

14 OCTOBER 2021

THAILAND / CONSUMER STAPLES

CARABAO GROUP CBG TB

BUY

UNCHANGED

TARGET PRICE	THB164.00
CLOSE	THB122.50
UP/DOWNSIDE	+33.9%
PRIOR TP	THB173.00
CHANGE IN TP	-5.2%
TP vs CONSENSUS	+11.3%

3Q hiccup from lockdown

Expect weak 3Q21 earnings of THB661m

We expect CBG's 3Q21 earnings to mark the bottom quarter at THB661m (-32% y-y and q-q) due to the lockdown measures in Thailand and CLMV. Domestic branded sales could drop 18% y-y to THB1.3b. We see a similar pattern in the overseas market, which has been hit by lockdown measures. Myanmar sales should significantly drop q-q in 3Q21 to THB0.3b following the 1) Covid outbreak; 2) political unrest; and 3) land border transportation restrictions. Cambodia sales should remain weak at THB0.9b, impacted by the pandemic restrictions. China sales should also soften in 3Q21 to THB0.3b from the stocking orders in 2Q21 and the flooding impact. Overall, we project overseas sales to drop 23% y-y to THB1.6b in 3Q21. Its GPM could drop by 30bps q-q to 37.8%, pressured by a lower proportion of high-margin export sales and the high aluminium cost at USD2,646/tonne in 3Q21 vs USD2,396/tonne in 2Q21.

Energy drink market in Thailand and CLMV to recover in 4Q21

We expect energy drink sales in Thailand and Cambodia to recover in 4Q21 following the lockdown easing. Myanmar sales should remain soft due to several headwinds and the diminished purchasing power on the back of the country's weakening currency. China sales should continue to drop, but we are not surprised as 4Q is the low season.

Reduction of sugar content to offset high commodity prices

CBG reduced its sugar content to 9g/150ml or 6g/100ml in 3Q21 (from 21g/150ml or 13g/100ml), so its new formula incurs no sugar taxes. We estimate its 4Q21 domestic energy drink GPM to rise by 5% to c45-47% from an average of 40-42%. Thus, the impact from the higher commodity prices should be limited, offset by the reduction in sugar content.

Buy on dip ahead of the recovery expected in 2022

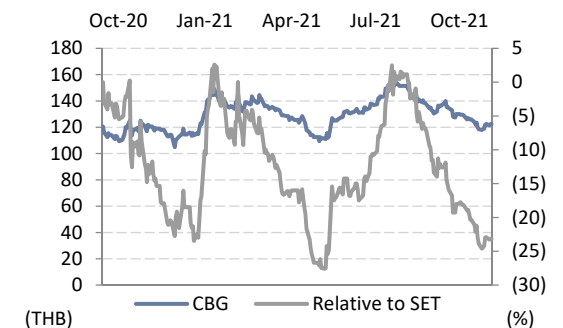
We cut our 2021-23E earnings by 4.5-7.4% to reflect the weak demand in both domestic and overseas markets due to lockdown measures and the high aluminium price. Hence, we lower our target price to THB164 (from THB173) following our earnings downgrade. The share price weakness from the soft 3Q21E results would be an opportunity to accumulate the stock, in our view. Its share price is currently trading at 31x 2022E P/E or at -0.5SD of its 5-year average of 38x. We remain convinced that CBG's long-term growth outlook is promising, driven by a recovery of export sales to the CLMV market and solid demand from the Chinese market.



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KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	17,382	17,606	20,200	23,199
Net profit	3,525	3,239	3,940	4,631
EPS (THB)	3.53	3.24	3.94	4.63
vs Consensus (%)	-	(7.5)	(9.4)	(6.5)
EBITDA	4,998	4,826	5,740	6,755
Core net profit	3,525	3,239	3,940	4,631
Core EPS (THB)	3.53	3.24	3.94	4.63
Chg. In EPS est. (%)	-	(7.4)	(6.7)	(4.5)
EPS growth (%)	40.1	(8.1)	21.6	17.5
Core P/E (x)	34.8	37.8	31.1	26.5
Dividend yield (%)	1.2	1.1	1.4	1.6
EV/EBITDA (x)	25.3	26.0	21.8	18.4
Price/book (x)	12.3	10.9	9.5	8.2
Net debt/Equity (%)	37.9	25.5	19.5	12.0
ROE (%)	38.1	30.6	32.7	33.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.8)	(18.1)	0.0
Relative to country (%)	(6.3)	(21.7)	(22.5)
Mkt cap (USD m)	3,691		
3m avg. daily turnover (USD m)	24.7		
Free float (%)	34		
Major shareholder	Mr. Sathien Setthasit (34%)		
12m high/low (THB)	156.00/104.00		
Issued shares (m)	1,000.00		

Sources: Bloomberg consensus; FSSIA estimates

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 2021-22 from its new packaging plant; 2) increasing export sales that we estimate double-digit growth for in the following year; 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.

