

# CARABAO GROUP

THAILAND / FOOD & BEVERAGE

## CBG TB

**BUY**

UNCHANGED

TARGET PRICE	THB81.00
CLOSE	THB66.50
UP/DOWNSIDE	+21.8%
PRIOR TP	THB81.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+3.7%

## Energy drinks key highlight of 2Q

- We expect 2Q24 net profit to grow q-q and y-y, reaching an eight-quarter high, supported by energy drinks and liquor packaging.
- Maintain a positive view on 2H24 outlook despite no significant progress in beer sales.
- Reiterate BUY call with TP of THB81.

### Higher 2Q profit supported by energy drinks and liquor

We expect a 2Q24 net profit of THB696m (+11% q-q, +45% y-y), an eight-quarter high. This is due to a revenue recovery, with expected growth of 3.6% q-q and 8.7% y-y. Export revenue may be flat q-q and grow slightly y-y, due to the decline in demand from Myanmar and the absence of a large shipment as in 1Q24, plus Cambodia's growth is likely to be limited. However, we expect this to be offset by domestic revenue growth of 5.3% q-q and 12.3% y-y, driven by: 1) domestic branded own beverages, which we expect to grow decently by 9% q-q, following an increase in market share by volume to 24% in 2QTD from 23.5% in 1Q24; and 2) the return of packaging revenue after the resumption of green glass bottle production. However, we assume that beer revenue will not recover yet, including revenue from distributors and packaging.

### Costs maintained; product mix has improved

Overall costs in 2Q24 should be similar to 1Q24, despite CBG implementing promotional activities to boost revenue growth. However, we expect the 2Q24 branded own gross margin to increase to 39.2% – the highest in nine quarters – from 38.9% in 1Q24 and 35.2% in 2Q23, driven by higher utilization rates and a higher gross profit for packaging, which should return to 27% from 18.8% in 1Q24 after producing more glass bottles compared to 1Q24. Therefore, we expect the overall gross margin in 2Q24 to increase to 27.6%, up from 26.8% in 1Q24 and 2Q23.

### Expect 2H24 to grow h-h

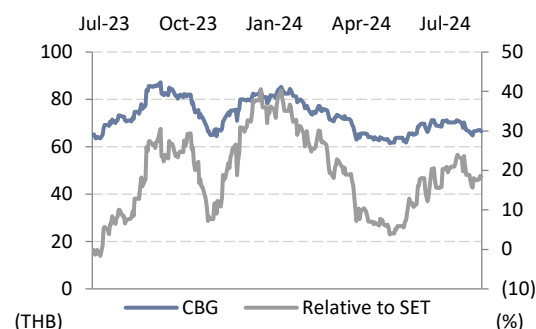
Assuming in-line results, CBG's 1H24 net profit would equal THB1.35b (+78% y-y), accounting for 49% of our full-year forecast. We estimate that CBG's aluminum costs may start to rise in 2H24 from an average price of USD2,565/tonne in 2Q24 (+14% q-q, +13% y-y). However, we still expect revenue to rise in 2H24 due to the increased sales promotions for beverage products and strong purchase orders for rice whiskey. Beer sales will be monitored separately. Therefore, we still have a positive outlook on the 2H24 profit trend, with growth continuing from 1H24.

### Reiterate BUY call with the same TP of THB81

We maintain our 2024E net profit at THB2.68b (+39.5% y-y) and our TP of THB81, based on a P/E of 30x, unchanged. We still have a positive view on earnings momentum, with 1Q24 projected to be the lowest point of the year. We expect to see the peak of the year in 4Q24.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	18,853	21,139	22,263	23,344
Net profit	1,924	2,684	2,896	3,065
EPS (THB)	1.92	2.68	2.90	3.06
vs Consensus (%)	-	4.1	1.1	(3.4)
EBITDA	3,245	4,144	4,393	4,617
Recurring net profit	1,924	2,684	2,896	3,065
Core EPS (THB)	1.92	2.68	2.90	3.06
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(15.8)	39.5	7.9	5.8
Core P/E (x)	34.6	24.8	23.0	21.7
Dividend yield (%)	1.4	2.0	2.2	2.3
EV/EBITDA (x)	21.9	17.4	16.4	15.6
Price/book (x)	5.8	5.1	4.6	4.1
Net debt/Equity (%)	41.2	44.9	40.7	36.9
ROE (%)	17.4	21.8	20.9	20.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.3)	4.7	6.4
Relative to country (%)	(0.8)	10.3	20.0
Mkt cap (USD m)	1,812		
3m avg. daily turnover (USD m)	6.8		
Free float (%)	29		
Major shareholder	Sathienthamholding Co Ltd (25%)		
12m high/low (THB)	89.50/61.25		
Issued shares (m)	1,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We expect the 2024 energy drink market to record moderate growth of 3% y-y, supported by a low base and a slight consumption recovery. We began to see higher profitability from 2H23 due to lower packaging and utility costs. Our positive outlook is based on the stronger earnings momentum for the remainder of this year, with 1Q24 projected to be the lowest point of the year. We anticipate a gradual increase in beer market share to around 2-3%, which will require time to expand, particularly through the traditional trade channel. However, this modest market share target might be sufficient to support strong profit growth this year.

