

22 NOVEMBER 2021

THAILAND / CONSUMER STAPLES

# CARABAO GROUP CBG TB

## BUY

UNCHANGED

TARGET PRICE	THB158.00
CLOSE	THB119.00
UP/DOWNSIDE	+32.8%
PRIOR TP	THB164.00
CHANGE IN TP	-3.7%
TP vs CONSENSUS	+14.0%

## กลับสู่การเติบโตในต่างประเทศ

### คาดการณ์กำไรโตในปี 2022-23

หลัง CBG รายงานผลประกอบการ 3Q21 ที่น่าผิดหวัง ซึ่งเราคิดว่าน่าจะเป็นไตรมาสที่ผลประกอบการตกต่ำสุดไปแล้ว เราคาดว่าผลประกอบการจะฟื้นตัวใน 4Q21 จากฐานที่ต่ำใน 3Q21 แต่จะยังไม่ดีเท่ากับใน 2Q21 เราคาดว่ายอดขายจะกลับมาโตในปี 2022 หลังสถานการณ์ Covid ในประเทศไทย ตลาด CLMV และจีนคลี่คลายลง ในภาพรวมเราคาดว่า CBG จะรายงานกำไรโตในปี 2022-23 ที่ 22.9%/23.8%

### คาดฟื้นตัวเล็กน้อยใน 4Q21 แต่จะไม่ดีเท่าใน 2Q21

ใน 4Q21 ยอดขายเครื่องดื่มชูกำลังน่าจะฟื้นตัวจากฐานที่ต่ำใน 3Q21 โดยคาดว่าจะยอดขายดังกล่าวในประเทศไทยและ CLMV น่าจะโต 10% q-q จากการผ่อนคลายมาตรการปิดเมือง ยอดขายในจีนน่าจะยังอ่อนแอ โดยน่าจะอยู่ที่ 50 ลบ. เนื่องจาก 4Q ไม่ใช่ฤดูกาลขาย อัตราการไต่ขึ้นต้นของเครื่องดื่มชูกำลังน่าจะปรับขึ้นจากจุดต่ำสุดไปอยู่ในช่วง 44-45% เทียบกับ 43.1% ใน 3Q21 แม้ว่าต้นทุนอลูมิเนียมเฉลี่ยในปัจจุบันจะอยู่ที่ USD2,800/tonne เทียบกับ USD2,500/tonne ใน 3Q21 ต้นทุนที่สูงขึ้นอาจชดเชยได้จากการฟื้นตัวของยอดขายส่งออกที่มีอัตรากำไรสูง บริษัทฯ รับรู้การประหยัดต้นทุนจากการลดน้ำตาลเกือบทั้งหมดใน 3Q21 และไม่มีแผนปรับสูตรน้ำตาลสำหรับการส่งออก ยกเว้นในส่วนที่ส่งไปสหภาพยุโรป

### ยอดขายส่งออกน่าจะกลับมาเป็นปัจจัยหนุนการเติบโตอีกครั้งในปี 2022

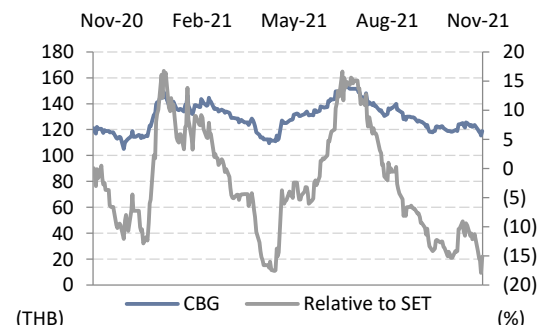
ในปี 2022 ผู้บริหารตั้งเป้าให้ยอดขายเครื่องดื่มชูกำลังโต 20-25% ทั้งในตลาดในประเทศและต่างประเทศ และคาดว่าจะยอดขายผ่านตัวแทนจำหน่ายจะโตอย่างน้อย 50% y-y บริษัทฯ คงมุมมองที่เป็นบวกสำหรับตลาดจีนและคาดว่าจะยอดขายในประเทศดังกล่าวจะโตได้ถึงมากกว่า 50% y-y เป็น 1.4-1.5 พัน ลบ. เทียบกับที่คาดไว้ที่ 0.8 พัน ลบ. ในปี 2021 หลังสถานการณ์ Covid บรรเทาลง CBG วางแผนเปิดตัวเครื่องดื่มใหม่เป็นเครื่องดื่มผสม CBD ในตอนต้น 1Q22 นอกจากนี้เรายังเห็นความเสี่ยงขาขึ้นจากการเติบโตจากการควบรวมและซื้อกิจการหรือการเป็นพันธมิตรเพื่อนำเสนอผลิตภัณฑ์ใหม่จากช่องทางการจัดจำหน่ายที่ครอบคลุมของบริษัทฯ (CJ Express 700-800 สาขาและ Took Dee 4,000 สาขา)