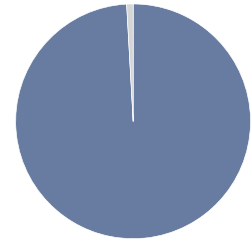
Company profile

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)

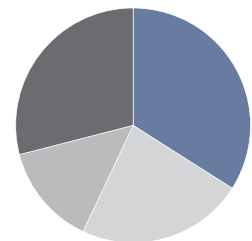
- Sales of goods - 99.1 %
- Other income - 0.9 %



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
November 2021	3Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Sales growth	1.3	14.7	14.8
- Energy drink sales (Domestic)	(10.0)	4.0	6.0
- Energy drink sales (Overseas)	(1.4)	15.2	18.2
C+ Lock sales (THB m)	350	490	588
GPM	38.0	39.0	40.0
SG&A to sales	15.0	15.0	15.2

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

3Q21E earnings preview

We expect CBG's 3Q21 earnings to mark the bottom quarter at THB661m (-32% y-y and q-q) due to the lockdown measures in Thailand and CLMV. Domestic branded sales could drop 18% y-y to THB1.3b. The energy drink market has been hit hard by the lockdown measures and travel restrictions. Average sales in Aug-21 were the lowest in 2021 at c140m bottles vs during the lockdown on the first wave of Covid in Apr-20 at c146m bottles and the second wave of Covid in Jan-21 at c150m bottles. CBG's market share could slightly drop to 21% in 3Q21. Meanwhile, vitamin C drink sales should be flat q-q due to people's concerns over health. We expect third-party distribution sales to still be positive with 7% q-q growth to THB855m.

We see a similar pattern in the overseas market, which has been hit by lockdown measures. Myanmar sales should significantly drop q-q in 3Q21 to THB0.3b following the 1) Covid outbreak; 2) political unrest; and 3) land border transportation restrictions. Cambodia sales should remain weak at THB0.9b, impacted by the pandemic restrictions. China sales should also soften in 3Q21 to THB0.3b from the stocking orders in 2Q21 and the flooding impact. Overall, we project overseas sales to drop 23% y-y to THB1.6b in 3Q21.

Its GPM could drop by 30bps q-q to 37.8%, pressured by a lower proportion of high-margin export sales and the high aluminium cost at USD2,646/tonne in 3Q21 vs USD2,396/tonne in 2Q21.

