

# CARABAO GROUP CBG TB

## THAILAND / FOOD & BEVERAGE

# HOLD

UNCHANGED

## So far so good

- แม้ว่าราคาหุ้นของ CBG จะมี Upside จำกัด แต่เรายังเห็นปัจจัยบวกบางประการ จึงแนะนำซื้อเก็งกำไรสำหรับนักลงทุนระยะสั้น
- คาดการณ์กำไรสุทธิ 4Q23 น่าจะโต q-q และ y-y เราเห็นว่า CBG เป็นตัวเลือกที่ดีในกลุ่มเครื่องดื่มในระยะสั้น
- สัดส่วนจากธุรกิจเบียร์จะเพิ่มขึ้นอย่างมีนัยสำคัญใน 1Q24

### ได้ส่วนแบ่งตลาดเครื่องดื่มชูกำลังเพิ่มขึ้นในเดือน พ.ย.

เราประทับใจกับส่วนแบ่งตลาดที่เพิ่มขึ้นของ CBG ในเดือน พ.ย. 2023 เป็น 23.2% (เทียบกับ 22.7% ในเดือน ต.ค. 2023) โดยได้เพิ่มจาก 2 คู่แข่งสำคัญ ด้วยเหตุดังกล่าวเราจึงคาดว่ารายได้ในประเทศใน 4Q23 จะเพิ่มเล็กน้อย q-q นอกจากนี้รายได้ต่างประเทศก็น่าจะฟื้นตัว q-q จากฐานที่ต่ำของตลาดกัมพูชาและพม่าใน 3Q23 ปัจจุบัน CBG ไม่ได้รับผลกระทบเชิงลบจากการเปลี่ยนแปลงด้านกฎระเบียบในพม่า อย่างไรก็ตามเราคาดว่าอัตรากำไรขั้นต้นของสินค้าที่เป็นแบรนด์ของบริษัทฯ ใน 4Q23 จะทรงตัว q-q จากต้นทุนน้ำตาลที่สูงขึ้น

### ส่วนแบ่งจากธุรกิจเบียร์ที่เพิ่มขึ้นจะช่วยหนุน 4Q23

CBG น่าจะรับรู้ส่วนแบ่งจากธุรกิจเบียร์เพิ่มขึ้นใน 4Q23 จากรายได้บรรจุภัณฑ์เบียร์ที่สูงขึ้นและเริ่มรับรู้รายได้จากการจัดจำหน่ายเบียร์ ในรายละเอียดเราคาดว่ารายได้บรรจุภัณฑ์เบียร์ใน 4Q23 จะเพิ่มเป็น 450 ลบ. จาก 160 ลบ. ใน 3Q23 รายได้จากการจัดจำหน่ายเบียร์น่าจะเพิ่มขึ้นเล็กน้อยใน 4Q23 เนื่องจาก Tawandang (not listed) ที่จะเริ่มเปิดตัวสินค้าในช่องทาง Traditional trade และ Cash Van ในเดือน ธ.ค. (CBG เป็นผู้จัดจำหน่ายเบียร์ผ่าน Tradition Trade และ Cash Van เท่านั้น) เบื้องต้นเราคาดว่ากำไรสุทธิ 4Q23 ที่ 635 ลบ. (+20% q-q, +57% y-y) ซึ่งรวมเงินสนับสนุนรายการ Carabao Cup จำนวน 66 ลบ. ของ Tawandang

### คาด 1Q24 จะโตอย่างมีนัยสำคัญต่อเนื่อง

เราคาดว่ารายได้จากการจัดจำหน่ายเบียร์ของ CBG จะเพิ่มอย่างเห็นได้ชัดใน 1Q24 โดยได้ปัจจัยหนุนจาก Tawandang ซึ่งพร้อมขยายธุรกิจเพิ่มในช่องทางการจัดจำหน่ายแบบดั้งเดิมตั้งแต่ 1Q24 เป็นต้นไป ในขณะที่เรามีความกังวลลดลงเกี่ยวกับต้นทุนน้ำตาลและอลูมิเนียมในปี 2024 เนื่องจาก CBG ยังไม่ได้ล็อกราคาน้ำตาลล่วงหน้า (โควตา C) ไว้ทั้งหมด ขณะที่ปัจจุบันราคาน้ำตาล NYMEX No.11 ล่าสุดลดลงเหลือ 21 เซ็นหรือยูเอสต่อปอนด์ (เทียบกับ 25-26 ต่อปอนด์ก่อนหน้านี้) ปัจจุบันราคาอลูมิเนียม LME ได้ลดลงเหลือ USD2,200 ต่อตัน จาก USD2,400 ต่อตันใน 2H23