### ข้อเสสมเมื่อราคาอ่อนตัว

เราปรับลดประมาณการกำไรปี 2021 ลง 6.9% เพื่อสะท้อนผลประกอบการ 3Q21 ที่อ่อนแอเกินคาดหลังความต้องการชะลอตัวในประเทศไทย จีน และ CLMV จากมาตรการปิดเมือง เราปรับลดประมาณการกำไรสุทธิปี 2022/23 ลง 5.9%/0.9% หลังปรับสมมติฐานยอดขายต่างประเทศ เราแนะนำซื้อเมื่อราคาอ่อนตัว เนื่องจากผลประกอบการ 4Q21 อาจไม่ฟื้นตัวในระดับสูงเช่นใน 2Q21 เราคิดว่าปัจจัยบวกสำคัญที่จะผลักดันราคาหุ้นของ CBG น่าจะอยู่ที่การฟื้นตัวที่ดีในแนวโน้มปี 2022 และเราคาดว่า CBG จะให้เป้าหมายการเพิ่มเติมในต้นเดือน ม.ค. 22

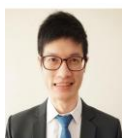
## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	17,382	17,461	20,206	23,354
Net profit	3,525	3,017	3,709	4,591
EPS (THB)	3.53	3.02	3.71	4.59
vs Consensus (%)	-	(4.1)	(3.7)	1.2
EBITDA	4,998	4,550	5,465	6,724
Core net profit	3,525	3,017	3,709	4,591
Core EPS (THB)	3.53	3.02	3.71	4.59
Chg. In EPS est. (%)	-	(6.9)	(5.9)	(0.9)
EPS growth (%)	40.1	(14.4)	22.9	23.8
Core P/E (x)	33.8	39.4	32.1	25.9
Dividend yield (%)	1.3	1.1	1.3	1.6
EV/EBITDA (x)	24.6	26.9	22.3	18.0
Price/book (x)	12.0	10.7	9.4	8.1
Net debt/Equity (%)	37.9	26.8	22.0	14.2
ROE (%)	38.1	28.7	31.3	33.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	(10.2)	(4.8)
Relative to country (%)	(0.9)	(15.7)	(20.8)
Mkt cap (USD m)	3,634		
3m avg. daily turnover (USD m)	26.6		
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



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 22 พฤศจิกายน 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 2021-22 from its new packaging plant; 2) increasing export sales that we estimate double-digit growth for in the following year; and 3) solid growth from high-margin export sales, especially from CLMV and China.

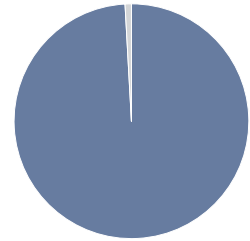
## Company profile

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

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

## Principal activities (revenue, 2020)

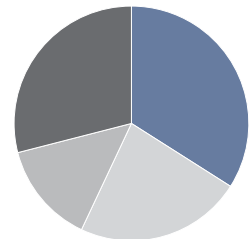
- Sales of goods - 99.1 %
- Other income - 0.9 %



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
February 2022	4Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(THB b)	(THB b)	(THB b)
<b>Retail sales</b>	<b>17.3</b>	<b>20.0</b>	<b>23.2</b>
- Energy drink sales (Domestic)	5.2	5.4	5.7
- Energy drink sales (Overseas)	7.6	8.9	10.7
CLMV	6.0	6.9	8.2
China	0.8	1.1	1.5
Distribution sales	3.4	4.4	5.3
<b>GPM (%)</b>	<b>36.7</b>	<b>37.7</b>	<b>39.3</b>
<b>SG&amp;A to sales (%)</b>	<b>15.0</b>	<b>15.0</b>	<b>14.9</b>