Exhibit 1: CBG – 3Q21E earnings preview

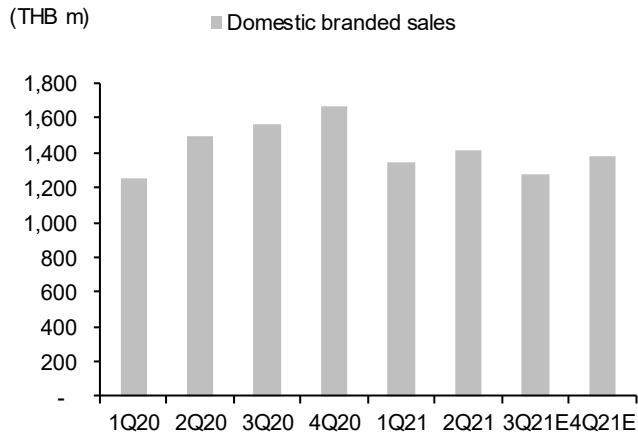
	3Q20	4Q20	1Q21	2Q21	3Q21E	---- Change ----		----- 9M21E -----			2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	%21E	(THB m)	(y-y%)
Total revenue	4,478	4,276	4,065	5,034	3,935	(22)	(12)	13,034	(1)	74	17,606	1
Retail sales	4,405	4,257	4,030	4,995	3,895	(22)	(12)	12,920	(0)	74	17,453	1
Other income	72	19	35	39	40	2	(45)	114	(14)	74	153	1
Cost of sales	2,575	2,585	2,475	3,094	2,423	(22)	(6)	7,991	5	74	10,816	6
Gross profit	1,903	1,691	1,590	1,940	1,512	(22)	(21)	5,043	(9)	74	6,790	(6)
Operating costs	719	670	726	769	709	(8)	(1)	2,204	(0)	83	2,641	(8)
Operating profit	1,184	1,021	864	1,172	803	(31)	(32)	2,839	(14)	68	4,149	(4)
Operating EBITDA	1,351	1,192	1,044	1,358	803	(41)	(41)	3,206	(16)	66	4,826	(3)
Interest expense	(21)	(23)	(21)	(21)	(21)	(0)	(1)	(63)	(25)	49	(131)	22
Profit before tax	1,163	1,005	843	1,151	782	(32)	(33)	2,776	(14)	69	4,018	(5)
Tax	191	132	147	198	133	(33)	(30)	478	(11)	64	743	11
Minority interests	(3)	0	5	14	12	(12)	(564)	30	n/a	(85)	(36)	5
Reported net profit	970	873	700	967	661	(32)	(32)	2,328	(12)	72	3,239	(8)
Recurring net profit	970	873	700	967	661	(32)	(32)	2,328	(12)	72	3,239	(8)
EPS (THB)	0.97	0.87	0.70	0.97	0.66	(32)	(32)	2.33	(12)	72	3.24	(8)
Recurring EPS (THB)	0.97	0.87	0.70	0.97	0.66	(32)	(32)	2.33	(12)	72	3.24	(8)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	(%)	(%)	(ppt)
Sales margin	41.6	39.3	38.6	38.1	37.8	(0.3)	(3.8)	38.1	(3.4)		38.0	(2.9)
EBIT margin	26.4	23.9	21.3	23.3	20.4	(2.9)	(6.0)	21.8	(3.5)		23.6	(1.3)
Recurring net margin	30.2	26.6	24.4	26.8	23.3	(3.5)	(7.0)	25.0	(3.7)		18.4	(1.9)
SG&A / Sales	16.1	15.7	17.9	15.3	18.0	2.7	2.0	16.9	0.0		15.0	(1.6)
Effective tax rate	16.4	13.1	17.5	17.2	17.0	(0.2)	0.6	17.2	0.6		18.5	2.7
Operating statistics												
Branded own												
Domestic sales	1,569	1,664	1,343	1,417	1,280	(10)	(18)					
Overseas sales	2,048	1,675	1,808	2,522	1,570	(38)	(23)					
CLMV	1,656	1,450	1,484	1,942	1,200	31	8					
China	133	29	210	488	300	132	211					
ICUK	56	21	22	38	30	73	217					
Others	203	175	91	54	40	(41)	(78)					
Distribution for third party (Domestic)	613	727	706	799	855	7	39					
Branded OEM (Domestic)	135	102	111	139	120	25	60					
Others	40	90	63	118	70	87	8					

Sources: CBG; FSSIA estimates

Expect sales to recover in 4Q21

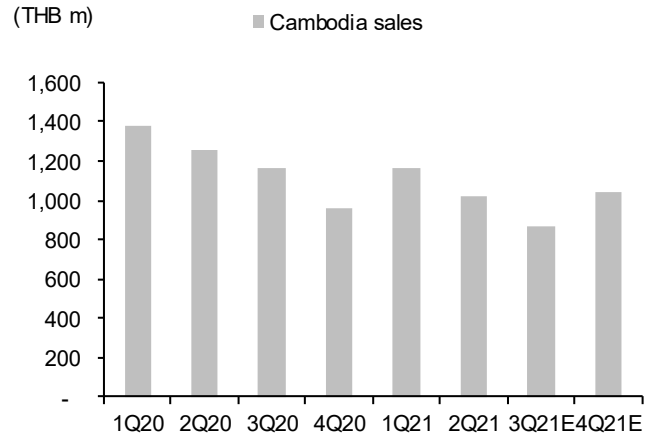
We expect energy drink sales in Thailand and Cambodia to recover in 4Q21 following the lockdown easing. Myanmar sales should remain soft due to several headwinds and the diminished purchasing power on the back of its weakening currency. China sales should continue to drop, but we are not surprised as 4Q is the low season.