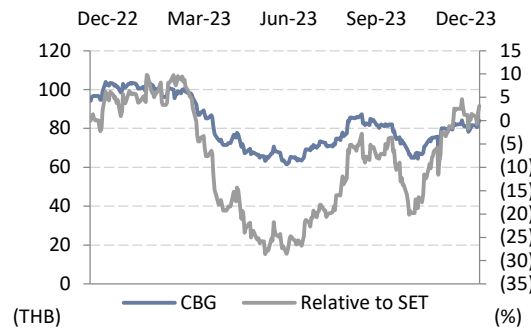
### ประมาณการกำไรและราคาเป้าหมายปี 2024 อาจมี Upside

แม้ว่าราคาของ CBG จะมี Upside จำกัดเมื่อเทียบกับราคาเป้าหมายของเราที่ 87 บาท เราเห็นปัจจัยบวกบางประการที่อาจเป็น Upside ต่อประมาณการกำไรสุทธิปี 2024 ของเราที่ 2.83 พันลบ. (+48% y-y) เพราะฉะนั้นเราจึงแนะนำซื้อเก็งกำไรสำหรับนักลงทุนระยะสั้น ในกลุ่มเครื่องดื่มเราเลือก SAPPE และ CBG เป็นหุ้นเด่น

TARGET PRICE	THB87.00
CLOSE	THB84.00
UP/DOWNSIDE	+3.6%
PRIOR TP	THB87.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.3%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	19,215	18,889	28,081	29,775
Net profit	2,286	1,909	2,830	3,035
EPS (THB)	2.29	1.91	2.83	3.04
vs Consensus (%)	-	(2.6)	8.3	0.5
EBITDA	3,607	3,195	4,281	4,541
Recurring net profit	2,286	1,909	2,830	3,035
Core EPS (THB)	2.29	1.91	2.83	3.04
Chg. In EPS est. (%)	-	(0.6)	(0.5)	(0.4)
EPS growth (%)	(20.6)	(16.5)	48.2	7.3
Core P/E (x)	36.7	44.0	29.7	27.7
Dividend yield (%)	1.8	1.5	2.2	2.3
EV/EBITDA (x)	25.0	28.3	21.2	20.0
Price/book (x)	7.9	7.4	6.6	6.1
Net debt/Equity (%)	60.0	54.1	50.6	48.8
ROE (%)	21.9	17.3	23.5	23.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.3	2.4	(10.4)
Relative to country (%)	6.0	11.0	3.1
Mkt cap (USD m)	2,428		
3m avg. daily turnover (USD m)	11.5		
Free float (%)	29		
Major shareholder	Sathienthamholding Co Ltd (25%)		
12m high/low (THB)	106.00/61.25		
Issued shares (m)	1,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 25 ธันวาคม 2023

## Investment thesis

We expect the 2024 energy drink market value to moderately grow by 3% y-y, supported by a low base and a slight consumption recovery. We have started to see a profitability recovery in 2H23, thanks to declining packaging and utility costs. However, CBG is faced with soaring sugar prices, which should impact its costs in 1Q24 onward. Hence, its gross margin recovery should be lower than it had previously expected.

We estimate that strong net profit growth will continue into 4Q23-1Q24, after recognizing a full quarter of beer-related revenue – from both packaging and distribution. However, since this is the launch period, we will continue to monitor the success of its beer business in the future. Moreover, if the beer profit contribution is lower than our forecast, it could create a downside to our projection by around 25% at most.

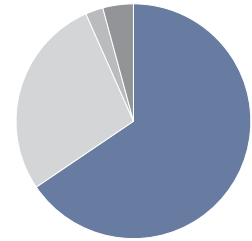
## Company profile

CBG was established in 2002 by a joint investment between Khun Sathien Setthasit, Khun Nutchamai Thanombooncharoen, and Khun Yuenyong Opakul (Add Carabao). CBG is a holding company with invest in subsidiaries company, whom engaged in manufacturing, marketing and distributing energy drinks and others drinks, both domestically and internationally. Its main product is energy drink under named Carabao Dang.

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

## Principal activities (revenue, 2022)

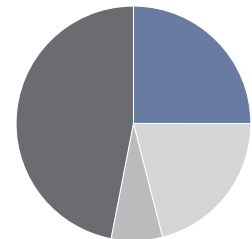
- Branded own - 65.5 %
- 3rd party distribution - 27.8 %
- Branded OEM - 2.4 %
- Others (Packaging) - 4.2 %



Source: Carabao Group

## Major shareholders

- Sathienthamholding Co Ltd - 25.0 %
- Ms Nutchamai Thanombooncharoen - 21.0 %
- Mr Yuenyong Opakul - 7.1 %
- Others - 46.9 %



Source: Carabao Group

## Catalysts

Potential catalysts for CBG's earnings growth in 2024 are 1) revenue growth driven by rising market share; 2) declining packaging and raw material costs; 3) successful new product launches; and 4) a successful production line established in Myanmar.

## Risks to our call

Downside and upside risks to our PE-based TP 1) a slower or faster-than-expected recovery in consumption; 2) a higher or lower competition in domestic energy drink market; 3) a potential rise or fall in packaging and raw material costs; and 5) regulatory risks from domestic and international markets.

