7 | 26.6 | 28.8 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue By Division (THB m) | | | | | |
| Sales of goods | 14,463 | 14,933 | 17,253 | 20,701 | 23,485 |
| Other income | 135 | 119 | 168 | 197 | 223 |

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 | 3,591 | 4,378 | 5,027 |
| Depreciation | 464 | 534 | 618 | 741 | 841 |
| Associates & minorities | 495 | 3 | (40) | (42) | (44) |
| Other non-cash items | (198) | (38) | 40 | 42 | 44 |
| Change in working capital | (308) | (204) | (122) | (109) | (102) |
| Cash flow from operations | 1,611 | 2,810 | 4,086 | 5,010 | 5,765 |
| Capex - maintenance | (1,945) | (316) | (2,000) | (500) | (1,400) |
| Capex - new investment | 0 | 0 | 0 | 0 | 0 |
| Net acquisitions & disposals | 8 | 60 | (208) | (132) | (107) |
| Other investments (net) | 0 | 0 | 0 | 0 | 0 |
| Cash flow from investing | (1,937) | (256) | (2,208) | (632) | (1,507) |
| Dividends paid | (800) | (1,700) | (2,514) | (3,064) | (3,519) |
| Equity finance | (296) | 583 | 0 | 0 | 0 |
| Debt finance | 1,405 | (612) | 684 | (1,243) | (675) |
| Other financing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from Financing | 310 | (1,730) | (1,830) | (4,307) | (4,194) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (16) | 824 | 48 | 71 | 65 |
| Free cash flow to firm (FCFF) | (219.39) | 2,686.80 | 1,998.86 | 4,503.50 | 4,355.54 |
| Free cash flow to equity (FCFE) | 1,079.23 | 1,941.84 | 2,561.85 | 3,135.00 | 3,583.70 |

Per share (THB)

| | | | | | |
|-------------------------------|--------|------|------|------|------|
| FCFF per share | (0.22) | 2.69 | 2.00 | 4.50 | 4.36 |
| FCFE per share | 1.08 | 1.94 | 2.56 | 3.14 | 3.58 |
| Recurring cash flow per share | 1.92 | 3.01 | 4.21 | 5.12 | 5.87 |

| Balance Sheet (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed asset (gross) | 12,721 | 13,006 | 15,006 | 15,506 | 16,906 |
| Less: Accumulated depreciation | (1,630) | (2,133) | (2,751) | (3,492) | (4,333) |
| Tangible fixed assets (Net) | 11,090 | 10,872 | 12,255 | 12,014 | 12,573 |
| Intangible fixed assets (Net) | 0 | 0 | 0 | 0 | 0 |
| 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 | 1,320 | 1,583 | 1,796 |
| Inventories | 887 | 992 | 1,096 | 1,294 | 1,466 |
| Other current assets | 546 | 104 | 120 | 144 | 163 |
| Current assets | 2,477 | 3,197 | 3,545 | 4,101 | 4,571 |
| Other assets | 652 | 607 | 878 | 1,054 | 1,195 |
| Total assets | 14,320 | 14,780 | 16,781 | 17,272 | 18,442 |
| Common equity | 7,177 | 8,566 | 9,643 | 10,956 | 12,464 |
| Minorities etc. | 188 | 153 | 153 | 153 | 153 |
| Total Shareholders' equity | 7,365 | 8,718 | 9,796 | 11,109 | 12,617 |
| Long term debt | 4,065 | 2,131 | 3,200 | 2,374 | 1,925 |
| Other long-term liabilities | 126 | 153 | 216 | 259 | 294 |
| Long-term liabilities | 4,191 | 2,284 | 3,416 | 2,633 | 2,219 |
| A/C payable | 1,810 | 1,447 | 1,598 | 1,887 | 2,139 |
| Short term debt | 676 | 1,997 | 1,612 | 1,196 | 970 |
| Other current liabilities | 278 | 333 | 359 | 447 | 498 |
| Current liabilities | 2,764 | 3,777 | 3,569 | 3,530 | 3,606 |
| Total liabilities and shareholders' equity | 14,320 | 14,780 | 16,781 | 17,272 | 18,442 |
| Net working capital | 251 | 455 | 578 | 686 | 789 |
| Invested capital | 12,094 | 12,038 | 13,814 | 13,857 | 14,660 |

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|-------|-------|
| Book value per share | 7.18 | 8.57 | 9.64 | 10.96 | 12.46 |
| Tangible book value per share | 7.18 | 8.57 | 9.64 | 10.96 | 12.46 |