Exhibit 2: Thailand's branded sales trend



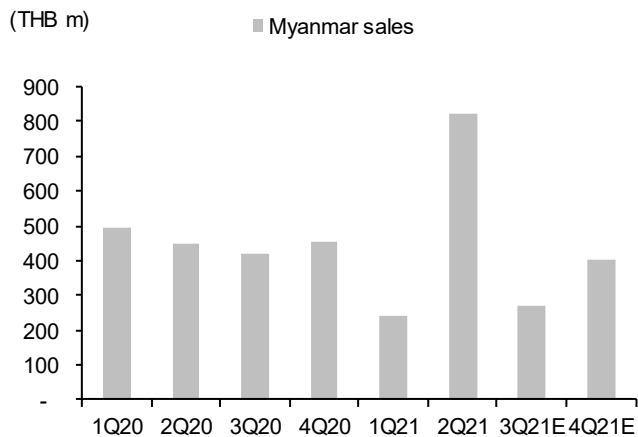
Sources: CBG; FSSIA estimates

Exhibit 3: Cambodia sales trend



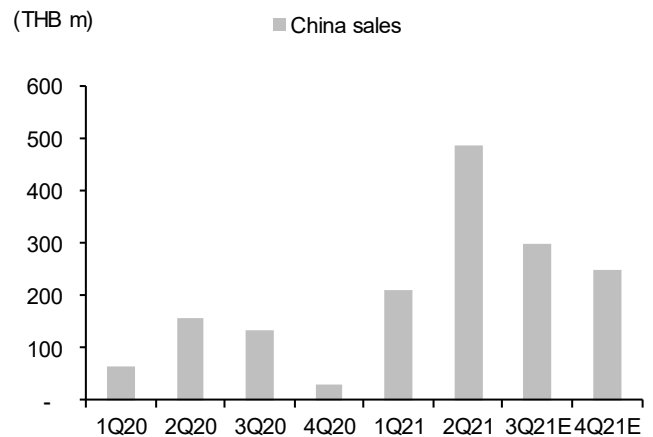
Sources: CBG; FSSIA estimates

Exhibit 4: Myanmar sales trend



Sources: CBG; FSSIA estimates

Exhibit 5: China sales trend



Sources: CBG; FSSIA estimates

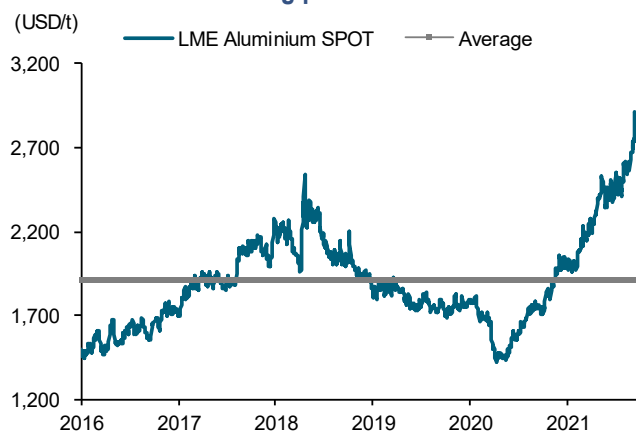
Sugar reduction should offset high commodity cost

The aluminium price has been rising since early 1Q21 and is currently above US\$3,000/tonne. Around 90% of CBG's total export sales are from products in aluminium cans, while domestic energy drink sales are mainly from products in glass bottles. The aluminium cost accounts for 25% of total export COGS. We estimate that, ceteris paribus, a USD100/tonne increase in the aluminium price of USD\$3,000/tonne would reduce CBG's GPM by 30bps, or hurt 2022E net profit by THB\$25m-30m.

The total sugar cost accounts for 10% of CBG's total COGS. The sugar cost under domestic and export sales is different. The domestic sugar price is regulated by the Office of the Cane and Sugar Board, which is currently at THB\$18.25/kg, higher than the current global sugar price of around 20 US cents/pound or cTHB\$15/kg.