## Event calendar

Date	Event
February 2024	4Q23 results announcement
March 2024	4Q23 analyst meeting

## Key assumptions

	2023E	2024E	2025E
Branded own growth (%)	(10.7)	8.7	7.3
Branded OEM growth (%)	(48.7)	15.0	10.0
3rd-party growth (%)	17.5	124.0	5.0
Other-packaging (%)	38.2	34.4	5.0
Total revenue growth (%)	(1.7)	48.7	6.0
Gross margin (%)	25.8	21.4	21.6

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 1.3%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 4.2%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2024 net profit to fall by 1.7%, and vice versa, all else being equal.

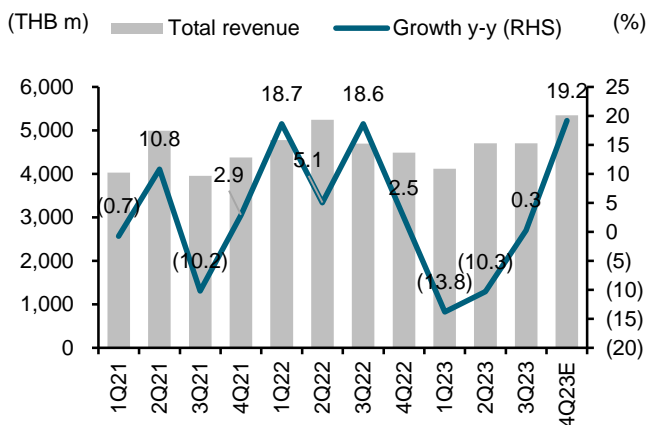
Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	Change		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	4,490	4,124	4,707	4,707	5,351	13.7	19.2	19,215	18,889	(1.7)
Cost of sales	3,299	3,107	3,447	3,445	4,008	16.4	21.5	13,582	14,008	3.1
Gross profit	1,191	1,017	1,260	1,262	1,343	6.4	12.8	5,633	4,881	(13.4)
SG&A	772	729	712	655	614	(6.3)	(20.4)	3,078	2,710	(12.0)
Operating profit	492	350	588	650	769	18.3	56.3	2,794	2,356	(15.6)
Interest expense	35	36	44	51	52	1.8	50.1	115	183	58.9
Tax expense	55	61	80	80	93	16.2	71.4	433	315	(27.3)
Reported net profit	404	264	482	530	635	19.9	57.3	2,282	1,909	(16.3)
Core profit	404	264	482	530	635	19.9	57.3	2,282	1,909	(16.3)
<b>Key Ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	26.5	24.7	26.8	26.8	25.1	(1.7)	(1.4)	29.3	25.8	(3.5)
SG&A / Sales	17.2	17.7	15.1	13.9	11.5	(2.4)	(5.7)	16.0	14.3	(1.7)
Operating margin	11.0	8.5	12.5	13.8	14.4	0.6	3.4	14.5	12.5	(2.1)
Net margin	9.0	6.4	10.2	11.3	11.9	0.6	2.9	11.9	10.1	(1.8)
Core margin	9.0	6.4	10.2	11.3	11.9	0.6	2.9	11.9	10.1	(1.8)
<b>Operating Statistics (THB m)</b>										
Branded Own sales	2,756	2,486	3,017	2,798	2,944	5.2	6.8	12,591	11,246	(10.7)
Branded OEM sales	82	49	64	61	65	6.6	(20.7)	467	239	(48.7)
3rd party sales	1,478	1,464	1,452	1,450	1,922	32.6	30.0	5,349	6,288	17.6
Other (packaging)	174	124	174	398	420	5.5	141.4	808	1,116	38.1
GM - Branded Own (%)	34.2	33.7	35.2	35.6	35.5	(0.1)	1.3	38.4	34.8	(3.6)
GM - Branded OEM (%)	12.2	12.1	14.1	18.0	18.0	(0.0)	5.8	11.4	14.7	3.3
GM - 3rd party (%)	12.2	9.6	10.0	10.0	8.7	(1.3)	(3.5)	9.6	9.9	0.3
GM - other (%)	32.2	26.7	25.3	27.6	28.0	0.4	(4.2)	40.5	26.5	(14.0)
Domestic sales (% of total sales)	67.8	67.9	68.0	75.3	76.4	1.1	8.6	60.1	64.2	4.1
Overseas sales (% of total sales)	32.2	32.1	32.0	24.7	23.6	(1.1)	(8.6)	39.9	35.8	(4.1)

