

30 APRIL 2021

THAILAND / CONSUMER STAPLES

CARABAO GROUP CBG TB

BUY

UNCHANGED

TARGET PRICE	THB163.00
CLOSE	THB114.00
UP/DOWNSIDE	+43.0%
PRIOR TP	THB180.00
CHANGE IN TP	-9.4%
TP vs CONSENSUS	+11.9%

สะดุดชั่วคราวจากปัญหาในพม่า

เหตุไม่ปกติกระทบแนวโน้มระยะสั้น

ความวุ่นวายในพม่าและการแพร่ระบาด Covid ในรอบที่ 3 ในประเทศไทยอาจส่งผลกระทบต่อแนวโน้มในระยะสั้นของ CBG อย่างไรก็ตามเราเชื่อว่าแนวโน้มที่ดีในระยะกลางถึงยาวยังไม่เปลี่ยนแปลงจากการต้องการเครื่องดื่มชูกำลังที่มีอยู่ในระดับสูงในตลาด CLMV และการดำเนินงานที่กำลังดีขึ้นในประเทศจีน เราคาดว่า CBG จะรายงานการเติบโตในอัตราสองหลัก โดยอยู่ที่ 12.6-13.4% ในช่วงปี 2021-23

แนวโน้ม 1Q21 แย่ลง

เราคาดว่ากำไรของ CBG ใน 1Q21 จะยังทรงตัว y-y ที่ 800 ลบ. แต่จะลดลง 8% q-q จากปัญหาความไม่สงบในประเทศพม่า ยอดขายเครื่องดื่มชูกำลังในประเทศอาจโต 1% y-y เป็น 1.3 พัน ลบ. เทียบกับตลาดรวมที่ลดลง 4% y-y จากการชะลอตัวของการบริโภคในร้านสะดวกซื้อตามมาตรการของรัฐ เราคาดว่ายอดขายในต่างประเทศจะโต 10% y-y เป็น 1.9 พัน ลบ. จากการฟื้นตัวของยอดขายในประเทศเซมรหลังปัญหาน้ำท่วมใน 4Q20 และพัฒนาการเชิงบวกของยอดขายในประเทศจีน อัตรากำไรขั้นต้นอาจทรงตัว q-q ที่ 39.3% สัดส่วนที่อยู่ในระดับสูงของยอดขายส่งออกที่มีอัตรากำไรสูงจะถูกหักล้างโดยต้นทุนน้ำตาลและอลูมิเนียมที่กำลังปรับขึ้น

แนวโน้ม 2Q21 ดีขึ้น

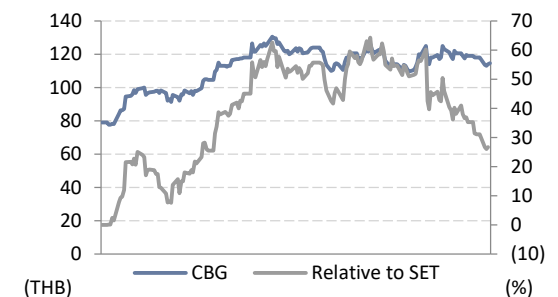
กำไร 1Q21 ของ CBG ควรเป็นจุดต่ำสุดของปีนี้ เราคาดว่ากำไร 2Q21 จะโต q-q โดยได้แรงหนุนจากความต้องการเครื่องดื่มชูกำลังของไทยที่อยู่ในระดับสูงจากปัจจัยด้านฤดูกาล การออกสินค้าใหม่ภายใต้ยี่ห้อ C+ Lock และความต้องการเครื่องดื่มชูกำลังในกัมพูชา จีน และสหราชอาณาจักรที่ปรับตัวดีขึ้นต่อเนื่อง