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

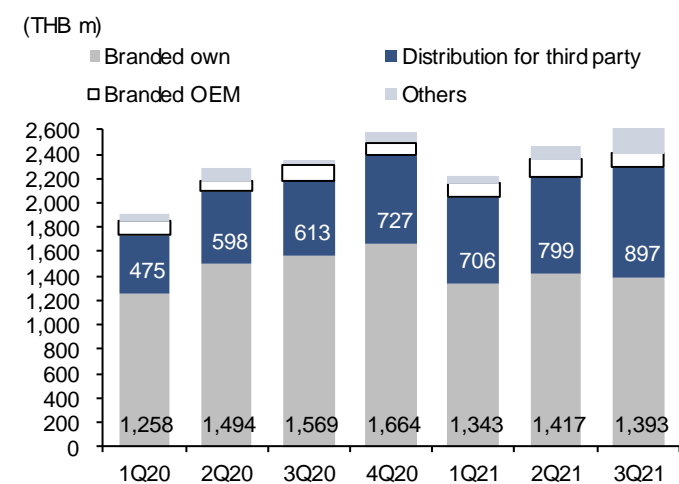


## Exhibit 1: CBG – 3Q21 results summary

	3Q20	4Q20	1Q21	2Q21	3Q21	--- Change ---		----- 9M21 -----		2021E	Change
YE Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(THB m)	(y-y%)
Total revenue	4,478	4,276	4,065	5,034	4,043	(20)	(10)	13,142	0	17,461	0
<b>Retail sales</b>	<b>4,405</b>	<b>4,257</b>	<b>4,030</b>	<b>4,995</b>	<b>3,957</b>	<b>(21)</b>	<b>(10)</b>	<b>12,982</b>	<b>0</b>	<b>17,309</b>	<b>0</b>
Other income	72	19	35	39	86	120	19	160	21	152	0
Cost of sales	2,575	2,585	2,475	3,094	2,608	(16)	1	8,177	8	10,964	8
<b>Gross profit</b>	<b>1,903</b>	<b>1,691</b>	<b>1,590</b>	<b>1,940</b>	<b>1,435</b>	<b>(26)</b>	<b>(25)</b>	<b>4,965</b>	<b>(10)</b>	<b>6,498</b>	<b>(10)</b>
Operating costs	719	670	726	769	739	(4)	3	2,234	1	2,619	(9)
Operating profit	1,184	1,021	864	1,172	696	(41)	(41)	2,731	(17)	3,878	(10)
<b>Operating EBITDA</b>	<b>1,351</b>	<b>1,192</b>	<b>1,044</b>	<b>1,358</b>	<b>1,255</b>	<b>(8)</b>	<b>(7)</b>	<b>3,657</b>	<b>(4)</b>	<b>4,550</b>	<b>(9)</b>
Interest expense	(21)	(23)	(21)	(21)	(23)	7	6	(65)	(23)	(132)	24
<b>Profit before tax</b>	<b>1,163</b>	<b>1,005</b>	<b>843</b>	<b>1,151</b>	<b>673</b>	<b>(42)</b>	<b>(42)</b>	<b>2,667</b>	<b>(17)</b>	<b>3,746</b>	<b>(11)</b>
Tax	191	132	147	198	82	(59)	(57)	427	(20)	693	4
Minority interests	(3)	0	5	14	10	(28)	(477)	28	n/a	(36)	5
<b>Reported net profit</b>	<b>970</b>	<b>873</b>	<b>700</b>	<b>967</b>	<b>601</b>	<b>(38)</b>	<b>(38)</b>	<b>2,268</b>	<b>(14)</b>	<b>3,017</b>	<b>(14)</b>
<b>Recurring net profit</b>	<b>970</b>	<b>873</b>	<b>700</b>	<b>967</b>	<b>601</b>	<b>(38)</b>	<b>(38)</b>	<b>2,268</b>	<b>(14)</b>	<b>3,017</b>	<b>(14)</b>
EPS (THB)	0.97	0.87	0.70	0.97	0.60	(38)	(38)	2.27	(14)	3.02	(14)
Recurring EPS (THB)	0.97	0.87	0.70	0.97	0.60	(38)	(38)	2.27	(14)	3.02	(14)
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Sales margin	41.6	39.3	38.6	38.1	34.1	(4.0)	(7.5)	37.0	(4.5)	36.7	(4.3)
EBIT margin	26.4	23.9	21.3	23.3	17.2	(6.1)	(9.2)	20.8	(4.5)	22.2	(2.7)
Recurring net margin	30.2	26.6	24.4	26.8	18.7	(8.1)	(11.6)	23.5	(5.1)	17.3	(3.0)
SG&A / Sales	16.1	15.7	17.9	15.3	18.3	3.0	2.2	17.0	0.1	15.0	(1.6)
Effective tax rate	16.4	13.1	17.5	17.2	12.1	(5.1)	(4.3)	16.0	(0.6)	18.5	2.7
<b>Operating statistics</b>											
<b>Branded own</b>											
Domestic sales	1,569	1,664	1,343	1,417	1,393	(2)	(11)				
Overseas sales	2,048	1,675	1,808	2,522	1,295	(49)	(37)				
CLMV	1,656	1,450	1,484	1,942	1,117	(42)	(33)				
China	133	29	210	488	19	(96)	(86)				
ICUK	56	21	22	38	60	58	7				
Others	203	175	91	54	99	83	(51)				
<b>Distribution for third party (Domestic)</b>	<b>613</b>	<b>727</b>	<b>706</b>	<b>799</b>	<b>897</b>	<b>12</b>	<b>46</b>				
<b>Branded OEM (Domestic)</b>	<b>135</b>	<b>102</b>	<b>111</b>	<b>139</b>	<b>116</b>	<b>(17)</b>	<b>(14)</b>				
<b>Others</b>	<b>40</b>	<b>90</b>	<b>63</b>	<b>118</b>	<b>255</b>	<b>116</b>	<b>532</b>				