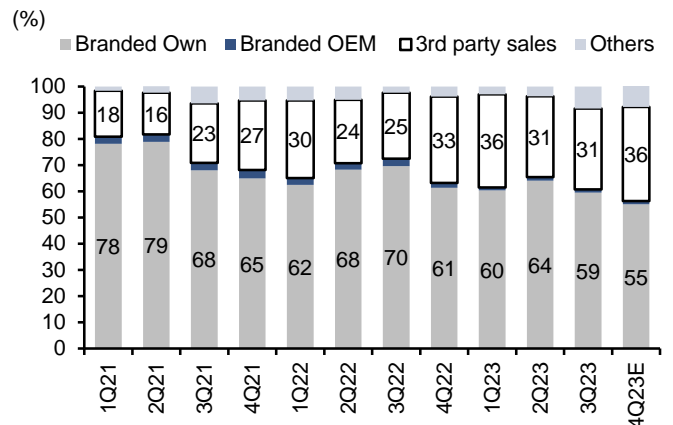
Sources: CBG, FSSIA estimates

Exhibit 2: Total revenue and growth



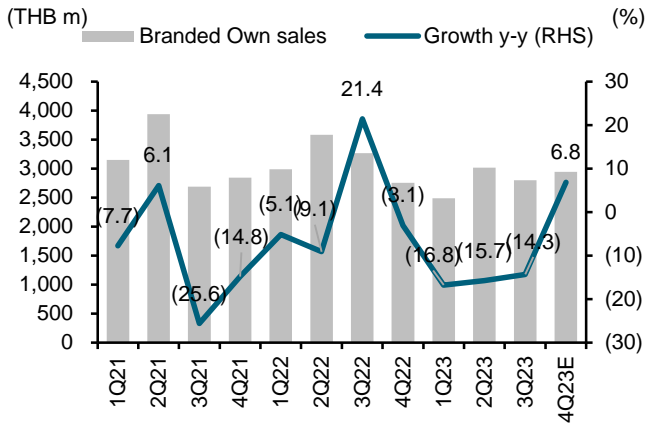
Sources: CBG; FSSIA estimates

Exhibit 3: Revenue proportion



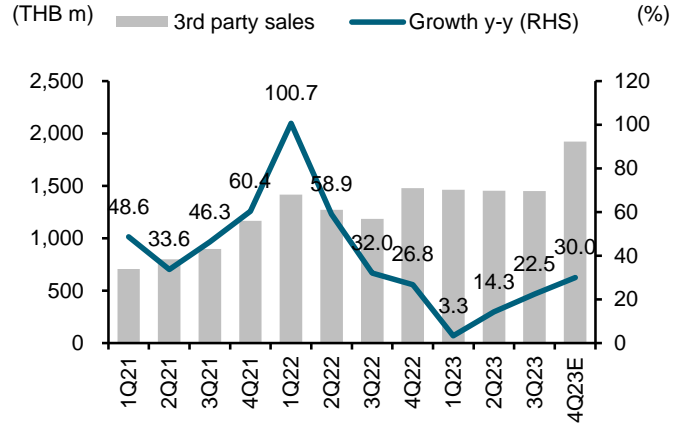
Sources: CBG; FSSIA estimates

**Exhibit 4: Branded own revenue and growth**



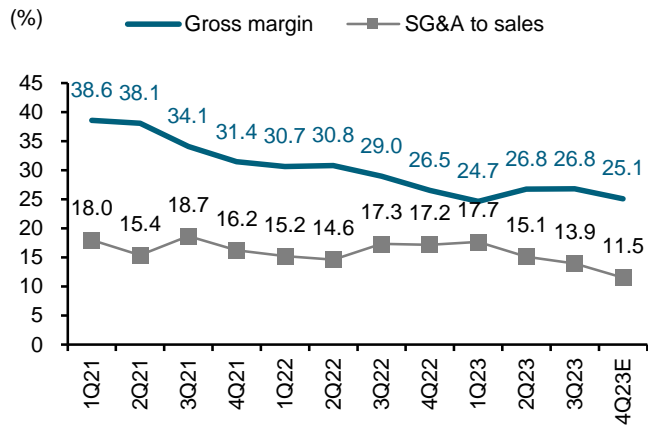
Sources: CBG; FSSIA estimates

**Exhibit 5: Third-party revenue and growth**



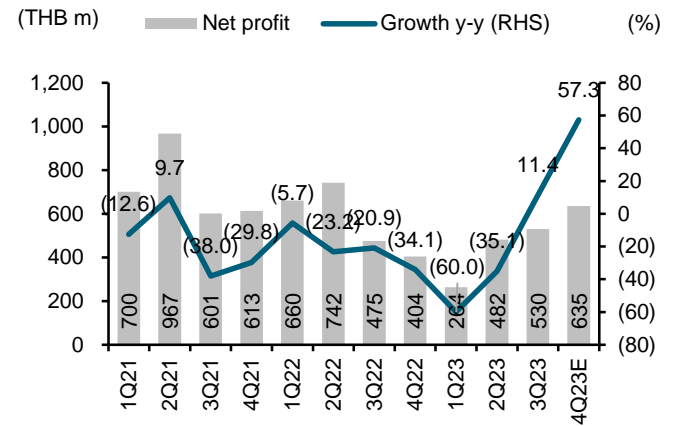
Sources: CBG; FSSIA estimates

**Exhibit 6: Gross margin and SG&A to sales**



Sources: CBG; FSSIA estimates

**Exhibit 7: Net profit and growth**



Sources: CBG; FSSIA estimates

## Exhibit 8: Key assumptions for CBG

	Actual				Forecast			Growth		
	2022	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)	(%)	(%)
Total revenue	19,215	18,889	28,081	29,775	(1.7)	48.7	6.0			
Costs	13,582	14,008	22,070	23,339	3.1	57.5	5.8			
Gross profit	5,633	4,881	6,012	6,436	(13.4)	23.2	7.1			
SG&A expense	3,078	2,710	2,808	2,978	(12.0)	3.6	6.0			
Interest expense	115	183	174	185	58.9	(4.6)	5.9			
Profit sharing	5	19	25	28	319.7	30.7	12.0			
Reported net profit	2,286	1,909	2,830	3,035	(16.5)	48.2	7.3			
Core profit	2,286	1,909	2,830	3,035	(16.5)	48.2	7.3			
<b>Key ratios (%)</b>										
Total revenue growth	10.7	(1.7)	48.7	6.0						