ราคาหุ้นที่ลดลงเป็นโอกาสในการสะสม

เราปรับลดประมาณการกำไรสุทธิในปี 2021-23 ลง 8.6-10.2% เพื่อสะท้อนปัญหาความวุ่นวายในพม่าและยอดขายในประเทศที่ลดลงจากการแพร่ระบาด Covid ในรอบที่ 3 เราปรับลดสมมติฐานยอดขายเครื่องดื่มชูกำลังในประเทศและยอดขายในต่างประเทศลง 3% และ 11% ในปี 2021 ยอดขายในพม่าอาจหดตัวถึง 20% y-y จาก 1.9 พัน ลบ. เหลือ 1.5 พัน ลบ. จากสถานการณ์ทางการเมืองในปัจจุบัน (เทียบกับประมาณการก่อนหน้านี้ +30% y-y) ซึ่งทำให้เราปรับลดราคาเป้าหมายของเราลงเหลือ 163 บาท อย่างไรก็ตามเรายังคงเชื่อว่าแนวโน้มการเติบโตระยะยาวของ CBG ยังมีหวังและคาดว่ากำไรของบริษัทจะฟื้นตัวใน 2H21 ตามสถานการณ์ Covid ที่ดีขึ้นในประเทศไทย ปัจจุบันหุ้นมีการซื้อขายที่ 28.5x ของค่า 2021E P/E หรือเกือบ 0.5SD ของค่าเฉลี่ย 5 ปีย้อนหลังที่ 38.5x ซึ่งแสดงให้เห็นว่าหุ้นได้สะท้อนสถานการณ์ปัจจุบันในพม่าไปเรียบร้อยแล้ว

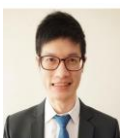
KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	17,382	19,632	22,261	24,927
Net profit	3,525	3,999	4,503	5,104
EPS (THB)	3.53	4.00	4.50	5.10
vs Consensus (%)	-	(4.6)	(9.1)	(4.8)
EBITDA	4,998	5,832	6,560	7,406
Core net profit	3,525	3,999	4,503	5,104
Core EPS (THB)	3.53	4.00	4.50	5.10
Chg. In EPS est. (%)	-	(8.5)	(10.2)	(9.2)
EPS growth (%)	40.1	13.4	12.6	13.3
Core P/E (x)	32.3	28.5	25.3	22.3
Dividend yield (%)	1.3	1.5	1.7	1.9
EV/EBITDA (x)	23.6	20.0	17.7	15.5
Price/book (x)	11.5	9.8	8.4	7.2
Net debt/Equity (%)	37.9	22.0	13.4	4.6
ROE (%)	38.1	37.0	35.7	34.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(14.3)	(21.6)	43.4
Relative to country (%)	(14.6)	(27.7)	15.6
Mkt cap (USD m)	3,652		
3m avg. daily turnover (USD m)	34.6		
Free float (%)	34		
Major shareholder	Mr. Sathien Setthasit (34%)		
12m high/low (THB)	152.50/76.00		
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

บทความนี้เผยแพร่โดย FSSIA เมื่อวันที่ 30 เมษายน 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.

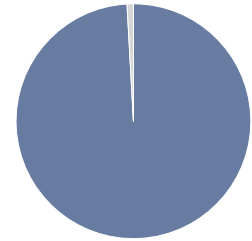
Company profile

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, 2020)

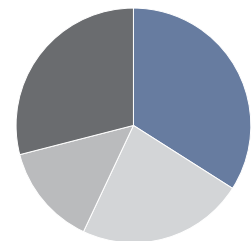
- Sales of goods - 99.1 %
- Other income - 0.9 %



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

Catalysts

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.

Risks 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
14 May 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Sales growth	12.9	13.4	12.0
- Energy drink sales (Domestic)	5.0	2.0	2.0
- Energy drink sales (Overseas)	8.5	13.4	14.5
C+ Lock sales (THB m)	700	1,000	1,200
GPM	40.4	40.3	40.6
SG&A to sales	15.1	15.2	15.3

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

1Q21E earnings preview

We expect CBG's 1Q21E earnings to remain flat y-y at THB800m but drop 8% q-q, dragged down by the unrest in Myanmar. Domestic branded sales could grow 1% y-y to THB1.3b vs the contraction of the overall market by 4% y-y due to the slowdown in consumption from the CVS format due to government measures. We project overseas sales to grow 10% y-y to THB1.9b, driven by the recovery of Cambodia sales due to flooding in 4Q20, and positive developments in China sales. Its GPM could remain flat q-q at 39.3%. The high proportion of high-margin export sales should be offset by the rising sugar price and aluminium cost.