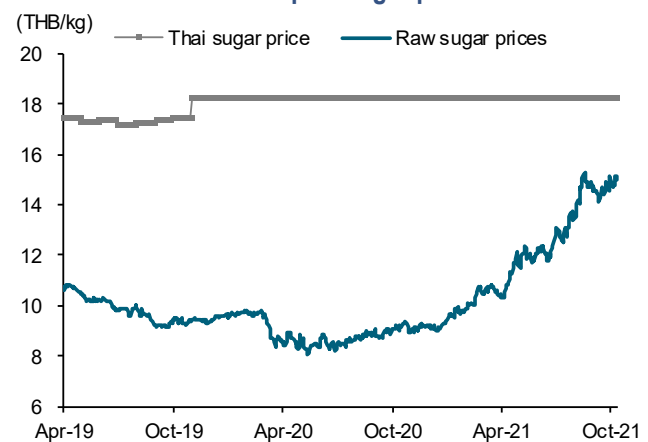
The rising global sugar price directly impacts the export sales GPM. CBG normally hedges against the sugar cost early each year. Hence, we estimate a sugar cost of 20 US cents/pound in 2022, with every 1 US cent/pound above our assumption negatively impacting our 2022E net profit by THB\$25m.

Exhibit 6: Aluminium rising price trend



Source: Bloomberg

Exhibit 7: Domestic and export sugar prices



Sources: Bloomberg; Office of the Cane and Sugar Board

Exhibit 8: Quarterly average aluminium price

Year	1Q (USD/tonne)	2Q (USD/tonne)	3Q (USD/tonne)	4Q (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	2,396	2,646	2,936

Source: Bloomberg

CBG reduced its sugar content to 9g/150ml or 6g/100ml in 3Q21 (from 21g/150ml or 13g/100ml), so its new formula incurs no sugar taxes. We estimate its 4Q21 domestic energy drink GPM to rise by 5% to c45-47% from an average of 40-42%. Thus, the impact from the higher commodity prices should be limited, offset by the reduction in sugar content.

Exhibit 9: No sugar tax imposed from the current sugar content for domestic energy drinks

Sugar content (g/100ml)	Sugar tax			
	Sep-17 to Sep-19 (THB/1,000ml)	Oct-19 to Sep-22 (THB/1,000ml)	Oct-22 to Sep-24 (THB/1,000ml)	Oct-24 onward (THB/1,000ml)
0-6	0.0	0.0	0.0	0.0
6-8	0.1	0.1	0.3	1.0
8-10	0.3	0.3	1.0	3.0
10-14	0.5	1.0	3.0	5.0
14-18	1.0	3.0	5.0	5.0
Above 18	1.0	5.0	5.0	5.0

Sources: Excise Department; FSSIA's compilation

Net profit and target price revisions

We cut our 2021-23E earnings by 4.5-7.4% to reflect the weak demand in both domestic and overseas markets due to lockdown measures and the high aluminium price. Hence, we lower our target price to THB164 (from THB173) following our earnings downgrade. The share price weakness from the soft 3Q21E results would be an opportunity to accumulate the stock, in our view. Its share price is currently trading at 31x 2022E P/E or at -0.5SD of its 5-year average of 38x. We remain convinced that CBG's long-term growth outlook is promising, driven by a recovery of export sales to the CLMV market and solid demand from the Chinese market.

Exhibit 10: Assumption revisions

	Current			Previous			Change		
	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (%)	2022E (%)	2023E (%)
Retail sales	17,453	20,024	22,997	18,455	21,022	23,712	(5.4)	(4.7)	(3.0)
Sales growth (%)	1.3	14.7	14.8	7.1	13.9	12.8	(5.8)	0.8	2.1
Energy drink sales (Domestic) (%)	(10.0)	4.0	6.0	(3.0)	4.0	5.0	(7.0)	0.0	1.0
Energy drink sales (Overseas) (%)	(1.4)	15.2	18.2	7.3	13.8	14.5	(8.7)	1.4	3.7
C+ Lock sales	350	490	588	350	490	588	0.0	0.0	0.0
Distribution sales (%)	30	30	20	30	30	20	0.0	0.0	0.0
Blended GPM (%)	38.0	39.0	40.0	38.5	39.5	40.3	(0.4)	(0.4)	(0.3)
SG&A to sales (%)	15.0	15.0	15.2	15.0	15.0	15.2	0.0	0.0	0.0
Net profit	3,239	3,940	4,631	3,500	4,225	4,850	(7.4)	(6.7)	(4.5)

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

Source: FSSIA estimates

Exhibit 11: DCF valuation

	(%)	(THB b)
Discount rate (WACC)	6.7	
Terminal growth	3.0	
NPV		39
Add: terminal value		128
Sum of PV		166
Add: investment		0
Less: debt		2.5
Less: minorities		0.2
Residual ordinary equity		164
No. of shares (m)		1,000
Residual ordinary equity (THB/share)		164