Net profit growth	(20.6)	(16.5)	48.2	7.3						
Core profit growth	(20.6)	(16.5)	48.2	7.3						
Gross margin	29.3	25.8	21.4	21.6	(3.5)	(4.4)	0.2			
SG&A to sales	16.0	14.3	10.0	10.0	(1.7)	(4.3)	0.0			
Net margin	11.9	10.1	10.1	10.2	(1.8)	(0.0)	0.1			
Core margin	11.9	10.1	10.1	10.2	(1.8)	(0.0)	0.1			
<b>Operating statistics (THB m)</b>										
Branded own sales	12,591	11,246	12,220	13,107	(10.7)	8.7	7.3			
Branded OEM sales	467	239	275	303	(48.7)	15.0	10.0			
3rd-party sales	5,350	6,288	14,086	14,790	17.5	124.0	5.0			
-Spirit	5,083	5,500	5,775	6,064	8.2	5.0	5.0			
-Beer	0	500	8,000	8,400	nm	1500.0	5.0			
Other (packaging) sales	807	1,116	1,500	1,575	38.2	34.4	5.0			
GM - Branded Own (%)	37.4	35.0	35.5	35.8	(2.4)	0.5	0.3			
GM - Branded OEM (%)	11.6	15.7	18.0	18.0	4.2	2.3	0.0			
GM - 3rd party (%)	10.4	9.5	7.4	7.2	(0.9)	(2.1)	(0.2)			
GM - Beer (%)	0.0	5.0	5.0	5.0	nm	0.0	0.0			
Domestic sales (THB m)	12,332	13,666	22,276	23,403	10.8	63.0	5.1			
Overseas sales (THB m)	6,883	5,223	5,805	6,372	(24.1)	11.2	9.8			
Domestic sales (% of total sales)	64.2	72.4	79.3	78.6	8.2	7.0	(0.7)			
Overseas sales (% of total sales)	35.8	27.6	20.7	21.4	(8.2)	(7.0)	0.7			
Aluminum price (USD per tonne)	2,711	2,300	2,300	2,300	(15.2)	0.0	0.0			
Sugar price (US cent per pound)	18.7	21.0	25.0	23.0	12.1	19.0	(8.0)			