Exhibit 1: CBG - 1Q21E earnings preview

	1Q20	2Q20	3Q20	4Q20	1Q21E	----- Change -----		2021E	Change
YE Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	y-y%
Total revenue	4,093	4,539	4,478	4,272	4,118	(4)	1	19,632	13
Retail sales	4,061	4,508	4,405	4,257	4,086	(4)	1	19,461	13
Other income	32	32	72	16	32	106	0	171	13
Cost of sales	2,339	2,674	2,575	2,585	2,479	(4)	6	11,590	14
Gross profit	1,754	1,866	1,903	1,687	1,639	(3)	(7)	8,041	12
Operating costs	727	765	719	670	699	4	(4)	2,964	3
Operating profit	1,027	1,101	1,184	1,017	940	(8)	(8)	5,077	17
Operating EBITDA	1,192	1,266	1,351	1,188	1,115	(6)	(7)	5,832	17
Interest income	0	0	0	4	0	n/a	n/a	0	-
Interest expense	(31)	(32)	(21)	(23)	(20)	(12)	(36)	(126)	18
Profit before tax	989	1,069	1,163	1,005	920	(9)	(7)	4,951	17
Tax	166	179	191	132	120	(9)	(28)	916	37
Minority interests	(22)	(9)	(3)	0	0	n/a	n/a	(36)	5
Non-recurring items	0	0	0	0	0	-	-	0	n/a
Reported net profit	801	881	970	873	800	(8)	(0)	3,999	13
Recurring net profit	801	881	970	873	800	(8)	(0)	3,999	13
EPS (THB)	0.80	0.88	0.97	0.87	0.80	(8)	(0)	4.00	13
Recurring EPS (THB)	0.80	0.88	0.97	0.87	0.80	(8)	(0)	4.00	13
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Sales margin	42.4	40.7	41.6	39.3	39.3	0.1	(3.1)	40.4	(0.5)
EBIT margin	25.1	24.3	26.4	23.8	22.8	(1.0)	(2.3)	25.9	1.0
Recurring net margin	28.2	27.5	30.2	26.6	25.2	(1.4)	(3.0)	20.4	0.1
SG&A / Sales	17.8	16.8	16.1	15.7	17.0	1.3	(0.8)	15.1	(1.5)
Effective tax rate	16.8	16.7	16.4	13.1	13.0	(0.1)	(3.8)	18.5	2.7
Operating statistics	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)		
Branded own									
Domestic sales	1,258	1,494	1,569	1,664	1,271	(24)	1		
Oversea sales	2,156	2,219	2,048	1,675	1,940	16	(10)		
Distribution for third party (Domestic)	475	598	613	727	760	5	60		
Branded OEM (Domestic)	119	87	135	102	115	13	(3)		

Sources: CBG; FSSIA estimates

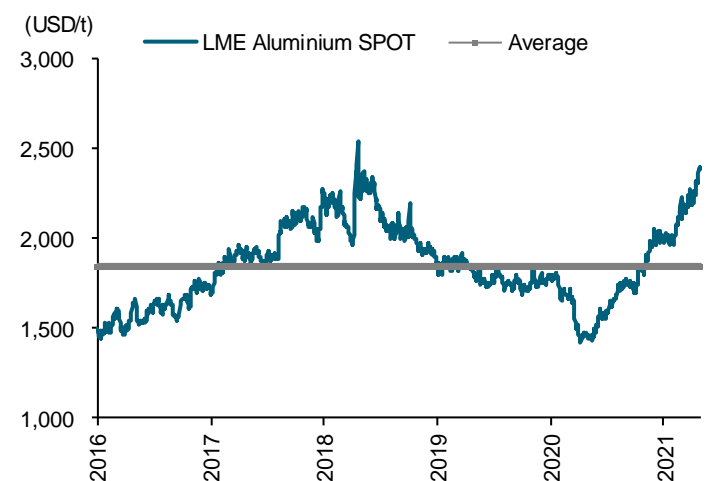
High raw material price mitigated by the new packaging plant