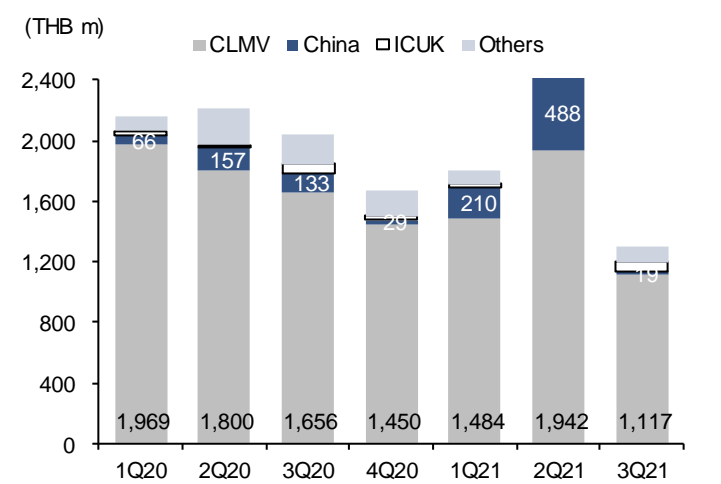
Sources: CBG; FSSIA estimates

## Exhibit 2: Domestic sales trend



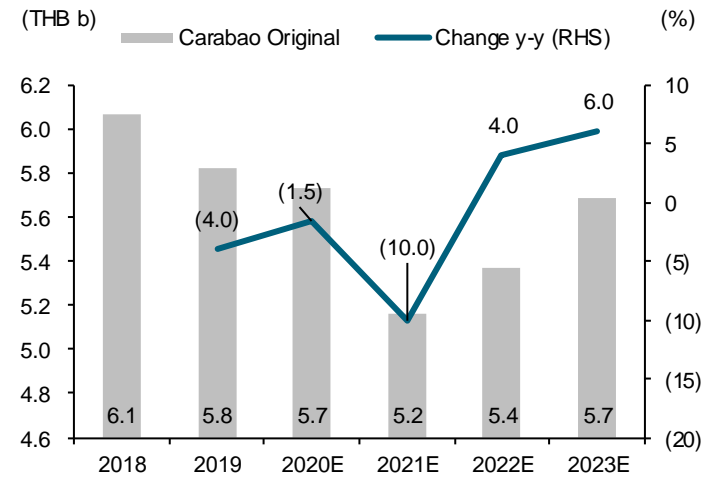
Sources: CBG; FSSIA estimates

## Exhibit 3: Overseas sales trend



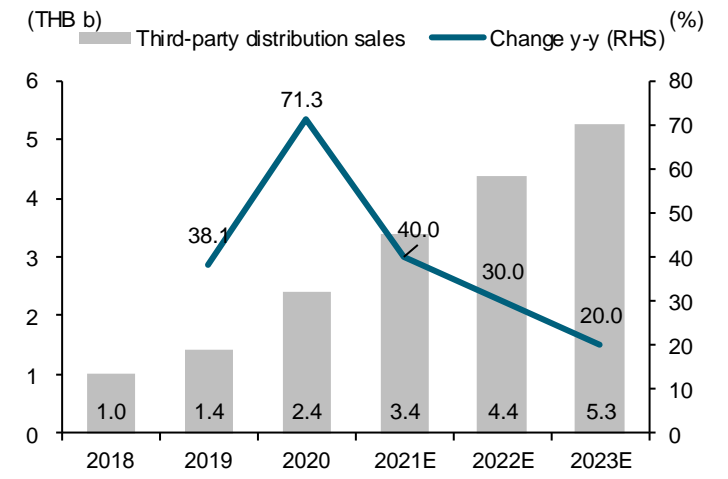
Sources: CBG; FSSIA estimates

**Exhibit 4: Domestic energy drink sales trend**



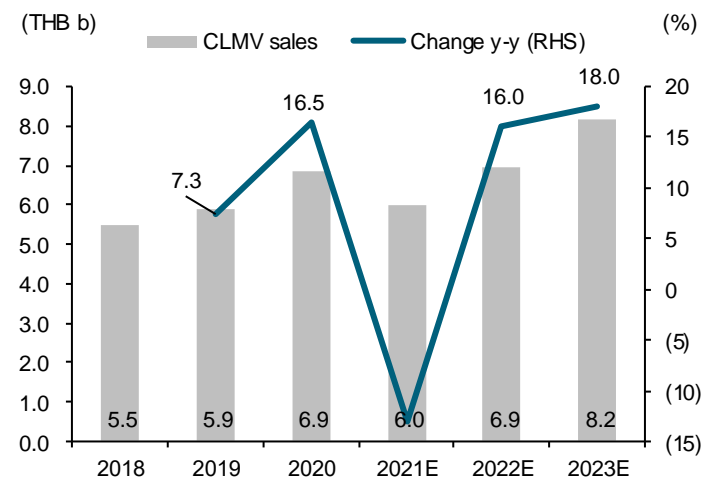
Sources: CBG; FSSIA estimates

**Exhibit 5: Third-party distribution sales trend**



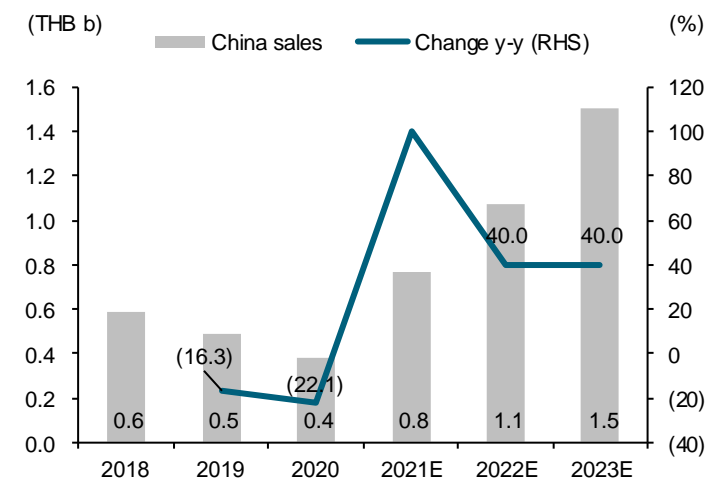
Sources: CBG; FSSIA estimates

**Exhibit 6: CLMV sales trend**



Sources: CBG; FSSIA estimates

**Exhibit 7: China sales trend**



Sources: CBG; FSSIA estimates

## Net profit and target price revisions

We cut our 2021E earnings by 6.9% to reflect the weaker-than-expected 3Q21 earnings due to the demand slowdown in Thailand, China and CLMV from lockdown measures. We lower our 2022/23E net profit by 5.9%/0.9% after fine-tuning our overseas sales assumptions. We cut our China sales assumptions to THB1.1b/1.5b in 2022/23 (from THB1.4b/1.7b previously). We recommend buying