Sources: CBG; FSSIA estimates

## Financial Statements

### Carabao Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	17,364	19,215	18,889	28,081	29,775
Cost of goods sold	(11,181)	(13,582)	(14,008)	(22,070)	(23,339)
<b>Gross profit</b>	<b>6,183</b>	<b>5,633</b>	<b>4,881</b>	<b>6,012</b>	<b>6,436</b>
Other operating income	205	239	186	225	214
Operating costs	(2,945)	(3,078)	(2,710)	(2,808)	(2,978)
<b>Operating EBITDA</b>	<b>4,197</b>	<b>3,607</b>	<b>3,195</b>	<b>4,281</b>	<b>4,541</b>
Depreciation	(753)	(813)	(838)	(853)	(868)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>3,444</b>	<b>2,794</b>	<b>2,356</b>	<b>3,428</b>	<b>3,673</b>
Net financing costs	(88)	(114)	(180)	(171)	(182)
Associates	0	5	19	25	28
Recurring non-operating income	0	5	19	25	28
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>3,356</b>	<b>2,684</b>	<b>2,196</b>	<b>3,282</b>	<b>3,519</b>
Tax	(513)	(433)	(315)	(489)	(524)
<b>Profit after tax</b>	<b>2,843</b>	<b>2,251</b>	<b>1,881</b>	<b>2,793</b>	<b>2,995</b>
Minority interests	38	35	28	37	40
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>2,881</b>	<b>2,286</b>	<b>1,909</b>	<b>2,830</b>	<b>3,035</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recurring net profit</b>	<b>2,881</b>	<b>2,286</b>	<b>1,909</b>	<b>2,830</b>	<b>3,035</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.88	2.29	1.91	2.83	3.04
Reported EPS	2.88	2.29	1.91	2.83	3.04
DPS	1.90	1.50	1.24	1.84	1.97
Diluted shares (used to calculate per share data)	1,000	1,000	1,000	1,000	1,000
<b>Growth</b>					
Revenue (%)	0.8	10.7	(1.7)	48.7	6.0
Operating EBITDA (%)	(16.0)	(14.1)	(11.4)	34.0	6.1
Operating EBIT (%)	(20.5)	(18.9)	(15.6)	45.5	7.1
Recurring EPS (%)	(18.3)	(20.6)	(16.5)	48.2	7.3
Reported EPS (%)	(18.3)	(20.6)	(16.5)	48.2	7.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	35.6	29.3	25.8	21.4	21.6
Gross margin exc. depreciation (%)	39.9	33.5	30.3	24.4	24.5
Operating EBITDA margin (%)	24.2	18.8	16.9	15.2	15.3
Operating EBIT margin (%)	19.8	14.5	12.5	12.2	12.3
Net margin (%)	16.6	11.9	10.1	10.1	10.2
Effective tax rate (%)	15.3	16.1	14.3	14.9	14.9
Dividend payout on recurring profit (%)	65.9	65.6	65.0	65.0	65.0
Interest cover (X)	39.3	24.5	13.2	20.1	20.4
Inventory days	67.0	72.2	74.9	58.5	67.1
Debtor days	33.4	40.7	44.5	31.0	34.0
Creditor days	58.5	51.8	52.3	47.7	60.6
Operating ROIC (%)	19.2	14.2	11.3	15.3	15.1
ROIC (%)	18.2	13.5	10.9	14.8	14.6
ROE (%)	28.6	21.9	17.3	23.5	23.0
ROA (%)	16.1	11.9	9.9	13.1	12.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Branded own	12,622	12,591	11,246	12,220	13,107
3rd party distribution	3,568	5,350	6,288	14,086	14,790
Branded OEM	504	467	239	275	303
Others (Packaging)	670	807	1,116	1,500	1,575

Sources: Carabao Group; FSSIA estimates

## Financial Statements

### Carabao Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,881	2,286	1,909	2,830	3,035
Depreciation	753	813	838	853	868
Associates & minorities	-	-	-	-	-
Other non-cash items	(300)	(19)	213	10	12
Change in working capital	(1,235)	(1,117)	565	(264)	5
<b>Cash flow from operations</b>	<b>2,099</b>	<b>1,963</b>	<b>3,525</b>	<b>3,429</b>	<b>3,920</b>
Capex - maintenance	(1,623)	(737)	(2,206)	(1,918)	(2,257)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(65)	(16)	51	(26)	(4)
<b>Cash flow from investing</b>	<b>(1,689)</b>	<b>(753)</b>	<b>(2,155)</b>	<b>(1,944)</b>	<b>(2,262)</b>
Dividends paid	(2,402)	(1,760)	(1,241)	(1,839)	(1,973)
Equity finance	0	0	0	0	0
Debt finance	2,159	326	(256)	(46)	414
Other financing cash flows	20	27	3	101	19
<b>Cash flow from financing</b>	<b>(223)</b>	<b>(1,408)</b>	<b>(1,494)</b>	<b>(1,784)</b>	<b>(1,540)</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>188</b>	<b>(198)</b>	<b>(123)</b>	<b>(299)</b>	<b>119</b>
Free cash flow to firm (FCFF)	499.54	1,324.54	1,553.26	1,659.70	1,843.66
Free cash flow to equity (FCFE)	2,589.91	1,562.23	1,117.43	1,540.37	2,091.49

#### Per share (THB)

FCFF per share	0.50	1.32	1.55	1.66	1.84
FCFE per share	2.59	1.56	1.12	1.54	2.09
Recurring cash flow per share	3.33	3.08	2.96	3.69	3.92