The higher aluminium price at cUSD2,300 per tonne (+c20% YTD) could pressure the company’s GPM in 2021. We estimate that a USD100/tonne increase in the aluminium price would reduce the GPM by 30bps. Note that aluminium costs account for 8-10% of CBG’s COGS.

The total sugar cost accounts for 10% of CBG’s total COGS. The sugar cost under domestic and export sales will be different. The domestic sugar price is regulated by the Office of the Cane and Sugar Board, which is currently at THB18.25/kg, higher than the current global sugar price at US cent 17.3/pound or cTHB12/kg. Hence, the rising trend of the global sugar price (+27% YTD) directly impacts the export sales GPM. We estimate that a 10% increase in sugar price would reduce the overall GPM by 50bps.

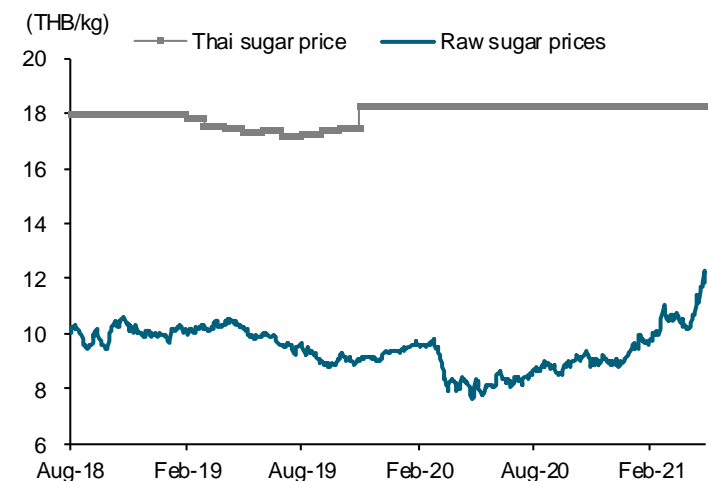
We expect the higher raw material price to impact overall GPM by 2Q21E onward, but it should be offset by the new packaging plant that could boost the company’s GPM by 150-200bps. The plant is slated to start by mid-2021. Hence, we estimate the new plant could boost GPM by 50-70bps in 2021.

Exhibit 2: Aluminium rising price trend



Source: Bloomberg

Exhibit 3: Domestic and export sugar prices



Sources: Bloomberg; Office of the Cane and Sugar Board

Exhibit 4: Quarterly average aluminium price

Year	1Q	2Q	3Q	4Q
	(USD/tonne)	(USD/tonne)	(USD/tonne)	(USD/tonne)
2016	1,513	1,574	1,620	1,711
2017	1,850	1,906	2,011	2,107
2018	2,153	2,261	2,055	1,964
2019	1,862	1,795	1,764	1,757
2020	1,692	1,498	1,707	1,920
2021	2,094	2,303		

Source: Bloomberg

Net profit and TP revisions

We revise down our 2021-23E net profit by 8.6-10.2% to reflect the unrest in Myanmar and softer domestic sales due to the third wave of Covid. We trim our domestic energy drink and overseas sales assumptions by 3%/11% in 2021. Myanmar sales could contract by 20% y-y from THB1.9b to THB1.5b due to the current political situation (vs our previous estimate of +30% y-y). Accordingly, we lower our TP to THB163 to reflect our earnings downgrade. We remain convinced that CBG's long-term growth outlook is promising and expect its earnings to recover in 2H21 following an improving Covid situation in Thailand. Its current share price is trading at 28.5x 2021E P/E, or almost at -0.5SD of its five-year average of 38.5x, suggesting that the current situation in Myanmar has already been priced in.