Financial strength

| | | | | | |
|---------------------------|------|------|------|------|------|
| Net debt/Equity (%) | 62.5 | 36.3 | 38.8 | 22.4 | 13.9 |
| Net debt/total assets (%) | 32.1 | 21.4 | 22.7 | 14.4 | 9.5 |
| Current ratio (x) | 0.9 | 0.8 | 1.0 | 1.2 | 1.3 |
| CF interest cover (x) | 11.1 | 15.6 | 22.2 | 25.9 | 38.0 |

| Valuation | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|--------------|-------------|-------------|-------------|-------------|
| Recurring P/E (x) * | 119.5 | 55.1 | 38.6 | 31.6 | 27.6 |
| Recurring P/E @ target price (x) * | 155.4 | 71.6 | 50.1 | 41.1 | 35.8 |
| Reported P/E (x) | 119.5 | 55.3 | 38.6 | 31.6 | 27.6 |
| Dividend yield (%) | 0.6 | 1.2 | 1.8 | 2.2 | 2.5 |
| Price/book (x) | 19.3 | 16.2 | 14.4 | 12.6 | 11.1 |
| Price/tangible book (x) | 19.3 | 16.2 | 14.4 | 12.6 | 11.1 |
| EV/EBITDA (x) ** | 74.8 | 38.1 | 28.2 | 22.4 | 19.5 |
| EV/EBITDA @ target price (x) ** | 96.5 | 49.3 | 36.4 | 29.0 | 25.3 |
| EV/invested capital (x) | 11.8 | 11.8 | 10.3 | 10.2 | 9.6 |

* 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 2020

| EXCELLENT LEVEL | | | | | | | | | | |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|--------|
| AAV | ADVANC | AF | AIRA | AKP | AKR | ALT | AMA | AMATA | AMATAV | ANAN |
| AOT | AP | ARIP | ARROW | ASP | BAFS | BANPU | BAY | BCP | BCPG | BDMS |
| BEC | BEM | BGRIM | BIZ | BKI | BLA | BOL | BPP | BRR | BTS | BWG |
| CENTEL | CFRESH | CHEWA | CHO | CIMBT | CK | CKP | CM | CNT | COL | COMAN |
| COTTO | CPALL | CPF | CPI | CPN | CSS | DELTA | DEMCO | DRT | DTAC | DTC |
| DV8 | EA | EASTW | ECF | ECL | EGCO | EPG | ETE | FNS | FPI | FPT |
| FSMART | GBX | GC | GCAP | GEL | GFPT | GGC | GPSC | GRAMMY | GUNKUL | HANA |
| HARN | HMPRO | ICC | ICI | III | ILINK | INTUCH | IRPC | IVL | JKN | JSP |
| JWD | K | KBANK | KCE | KKP | KSL | KTB | KTC | LANNA | LH | LHFG |
| LIT | LPN | MAKRO | MALEE | MBK | MBKET | MC | MCOT | METCO | MFEC | MINT |
| MONO | MOONG | MSC | MTC | NCH | NCL | NEP | NKI | NOBLE | NSI | NVD |
| NYT | OISHI | ORI | OTO | PAP | PAP | PCSGH | PDJ | PHOL | PLANB | PLANET |
| PLAT | PORT | PPS | PR9 | PREB | PRG | PRM | PSH | PSL | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QTC | RATCH | RS | S | S & J | SAAM |
| SABINA | SAMART | SAMTEL | SAT | SC | SCB | SCC | SCCC | SCG | SCN | SDC |
| SEAFCO | SEAOIL | SE-ED | SELIC | SENA | SIRI | SIS | SITHAI | SMK | SMPC | SNC |
| SONIC | SORKON | SPALI | SPI | SPRC | SPVI | SSSC | SST | STA | SUSCO | SUTHA |
| SVI | SYMC | SYNTEC | TACC | TASCO | TCAP | TFMAMA | THANA | THANI | THCOM | THG |
| THIP | THRE | THREL | TIP | TIPCO | TISCO | TK | TKT | TMB | TMILL | TNDT |
| TNL | TOA | TOP | TPBI | TQM | TRC | TSC | TSR | TSTE | TSTH | TTA |
| TTCL | TTW | TU | TVD | TVI | TVO | TWPC | U | UAC | UBIS | UV |
| VGI | VIH | WACOAL | WAVE | WHA | WHAUP | WICE | WINNER | TRUE | | |