on share price weakness as its 4Q21 performance may not be in a V-shaped recovery as in 2Q21. The key catalyst to drive CBG's share price, in our view, would be a strong recovery in its 2022 outlook, and we expect to see more guidance from CBG by early Jan-22.

### Exhibit 8: Assumption revisions

	----- Current -----			----- Previous -----			----- Change -----		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Retail sales	17,309	20,030	23,150	17,453	20,024	22,997	(0.8)	0.0	0.7
Sales growth (%)	0.5	15.7	15.6	1.3	14.7	14.8	(0.8)	1.0	0.7
Energy drink sales (Domestic)	5,160	5,367	5,689	5,802	5,367	5,689	(11.1)	0.0	0.0
Energy drink sales (Overseas)	7,602	8,896	10,656	7,987	9,204	10,879	(4.8)	(3.3)	(2.1)
CLMV	5,981	6,938	8,187	5,981	6,938	8,187	0.0	0.0	0.0
China	770	1,078	1,509	1,155	1,386	1,733	(33.3)	(22.2)	(12.9)
Distribution sales	3,378	4,392	5,270	3,137	4,078	4,894	7.7	7.7	7.7
Blended GPM (%)	36.7	37.7	39.3	38.0	39.0	40.0	(1.4)	(1.4)	(0.6)
SG&A to sales (%)	15.0	15.0	14.9	15.0	15.0	15.2	0.0	0.0	(0.3)
Net profit	3,017	3,709	4,591	3,239	3,940	4,631	(6.9)	(5.9)	(0.9)