Exhibit 5: Assumption revisions

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Retail sales (THB m)	19,461	22,067	24,710	20,526	23,485	26,071	(5.2)	(6.0)	(5.2)
Sales growth (%)	12.9	13.4	12.0	19.1	13.4	12.0	(6.2)	(0.1)	(0.1)
Energy drink sales (Domestic) (%)	5.0	2.0	2.0	8.0	2.0	2.0	(3.0)	0.0	0.0
Energy drink sales (Overseas) (%)	8.5	13.4	14.5	19.5	13.8	14.5	(11.0)	(0.4)	(0.0)
C+ Lock sales (THB m)	700	1,000	1,200	700	1,000	1,200	0.0	0.0	0.0
Distribution sales (%)	30.0	30.0	20.0	30	30	20	0.0	0.0	0.0
Blended GPM (%)	40.4	40.3	40.6	41.3	42.6	41.6	(0.9)	(2.3)	(1.0)
SG&A to sales (%)	15.1	15.2	15.3	15.1	16.3	15.3	0.0	(1.1)	0.0
Net profit (THB m)	3,999	4,503	5,104	4,373	5,015	5,619	(8.6)	(10.2)	(9.2)

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

Source: FSSIA estimates

Exhibit 6: DCF valuation

	(%)	(THB b)
Discount rate (WACC)	6.7	
Terminal growth	3.0	
NPV		38
Add: terminal value		128
Sum of PV		165
Add: investment		0
Less: debt		2.6
Less: minorities		0.2
Residual ordinary equity		163
No. of shares (m)		1,000
Residual ordinary equity (THB/share)		163