Sources: FSSIA estimates

Exhibit 12: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: 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	17,606	20,200	23,199
Cost of goods sold	(8,589)	(9,505)	(10,139)	(11,430)	(12,917)
Gross profit	6,461	7,878	7,467	8,770	10,282
Other operating income	0	0	0	0	0
Operating costs	(2,744)	(2,880)	(2,641)	(3,030)	(3,526)
Operating EBITDA	3,718	4,998	4,826	5,740	6,755
Depreciation	(534)	(668)	(677)	(777)	(892)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,184	4,329	4,149	4,964	5,863
Net financing costs	(131)	(103)	(131)	(113)	(133)
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	4,018	4,851	5,730
Tax	(564)	(667)	(743)	(873)	(1,060)
Profit after tax	2,468	3,559	3,275	3,977	4,670
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	3,239	3,940	4,631
Non-recurring items & goodwill (net)	9	0	-	-	-
Recurring net profit	2,515	3,525	3,239	3,940	4,631
Per share (THB)					
Recurring EPS *	2.52	3.53	3.24	3.94	4.63
Reported EPS	2.51	3.53	3.24	3.94	4.63
DPS	1.70	1.50	1.38	1.68	1.97
Diluted shares (used to calculate per share data)	1,000	1,000	1,000	1,000	1,000
Growth					
Revenue (%)	3.1	15.5	1.3	14.7	14.8
Operating EBITDA (%)	94.1	34.4	(3.4)	18.9	17.7
Operating EBIT (%)	119.4	36.0	(4.2)	19.6	18.1
Recurring EPS (%)	117.1	40.1	(8.1)	21.6	17.5
Reported EPS (%)	116.3	40.6	(8.1)	21.6	17.5
Operating performance					
Gross margin inc. depreciation (%)	39.4	41.5	38.6	39.6	40.5
Gross margin of key business (%)	39.0	41.0	38.0	39.0	40.0
Operating EBITDA margin (%)	24.7	28.8	27.4	28.4	29.1
Operating EBIT margin (%)	21.2	24.9	23.6	24.6	25.3
Net margin (%)	16.7	20.3	18.4	19.5	20.0
Effective tax rate (%)	18.5	15.8	18.5	18.0	18.5
Dividend payout on recurring profit (%)	67.6	42.6	42.6	42.6	42.6
Interest cover (X)	24.2	42.2	31.7	43.9	44.1
Inventory days	39.9	47.6	55.3	53.8	53.8
Debtor days	24.8	26.9	29.6	27.9	27.9
Creditor days	69.2	58.0	58.4	56.8	56.8
Operating ROIC (%)	22.9	29.8	25.5	29.0	31.4
ROIC (%)	21.4	27.8	23.6	26.8	28.9
ROE (%)	32.0	38.1	30.6	32.7	33.4
ROA (%)	17.8	22.9	19.5	22.1	23.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales of goods	14,933	17,231	17,453	20,024	22,997
Other income	117	151	153	176	202

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	3,239	3,940	4,631
Depreciation	534	668	677	777	892
Associates & minorities	3	15	(36)	(38)	(40)
Other non-cash items	(38)	34	36	38	40
Change in working capital	(204)	(614)	(19)	(157)	(190)
Cash flow from operations	2,810	3,628	3,897	4,560	5,333
Capex - maintenance	(316)	(1,828)	(1,000)	(1,800)	(1,890)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	60	(347)	33	(113)	(130)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(256)	(2,175)	(967)	(1,913)	(2,020)
Dividends paid	(1,700)	(1,500)	(1,378)	(1,676)	(1,971)
Equity finance	583	(635)	(611)	(611)	(611)
Debt finance	(612)	666	(875)	(299)	(598)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,730)	(1,469)	(2,864)	(2,587)	(3,180)
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	3,061.31	2,760.50	3,445.97
Free cash flow to equity (FCFE)	1,941.84	2,119.42	2,055.46	2,348.07	2,714.78

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	2.69	1.56	3.06	2.76	3.45
FCFE per share	1.94	2.12	2.06	2.35	2.71
Recurring cash flow per share	3.01	4.24	3.92	4.72	5.52