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

Source: FSSIA estimates

### Exhibit 9: DCF valuation

	(%)	(THB b)
Discount rate (WACC)	6.7	
Terminal growth	3.0	
NPV		37
Add: terminal value		123
Sum of PV		161
Add: investment		0
Less: debt		2.8
Less: minorities		0.2
Residual ordinary equity		158
No. of shares (m)		1,000
<b>Residual ordinary equity (THB/share)</b>		<b>158</b>

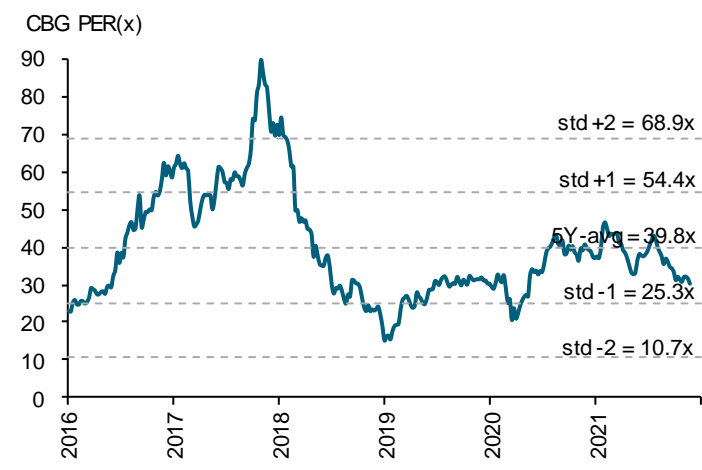
Source: FSSIA estimates

**Exhibit 10: Peer valuation comparison**

	CBG	OSP
Current price (THB)	119.0	34.5
TP (THB)	158.0	42.0
Upside (%)	33	22
No. of share (m shares)	1,000	3,004
2021E NP (THB m)	3,017	3,146
2022E NP (THB m)	3,709	3,644
2023E NP (THB m)	4,591	4,024
2021E EPS (THB/share)	3.02	1.05
2022E EPS (THB/share)	3.71	1.21
2023E EPS (THB/share)	4.59	1.34
2021E P/E (x)	39.4	32.9
2022E P/E (x)	32.1	28.4
2023E P/E (x)	25.9	25.8
5-Year Average (x)	39.8	33.2
2022E EPS growth (%)	22.9	15.8
2023E EPS growth (%)	23.8	10.4