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	15,797	16,143	17,819	19,525	21,262
Less: Accumulated depreciation	(2,817)	(3,291)	(3,564)	(3,905)	(4,252)
<b>Tangible fixed assets (net)</b>	<b>12,980</b>	<b>12,852</b>	<b>14,255</b>	<b>15,620</b>	<b>17,009</b>
<b>Intangible fixed assets (net)</b>	<b>653</b>	<b>612</b>	<b>596</b>	<b>597</b>	<b>598</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	103	162	162	162	162
Cash & equivalents	1,134	936	813	514	632
A/C receivable	1,756	2,533	2,070	2,693	2,855
Inventories	2,337	2,718	2,686	4,112	4,156
Other current assets	155	160	151	140	149
<b>Current assets</b>	<b>5,382</b>	<b>6,347</b>	<b>5,720</b>	<b>7,458</b>	<b>7,792</b>
Other assets	68	66	31	56	60
<b>Total assets</b>	<b>19,186</b>	<b>20,039</b>	<b>20,764</b>	<b>23,893</b>	<b>25,621</b>
Common equity	10,209	10,683	11,387	12,677	13,739
Minorities etc.	(99)	(118)	95	105	117
<b>Total shareholders' equity</b>	<b>10,111</b>	<b>10,565</b>	<b>11,482</b>	<b>12,782</b>	<b>13,856</b>
Long term debt	3,469	1,082	987	1,050	1,287
Other long-term liabilities	178	205	208	309	328
<b>Long-term liabilities</b>	<b>3,648</b>	<b>1,287</b>	<b>1,195</b>	<b>1,359</b>	<b>1,615</b>
A/C payable	1,769	1,853	1,919	3,628	3,837
Short term debt	3,484	6,198	6,037	5,928	6,105
Other current liabilities	174	137	132	197	208
<b>Current liabilities</b>	<b>5,427</b>	<b>8,187</b>	<b>8,088</b>	<b>9,752</b>	<b>10,150</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,186</b>	<b>20,039</b>	<b>20,764</b>	<b>23,893</b>	<b>25,621</b>
Net working capital	2,304	3,422	2,856	3,120	3,115
Invested capital	16,109	17,114	17,901	19,555	20,944

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

#### Per share (THB)

Book value per share	10.21	10.68	11.39	12.68	13.74
Tangible book value per share	9.56	10.07	10.79	12.08	13.14

#### Financial strength

Net debt/equity (%)	57.6	60.0	54.1	50.6	48.8
Net debt/total assets (%)	30.3	31.7	29.9	27.1	26.4
Current ratio (x)	1.0	0.8	0.7	0.8	0.8
CF interest cover (x)	30.5	14.7	7.2	10.0	12.5

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>29.2</b>	<b>36.7</b>	<b>44.0</b>	<b>29.7</b>	<b>27.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>30.2</b>	<b>38.1</b>	<b>45.6</b>	<b>30.7</b>	<b>28.7</b>
Reported P/E (x)	29.2	36.7	44.0	29.7	27.7
Dividend yield (%)	2.3	1.8	1.5	2.2	2.3
Price/book (x)	8.2	7.9	7.4	6.6	6.1
Price/tangible book (x)	8.8	8.3	7.8	7.0	6.4
EV/EBITDA (x) **	21.4	25.0	28.3	21.2	20.0
EV/EBITDA @ target price (x) **	22.1	25.8	29.2	21.9	20.7
EV/invested capital (x)	5.6	5.3	5.0	4.6	4.3

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Carabao Group; FSSIA estimates

# Carabao Group PCL (CBG TB)

**FSSIA ESG rating**

**51.54 /100**
**Exhibit 9: FSSIA ESG score implication**

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

**Exhibit 10: ESG – peer comparison**

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
CBG	51.54	--	Y	Y	4.00	4.00	Declared	High	59.58	B	--	33.28	56.00	2.14	41.92
ICHI	43.67	--	Y	Y	5.00	5.00	Certified	High	61.36	--	--	--	18.00	--	--
OSP	61.48	--	Y	Y	5.00	4.00	Declared	Medium	68.64	BBB	--	63.08	51.00	3.00	63.65
SAPPE	35.25	--	Y	Y	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
TACC	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation
**Exhibit 11: ESG score by Bloomberg**

FY ending Dec 31	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.42</b>	<b>2.14</b>	<b>—</b>
BESG environmental pillar score	0.67	1.92	—
BESG social pillar score	0.74	0.78	—
BESG governance pillar score	3.60	4.25	—
<b>ESG disclosure score</b>	<b>34.38</b>	<b>41.92</b>	<b>—</b>
Environmental disclosure score	20.27	31.89	—
Social disclosure score	19.20	30.20	—
Governance disclosure score	63.58	63.58	—
<b>Environmental</b>			
Emissions reduction initiatives	Yes	Yes	No
Climate change policy	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	Yes	Yes	Yes
GHG scope 1	—	16	82
GHG scope 2 location-based	—	43	42
GHG Scope 3	—	1	74
Carbon per unit of production	—	—	—
Biodiversity policy	No	No	No
Energy efficiency policy	Yes	Yes	No
Total energy consumption	90	135	—
Renewable energy use	—	6	—
Electricity used	90	88	—
Fuel used - natural gas	—	—	—