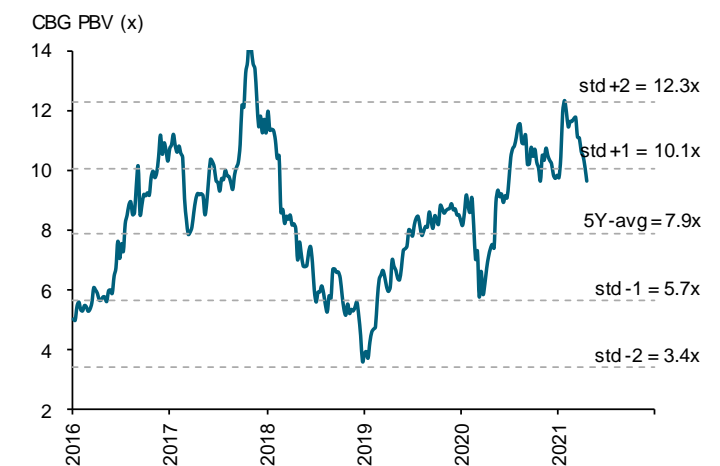
Source: FSSIA estimates

Exhibit 7: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Carabao Group

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	15,050	17,382	19,632	22,261	24,927
Cost of goods sold	(8,589)	(9,505)	(10,835)	(12,317)	(13,707)
Gross profit	6,461	7,878	8,796	9,944	11,220
Other operating income	0	0	0	0	0
Operating costs	(2,744)	(2,880)	(2,964)	(3,384)	(3,814)
Operating EBITDA	3,718	4,998	5,832	6,560	7,406
Depreciation	(534)	(668)	(755)	(856)	(958)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,184	4,329	5,077	5,704	6,447
Net financing costs	(131)	(103)	(126)	(98)	(97)
Associates	0	0	0	0	0
Recurring non-operating income	(12)	0	0	0	0
Non-recurring items	(9)	0	0	0	0
Profit before tax	3,032	4,227	4,951	5,606	6,350
Tax	(564)	(667)	(916)	(1,065)	(1,206)
Profit after tax	2,468	3,559	4,035	4,541	5,143
Minority interests	38	(34)	(36)	(38)	(40)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	2,506	3,525	3,999	4,503	5,104
Non-recurring items & goodwill (net)	9	0	-	-	-
Recurring net profit	2,515	3,525	3,999	4,503	5,104
Per share (THB)					
Recurring EPS *	2.52	3.53	4.00	4.50	5.10
Reported EPS	2.51	3.53	4.00	4.50	5.10
DPS	1.70	1.50	1.70	1.92	2.17
Diluted shares (used to calculate per share data)	1,000	1,000	1,000	1,000	1,000
Growth					
Revenue (%)	3.1	15.5	12.9	13.4	12.0
Operating EBITDA (%)	94.1	34.4	16.7	12.5	12.9
Operating EBIT (%)	119.4	36.0	17.3	12.4	13.0
Recurring EPS (%)	117.1	40.1	13.4	12.6	13.3
Reported EPS (%)	116.3	40.6	13.4	12.6	13.3
Operating performance					
Gross margin inc. depreciation (%)	39.4	41.5	41.0	40.8	41.2
Gross margin of key business (%)	39.0	41.0	40.4	40.3	40.6
Operating EBITDA margin (%)	24.7	28.8	29.7	29.5	29.7
Operating EBIT margin (%)	21.2	24.9	25.9	25.6	25.9
Net margin (%)	16.7	20.3	20.4	20.2	20.5
Effective tax rate (%)	18.5	15.8	18.5	19.0	19.0
Dividend payout on recurring profit (%)	67.6	42.6	42.6	42.6	42.6
Interest cover (X)	24.2	42.2	40.2	58.1	66.2
Inventory days	39.9	47.6	53.7	53.7	54.3
Debtor days	24.8	26.9	28.1	28.1	28.2
Creditor days	69.2	58.0	56.7	56.7	57.3
Operating ROIC (%)	22.9	29.8	31.1	32.9	34.5
ROIC (%)	21.4	27.8	28.7	30.2	31.6
ROE (%)	32.0	38.1	37.0	35.7	34.5
ROA (%)	17.8	22.9	23.6	24.7	25.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales of goods	14,933	17,231	19,461	22,067	24,710
Other income	117	151	171	194	217

Sources: Carabao Group; FSSIA estimates

Financial Statements

Carabao Group

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	2,515	3,525	3,999	4,503	5,104
Depreciation	534	668	755	856	958
Associates & minorities	3	15	(36)	(38)	(40)
Other non-cash items	(38)	34	36	38	40
Change in working capital	(204)	(614)	(148)	(157)	(169)
Cash flow from operations	2,810	3,628	4,606	5,203	5,894
Capex - maintenance	(316)	(1,828)	(1,000)	(1,800)	(1,890)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	60	(347)	(55)	(114)	(116)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(256)	(2,175)	(1,055)	(1,914)	(2,006)
Dividends paid	(1,700)	(1,500)	(1,702)	(1,916)	(2,172)
Equity finance	583	(635)	(611)	(611)	(611)
Debt finance	(612)	666	(1,173)	(701)	(972)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,730)	(1,469)	(3,485)	(3,228)	(3,755)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	824	(15)	66	61	133
Free cash flow to firm (FCFF)	2,686.80	1,560.49	3,677.67	3,386.67	3,985.56
Free cash flow to equity (FCFE)	1,941.84	2,119.42	2,378.79	2,587.95	2,916.07

Per share (THB)

FCFF per share	2.69	1.56	3.68	3.39	3.99
FCFE per share	1.94	2.12	2.38	2.59	2.92
Recurring cash flow per share	3.01	4.24	4.75	5.36	6.06