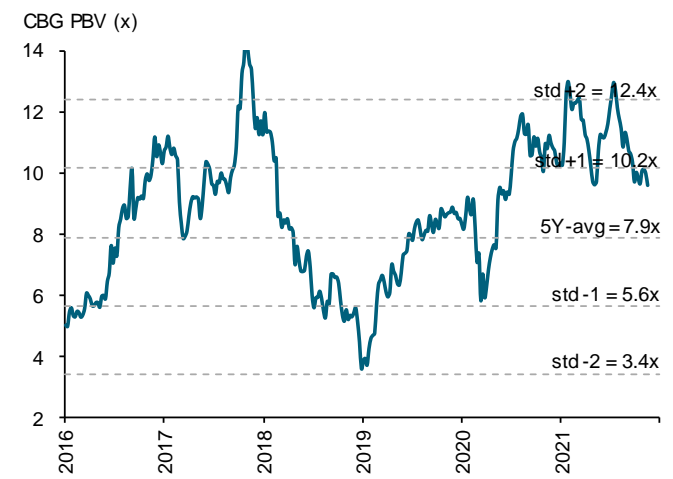
Source: FSSIA estimates

**Exhibit 11: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 12: 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	17,461	20,206	23,354
Cost of goods sold	(8,589)	(9,505)	(10,292)	(11,710)	(13,150)
<b>Gross profit</b>	<b>6,461</b>	<b>7,878</b>	<b>7,169</b>	<b>8,496</b>	<b>10,204</b>
Other operating income	0	0	0	0	0
Operating costs	(2,744)	(2,880)	(2,619)	(3,031)	(3,480)
<b>Operating EBITDA</b>	<b>3,718</b>	<b>4,998</b>	<b>4,550</b>	<b>5,465</b>	<b>6,724</b>
Depreciation	(534)	(668)	(671)	(777)	(898)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>3,184</b>	<b>4,329</b>	<b>3,878</b>	<b>4,688</b>	<b>5,826</b>
Net financing costs	(131)	(103)	(132)	(119)	(144)
Associates	0	0	0	0	0
Recurring non-operating income	(12)	0	0	0	0
Non-recurring items	(9)	0	0	0	0
<b>Profit before tax</b>	<b>3,032</b>	<b>4,227</b>	<b>3,746</b>	<b>4,569</b>	<b>5,682</b>
Tax	(564)	(667)	(693)	(822)	(1,051)
<b>Profit after tax</b>	<b>2,468</b>	<b>3,559</b>	<b>3,053</b>	<b>3,747</b>	<b>4,631</b>
Minority interests	38	(34)	(36)	(38)	(40)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>2,506</b>	<b>3,525</b>	<b>3,017</b>	<b>3,709</b>	<b>4,591</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>9</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recurring net profit</b>	<b>2,515</b>	<b>3,525</b>	<b>3,017</b>	<b>3,709</b>	<b>4,591</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.52	3.53	3.02	3.71	4.59
Reported EPS	2.51	3.53	3.02	3.71	4.59
DPS	1.70	1.50	1.28	1.58	1.95
Diluted shares (used to calculate per share data)	1,000	1,000	1,000	1,000	1,000
<b>Growth</b>					
Revenue (%)	3.1	15.5	0.5	15.7	15.6
Operating EBITDA (%)	94.1	34.4	(9.0)	20.1	23.0
Operating EBIT (%)	119.4	36.0	(10.4)	20.9	24.3
Recurring EPS (%)	117.1	40.1	(14.4)	22.9	23.8
Reported EPS (%)	116.3	40.6	(14.4)	22.9	23.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	39.4	41.5	37.2	38.2	39.8
Gross margin of key business (%)	39.0	41.0	36.7	37.7	39.3
Operating EBITDA margin (%)	24.7	28.8	26.1	27.0	28.8
Operating EBIT margin (%)	21.2	24.9	22.2	23.2	24.9
Net margin (%)	16.7	20.3	17.3	18.4	19.7
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	29.3	39.5	40.4
Inventory days	39.9	47.6	54.9	53.5	53.9
Debtor days	24.8	26.9	29.8	27.8	27.8
Creditor days	69.2	58.0	58.0	56.5	56.9
Operating ROIC (%)	22.9	29.8	23.8	27.4	31.2
ROIC (%)	21.4	27.8	22.1	25.3	28.7
ROE (%)	32.0	38.1	28.7	31.3	33.7
ROA (%)	17.8	22.9	18.2	20.8	23.5
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales of goods	14,933	17,231	17,309	20,030	23,150
Other income	117	151	152	176	203

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	3,017	3,709	4,591
Depreciation	534	668	671	777	898
Associates & minorities	3	15	(36)	(38)	(40)
Other non-cash items	(38)	34	36	38	40
Change in working capital	(204)	(614)	(8)	(166)	(200)
<b>Cash flow from operations</b>	<b>2,810</b>	<b>3,628</b>	<b>3,680</b>	<b>4,320</b>	<b>5,289</b>
Capex - maintenance	(316)	(1,828)	(1,000)	(1,800)	(1,890)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	60	(347)	40	(119)	(137)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(256)</b>	<b>(2,175)</b>	<b>(960)</b>	<b>(1,919)</b>	<b>(2,027)</b>
Dividends paid	(1,700)	(1,500)	(1,284)	(1,578)	(1,954)
Equity finance	583	(635)	(611)	(611)	(611)
Debt finance	(612)	666	(759)	(151)	(565)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(1,730)</b>	<b>(1,469)</b>	<b>(2,654)</b>	<b>(2,341)</b>	<b>(3,129)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>824</b>	<b>(15)</b>	<b>66</b>	<b>61</b>	<b>133</b>
Free cash flow to firm (FCFF)	2,686.80	1,560.49	2,852.50	2,520.11	3,406.81
Free cash flow to equity (FCFE)	1,941.84	2,119.42	1,960.92	2,249.86	2,697.93

#### Per share (THB)

FCFF per share	2.69	1.56	2.85	2.52	3.41
FCFE per share	1.94	2.12	1.96	2.25	2.70
Recurring cash flow per share	3.01	4.24	3.69	4.49	5.49