| VERY GOOD LEVEL | | | | | | | | | | |
|-----------------|---------|--------|-------|--------|-------|--------|--------|--------|--------|-------|
| 2S | ABM | ACE | ACG | ADB | AEC | AEONTS | AGE | AH | AHC | AIT |
| ALLA | AMANAHA | AMARIN | APCO | APCS | APURE | AQUA | ASAP | ASEFA | ASIA | ASIAN |
| ASIMAR | ASK | ASN | ATP30 | AUCT | AWC | AYUD | B | BA | BAM | BBL |
| BFIT | BGC | BJC | BJCHI | BROOK | BTW | CBG | CEN | CGH | CHARAN | CHAYO |
| CHG | CHOTI | CHOW | CI | CIG | CMC | COLOR | COM7 | CPL | CRC | CRD |
| CSC | CSP | CWT | DCC | DCON | DDD | DOD | DOHOME | EASON | EE | ERW |
| ESTAR | FE | FLOYD | FN | FORTH | FSS | FTE | FVC | GENCO | GJS | GL |
| GLAND | GLOBAL | GLOCON | GPI | GULF | GYT | HPT | HTC | ICN | IFS | ILM |
| IMH | INET | INSURE | IRC | IRCP | IT | ITD | ITEL | J | JAS | JCK |
| JCKH | JMART | JMT | KBS | KCAR | KGI | KIAT | KOOL | KTIS | KWC | KWM |
| L&E | LALIN | LDC | LHK | LOXLEY | LPH | LRH | LST | M | MACO | MAJOR |
| MBAX | MEGA | META | MFC | MGT | MILL | MITSIB | MK | MODERN | MTI | MVP |
| NETBAY | NEX | NINE | NTV | NWR | OCC | OGC | OSP | PATO | PB | PDG |
| PDI | PICO | PIMO | PJW | PL | PM | PPP | PRIN | PRINC | PSTC | PT |
| QLT | RCL | RICHY | RML | RPC | RWI | S11 | SALEE | SAMCO | SANKO | SAPPE |
| SAWAD | SCI | SCP | SE | SEG | SFP | SGF | SHR | SIAM | SINGER | SKE |
| SKR | SKY | SMIT | SMT | SNP | SPA | SPC | SPCG | SR | SRICHA | SSC |
| SSF | STANLY | STI | STPI | SUC | SUN | SYNEX | T | TAE | TAKUNI | TBSP |
| TCC | TCMC | TEAM | TEAMG | TFG | TIGER | TITLE | TKN | TKS | TM | TMC |
| TMD | TMI | TMT | TNITY | TNP | TNR | TOG | TPA | TPAC | TPCORP | TPOLY |
| TPS | TRITN | TRT | TRU | TSE | TVT | TWP | UEC | UMI | UOBKH | UP |
| UPF | UPOIC | UT | UTP | UWC | VL | VNT | VPO | WIJK | WP | XO |
| YUASA | ZEN | ZIGA | ZMICO | | | | | | | |

| GOOD LEVEL | | | | | | | | | | |
|------------|------|--------|--------|-------|--------|-------|-------|--------|--------|-------|
| 7UP | A | ABICO | AJ | ALL | ALUCON | AMC | APP | ARIN | AS | AU |
| B52 | BC | BCH | BEAUTY | BGT | BH | BIG | BKD | BLAND | BM | BR |
| BROCK | BSBM | BSM | BTNC | CAZ | CCP | CGD | CITY | CMAN | CMO | CMR |
| CPT | CPW | CRANE | CSR | D | EKH | EP | ESSO | FMT | GIFT | GREEN |
| GSC | GTB | HTECH | HUMAN | IHL | INOX | INSET | IP | JTS | JUBILE | KASET |
| KCM | KKC | KUMWEL | KUN | KWG | KYE | LEE | MATCH | MATI | M-CHAI | MCS |
| MDX | MJD | MM | MORE | NC | NDR | NER | NFC | NNCL | NPK | NUSA |
| OCEAN | PAF | PF | PK | PLE | PMTA | POST | PPM | PRAKIT | PRECHA | PRIME |
| PROUD | PTL | RBF | RCI | RJH | ROJNA | RP | RPH | RSP | SF | SFLEX |
| SGP | SISB | SKN | SLP | SMART | SOLAR | SPG | SQ | SSP | STARK | STC |
| SUPER | SVOA | TC | TCCC | THMUI | TIW | TNH | TOPP | TPCH | TIPIP | TPLAS |
| TTI | TYCN | UKEM | UMS | VCOM | VRANDA | WIN | WORK | WPH | | |