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)	(3,325)	(4,102)	(4,994)
Tangible fixed assets (net)	10,872	12,032	12,355	13,378	14,376
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	1,439	1,651	1,896
Inventories	992	1,489	1,584	1,787	2,022
Other current assets	104	136	138	158	181
Current assets	3,197	3,992	4,173	4,669	5,306
Other assets	607	956	968	1,111	1,275
Total assets	14,780	17,087	17,603	19,265	21,064
Common equity	8,566	9,956	11,206	12,859	14,908
Minorities etc.	153	201	201	201	201
Total shareholders' equity	8,718	10,157	11,407	13,060	15,109
Long term debt	2,131	1,116	511	472	394
Other long-term liabilities	153	159	204	234	269
Long-term liabilities	2,284	1,274	716	707	663
A/C payable	1,447	1,573	1,672	1,887	2,135
Short term debt	1,997	3,679	3,408	3,147	2,627
Other current liabilities	333	404	399	464	529
Current liabilities	3,777	5,655	5,480	5,498	5,292
Total liabilities and shareholders' equity	14,780	17,087	17,603	19,265	21,064
Net working capital	455	1,069	1,088	1,245	1,434
Invested capital	12,038	14,164	14,518	15,840	17,193

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

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	8.57	9.96	11.21	12.86	14.91
Tangible book value per share	8.57	9.96	11.21	12.86	14.91

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	36.3	37.9	25.5	19.5	12.0
Net debt/total assets (%)	21.4	22.5	16.5	13.2	8.6
Current ratio (x)	0.8	0.7	0.8	0.8	1.0
CF interest cover (x)	15.8	21.7	16.7	21.8	21.4

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	48.7	34.8	37.8	31.1	26.5
Recurring P/E @ target price (x) *	65.2	46.5	50.6	41.6	35.4
Reported P/E (x)	48.9	34.8	37.8	31.1	26.5
Dividend yield (%)	1.4	1.2	1.1	1.4	1.6
Price/book (x)	14.3	12.3	10.9	9.5	8.2
Price/tangible book (x)	14.3	12.3	10.9	9.5	8.2
EV/EBITDA (x) **	33.8	25.3	26.0	21.8	18.4
EV/EBITDA @ target price (x) **	45.0	33.6	34.6	29.0	24.6
EV/invested capital (x)	10.5	8.9	8.7	7.9	7.2

* 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	PG	PHOL	PLANB
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	TTB	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	TTB	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

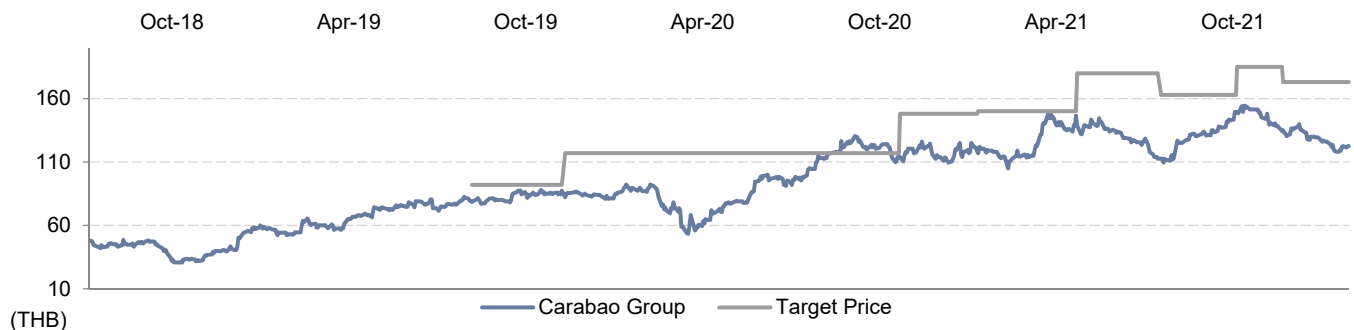
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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	24-Nov-2020	BUY	150.00	27-May-2021	BUY	163.00
02-Dec-2019	BUY	117.00	18-Feb-2021	BUY	180.00	07-Jul-2021	BUY	185.00
02-Apr-2020	BUY	117.00	22-Feb-2021	BUY	180.00	16-Aug-2021	BUY	173.00
17-Sep-2020	BUY	148.00	30-Apr-2021	BUY	163.00			
02-Oct-2020	BUY	148.00	17-May-2021	BUY	163.00			

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 122.50	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.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 12-Oct-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.