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)	(3,320)	(4,097)	(4,995)
<b>Tangible fixed assets (net)</b>	<b>10,872</b>	<b>12,032</b>	<b>12,360</b>	<b>13,384</b>	<b>14,376</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	103	107	107	107	107
Cash & equivalents	962	947	1,013	1,074	1,207
A/C receivable	1,140	1,420	1,427	1,651	1,908
Inventories	992	1,489	1,605	1,828	2,057
Other current assets	104	136	137	158	183
<b>Current assets</b>	<b>3,197</b>	<b>3,992</b>	<b>4,181</b>	<b>4,711</b>	<b>5,355</b>
Other assets	607	956	960	1,111	1,284
<b>Total assets</b>	<b>14,780</b>	<b>17,087</b>	<b>17,609</b>	<b>19,312</b>	<b>21,121</b>
Common equity	8,566	9,956	11,078	12,598	14,625
Minorities etc.	153	201	201	201	201
<b>Total shareholders' equity</b>	<b>8,718</b>	<b>10,157</b>	<b>11,280</b>	<b>12,800</b>	<b>14,826</b>
Long term debt	2,131	1,116	527	507	433
Other long-term liabilities	153	159	203	234	271
<b>Long-term liabilities</b>	<b>2,284</b>	<b>1,274</b>	<b>729</b>	<b>741</b>	<b>704</b>
A/C payable	1,447	1,573	1,695	1,931	2,172
Short term debt	1,997	3,679	3,509	3,377	2,886
Other current liabilities	333	404	396	464	533
<b>Current liabilities</b>	<b>3,777</b>	<b>5,655</b>	<b>5,600</b>	<b>5,771</b>	<b>5,591</b>
<b>Total liabilities and shareholders' equity</b>	<b>14,780</b>	<b>17,087</b>	<b>17,609</b>	<b>19,312</b>	<b>21,121</b>
Net working capital	455	1,069	1,077	1,243	1,443
Invested capital	12,038	14,164	14,505	15,844	17,209

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

#### Per share (THB)

Book value per share	8.57	9.96	11.08	12.60	14.63
Tangible book value per share	8.57	9.96	11.08	12.60	14.63

#### Financial strength

Net debt/equity (%)	36.3	37.9	26.8	22.0	14.2
Net debt/total assets (%)	21.4	22.5	17.2	14.6	10.0
Current ratio (x)	0.8	0.7	0.7	0.8	1.0
CF interest cover (x)	15.8	21.7	15.8	19.9	19.7

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>47.3</b>	<b>33.8</b>	<b>39.4</b>	<b>32.1</b>	<b>25.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>62.8</b>	<b>44.8</b>	<b>52.4</b>	<b>42.6</b>	<b>34.4</b>
Reported P/E (x)	47.5	33.8	39.4	32.1	25.9
Dividend yield (%)	1.4	1.3	1.1	1.3	1.6
Price/book (x)	13.9	12.0	10.7	9.4	8.1
Price/tangible book (x)	13.9	12.0	10.7	9.4	8.1
EV/EBITDA (x) **	32.9	24.6	26.9	22.3	18.0
EV/EBITDA @ target price (x) **	43.4	32.4	35.4	29.5	23.8
EV/invested capital (x)	10.2	8.7	8.4	7.7	7.0

\* 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	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	AMANAH	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

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Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

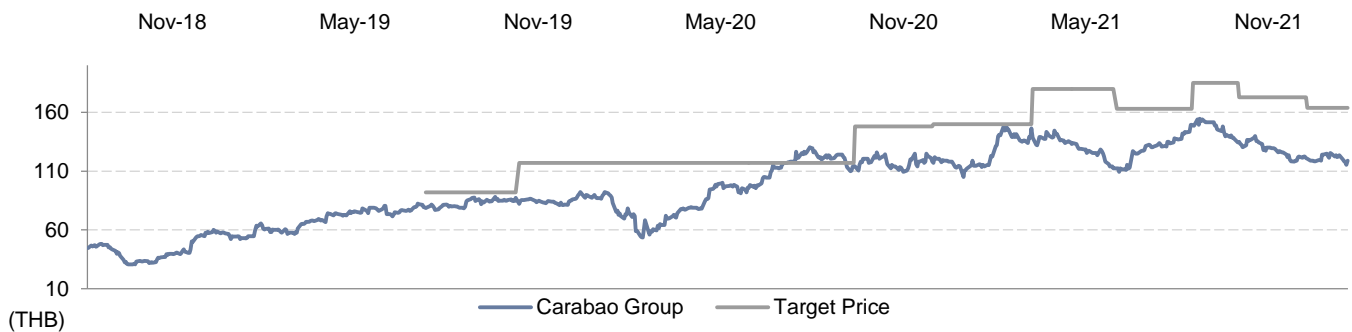
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### History of change in investment rating and/or target price

#### 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	14-Oct-2021	BUY	164.00
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

#### Osotspa PCL (OSP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Sep-2019	BUY	42.00	17-Sep-2020	BUY	43.00	16-Aug-2021	BUY	42.00
21-Nov-2019	HOLD	42.00	25-Mar-2021	BUY	43.00			
02-Apr-2020	HOLD	42.00	17-May-2021	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 119.00	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.
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 Fast Forward 10X 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 19-Nov-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.