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

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 2020

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

| DECLARED | | | | | | | | | | |
|----------|-------|-------|--------|--------|-------|--------|-------|-------|-------|--------|
| 7UP | ABICO | AF | ALT | AMARIN | AMATA | AMATAV | ANAN | APURE | B52 | BKD |
| BM | BROCK | BUI | CHO | CI | COTTO | DDD | EA | EFORL | EP | ERW |
| ESTAR | ETE | EVER | FSMART | GPI | ILINK | IRC | J | JKN | JMART | JMT |
| JSP | JTS | KWG | LDC | MAJOR | META | NCL | NOBLE | NOK | PK | PLE |
| ROJNA | SAAM | SAPPE | SCI | SE | SHANG | SINGER | SKR | SPALI | SSP | STANLY |
| SUPER | SYNEX | THAI | TKS | TOPP | TRITN | TTA | UPF | UV | WIN | ZIGA |

| 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) |

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

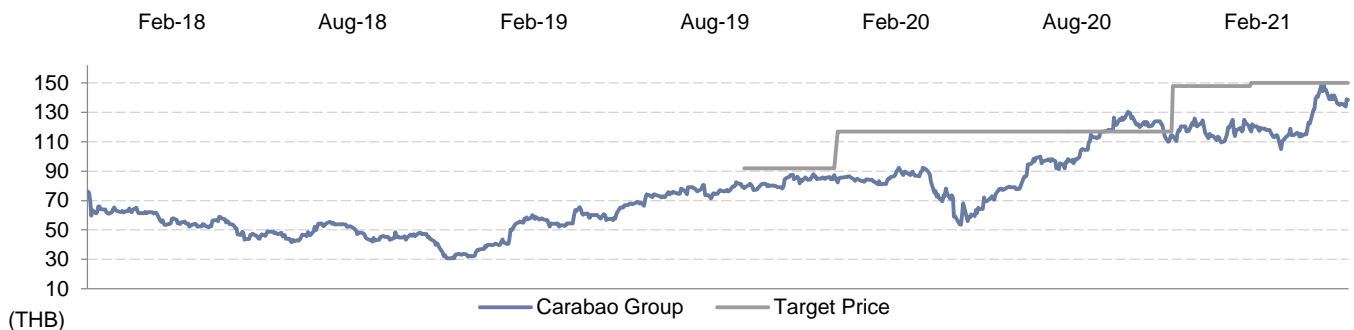
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Carabao Group (CBG TB)



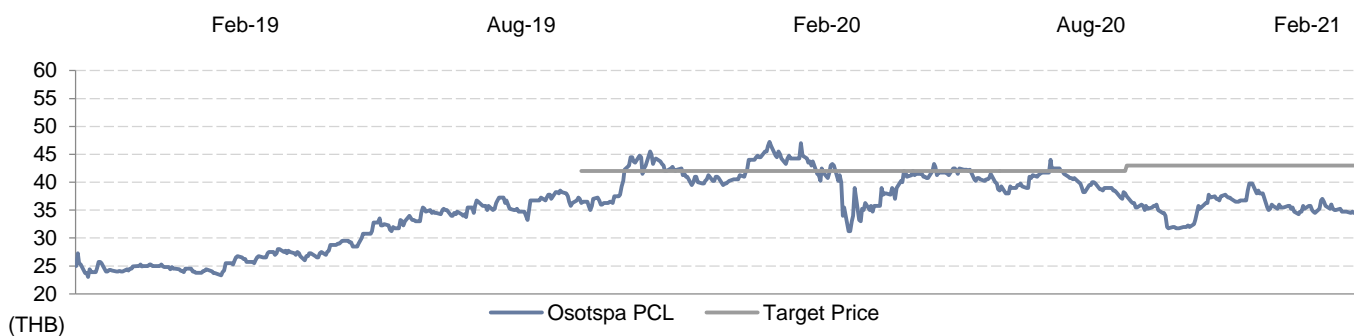
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 12-Sep-2019 | BUY | 92.00 | 02-Apr-2020 | BUY | 117.00 | 02-Oct-2020 | BUY | 148.00 |
| 02-Dec-2019 | BUY | 117.00 | 17-Sep-2020 | BUY | 148.00 | 24-Nov-2020 | BUY | 150.00 |

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

Price and TP are in local currency

Source: FSSIA estimates

Osotspa PCL (OSP TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 19-Sep-2019 | BUY | 42.00 | 02-Apr-2020 | HOLD | 42.00 | - | - | - |
| 21-Nov-2019 | HOLD | 42.00 | 17-Sep-2020 | BUY | 43.00 | - | - | - |

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 138.50 | 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. |
| Osotspa PCL | OSP TB | THB 34.50 | BUY | The key downside risks to our DCF-based TP are 1) a decline in energy drink market share in Myanmar due to strong competition; 2) a slow recovery in the economy; and 3) lower-than-expected SG&A savings from the Fit Fast Firm program. |

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 17-Feb-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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