Sources: Bloomberg; FSSIA's compilation



## Exhibit 12: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	Yes	Yes	No
Hazardous waste	—	0	—
Total waste	5	7	—
Waste recycled	4	7	—
Waste sent to landfills	—	0	—
Environmental supply chain management	No	No	No
Water policy	Yes	Yes	Yes
Water consumption	3,070,910	1,110,020	—
<b>Social</b>			
Human rights policy	Yes	Yes	Yes
Policy against child labor	No	No	No
Quality assurance and recall policy	Yes	Yes	Yes
Consumer data protection policy	No	No	No
Equal opportunity policy	No	No	No
Gender pay gap breakout	No	No	Yes
Pct women in workforce	33	34	—
Pct disabled in workforce	—	—	—
Business ethics policy	No	Yes	Yes
Anti-bribery ethics policy	No	Yes	Yes
Health and safety policy	Yes	Yes	Yes
Lost time incident rate - employees	0	0	—
Total recordable incident rate - employees	—	—	—
Training policy	Yes	Yes	Yes
Fair remuneration policy	No	No	No
Number of employees – CSR	2,993	3,232	3,325
Employee turnover pct	—	—	—
Total hours spent by firm - employee training	38,150	33,137	—
Social supply chain management	No	No	No
<b>Governance</b>			
<b>Board size</b>	<b>11</b>	<b>13</b>	<b>13</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>6</b>	<b>6</b>
No. of women on board	4	4	4
No. of non-executive directors on board	6	7	8
Company conducts board evaluations	Yes	Yes	Yes
No. of board meetings for the year	7	6	6
Board meeting attendance pct	91	100	95
Board duration (years)	—	—	—
Director share ownership guidelines	No	No	No
Age of the youngest director	—	—	—
Age of the oldest director	—	—	—
<b>No. of executives / company managers</b>	<b>7</b>	<b>7</b>	<b>6</b>
No. of female executives	2	2	1
Executive share ownership guidelines	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3
Audit committee meetings	5	5	5
Audit meeting attendance %	100	100	100
<b>Size of compensation committee</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of ID on compensation committee	2	2	2
No. of compensation committee meetings	2	4	2
Compensation meeting attendance %	100	100	100
<b>Size of nomination committee</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of nomination committee meetings	2	4	2
Nomination meeting attendance %	100	100	100
<b>Sustainability governance</b>			
Verification type	No	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.																					
	<table border="1"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="2"><b>Leader:</b></td> <td rowspan="2">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td rowspan="2"><b>Laggard:</b></td> <td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> </tr> </tbody> </table>	AAA	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BBB	4.286-5.713	BB	2.857-4.285	B	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

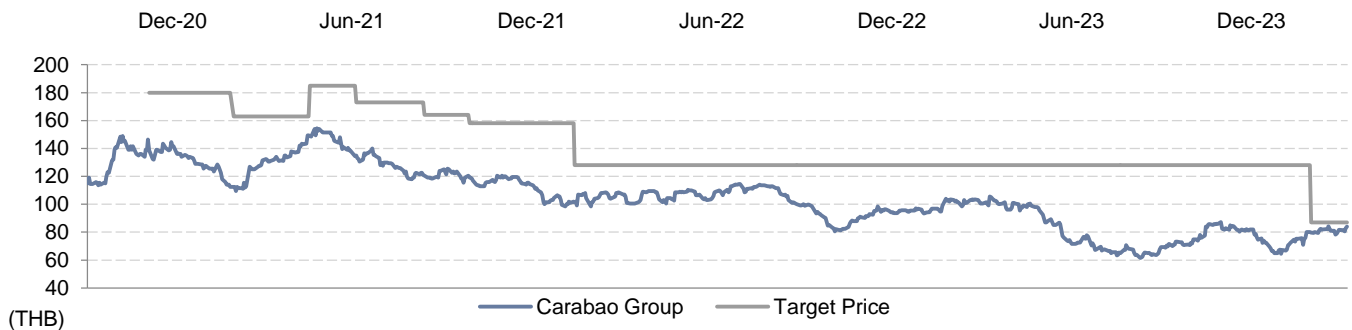
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#### History of change in investment rating and/or target price

##### Carabao Group (CBG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Feb-2021	BUY	180.00	16-Aug-2021	BUY	173.00	21-Feb-2022	BUY	128.00
30-Apr-2021	BUY	163.00	14-Oct-2021	BUY	164.00	20-Nov-2023	HOLD	87.00
07-Jul-2021	BUY	185.00	22-Nov-2021	BUY	158.00			

Sureeporn Teewasuwet started covering this stock from 20-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

##### Sappe (SAPPE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Mar-2023	BUY	62.00	23-May-2023	BUY	88.00	21-Dec-2023	BUY	108.00
05-Apr-2023	BUY	68.00	11-Jul-2023	BUY	96.50			

Sureeporn Teewasuwet started covering this stock from 09-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Carabao Group	CBG TB	THB 84.00	HOLD	Downside and upside risks to our PE-based TP 1) a slower or faster-than-expected recovery in consumption; 2) a higher or lower competition in domestic energy drink market; 3) a potential rise or fall in packaging and raw material costs; and 5) regulatory risks from domestic and international markets.
Sappe	SAPPE TB	THB 84.00	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in consumption; 2) high volatility in packaging costs; 3) a stronger-than-expected THB; and 4) increased competition and government policy changes such as excise taxes for sugary drinks.

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.

All share prices are as at market close on 22-Dec-2023 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.