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	13,006	14,680	15,680	17,480	19,370
Less: Accumulated depreciation	(2,133)	(2,648)	(3,403)	(4,259)	(5,218)
Tangible fixed assets (net)	10,872	12,032	12,277	13,221	14,153
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	103	107	107	107	107
Cash & equivalents	962	947	1,013	1,074	1,207
A/C receivable	1,140	1,420	1,604	1,819	2,037
Inventories	992	1,489	1,697	1,929	2,147
Other current assets	104	136	154	174	195
Current assets	3,197	3,992	4,467	4,995	5,586
Other assets	607	956	1,079	1,224	1,370
Total assets	14,780	17,087	17,931	19,547	21,216
Common equity	8,566	9,956	11,643	13,619	15,940
Minorities etc.	153	201	201	201	201
Total shareholders' equity	8,718	10,157	11,844	13,820	16,141
Long term debt	2,131	1,116	473	381	254
Other long-term liabilities	153	159	228	258	289
Long-term liabilities	2,284	1,274	700	639	543
A/C payable	1,447	1,573	1,792	2,037	2,268
Short term debt	1,997	3,679	3,149	2,540	1,695
Other current liabilities	333	404	445	511	569
Current liabilities	3,777	5,655	5,386	5,088	4,531
Total liabilities and shareholders' equity	14,780	17,087	17,931	19,547	21,216
Net working capital	455	1,069	1,217	1,374	1,543
Invested capital	12,038	14,164	14,680	15,926	17,172

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

Per share (THB)

Book value per share	8.57	9.96	11.64	13.62	15.94
Tangible book value per share	8.57	9.96	11.64	13.62	15.94

Financial strength

Net debt/equity (%)	36.3	37.9	22.0	13.4	4.6
Net debt/total assets (%)	21.4	22.5	14.6	9.5	3.5
Current ratio (x)	0.8	0.7	0.8	1.0	1.2
CF interest cover (x)	15.8	21.7	19.8	27.4	30.9

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	45.3	32.3	28.5	25.3	22.3
Recurring P/E @ target price (x) *	64.8	46.2	40.8	36.2	31.9
Reported P/E (x)	45.5	32.3	28.5	25.3	22.3
Dividend yield (%)	1.5	1.3	1.5	1.7	1.9
Price/book (x)	13.3	11.5	9.8	8.4	7.2
Price/tangible book (x)	13.3	11.5	9.8	8.4	7.2
EV/EBITDA (x) **	31.6	23.6	20.0	17.7	15.5
EV/EBITDA @ target price (x) **	44.7	33.4	28.4	25.2	22.1
EV/invested capital (x)	9.7	8.3	8.0	7.3	6.7

* Pre-exceptional, pre-goodwill and 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

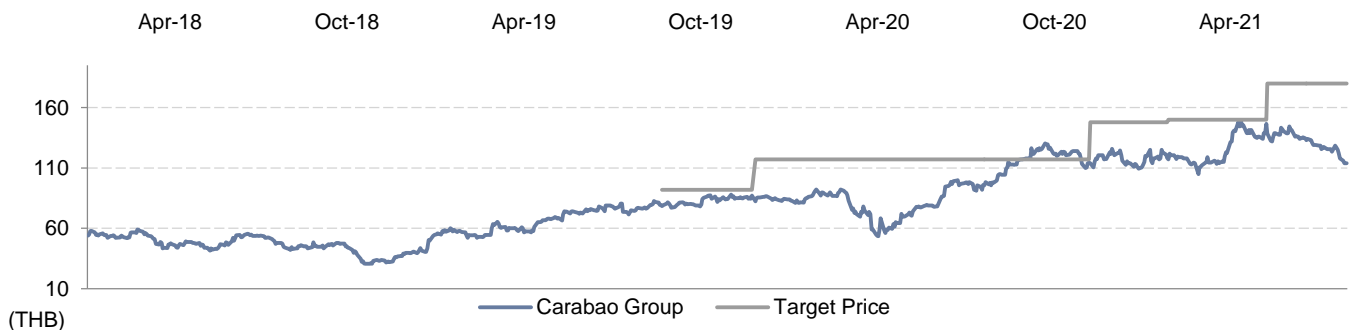
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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	17-Sep-2020	BUY	148.00	18-Feb-2021	BUY	180.00
02-Dec-2019	BUY	117.00	02-Oct-2020	BUY	148.00			
02-Apr-2020	BUY	117.00	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

Company	Ticker	Price	Rating	Valuation & Risks
Carabao Group	CBG TB	THB 114.00	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 29-Apr-2021 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.