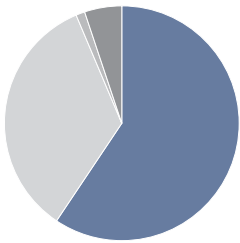
Company profile

Established in 2002, CBG is a joint investment of Mr. Sathien Sathientham, Ms. Nutchamai Thanombooncharoen, and Mr. Yeunyong Opakul (Add Carabao). It is a holding company with investments in subsidiaries that manufacture, market, and distribute energy drinks and other beverages in domestic and overseas markets. Its core product is the Carabao Dang energy drink.

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

Principal activities (revenue, 2023)

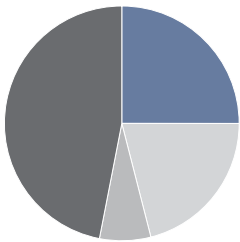
- Branded own - 59.4 %
- 3rd party distribution - 34.3 %
- Branded OEM - 1.2 %
- Others (Packaging) - 5.1 %



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 risks to our P/E-based TP are 1) a slower-than-expected recovery in consumption; 2) higher competition in the domestic energy drink market; 3) a potential rise in packaging and raw material costs; and 4) regulatory risks from domestic and international markets.

Event calendar

Date	Event
9 August 2024	2Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Branded Own growth (%)	7.0	6.1	5.2
Branded OEM growth (%)	10.0	10.0	10.0
3rd party growth (%)	20.5	4.0	4.1
Other-packaging (%)	16.5	5.0	5.0
Total revenue growth (%)	12.1	5.3	4.9
Gross margin (%)	26.3	26.5	26.7

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.

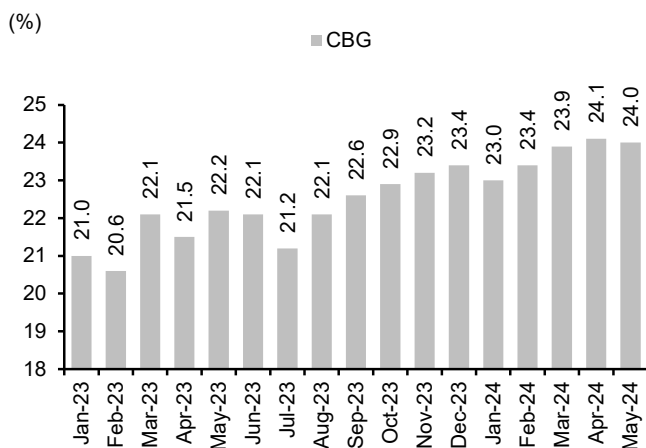
Source: FSSIA estimates

## Exhibit 1: CBG – 2Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	----- Change -----		2024E	Change	% 1H24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	4,124	4,707	4,707	5,316	4,935	5,114	3.6	8.7	21,139	12.1	47.5
Cost of sales	3,107	3,447	3,445	3,975	3,613	3,703	2.5	7.4	15,586	11.5	46.9
Gross profit	1,017	1,260	1,262	1,341	1,322	1,412	6.8	12.0	5,553	13.8	49.2
SG&A	729	712	655	564	576	583	1.2	(18.1)	2,473	(7.0)	46.9
Operating profit	350	588	650	819	787	869	10.4	47.9	3,291	36.7	50.3
Interest expense	36	44	51	52	45	45	(0.8)	3.1	182	(0.6)	49.6
Tax expense	61	80	80	115	123	136	10.8	69.6	467	38.7	55.4
Reported net profit	264	482	530	649	628	696	10.9	44.6	2,684	39.5	49.3
Core profit	264	482	530	649	628	696	10.9	44.6	2,684	39.5	49.3
<b>Key Ratios (%)</b>							<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	24.7	26.8	26.8	25.2	26.8	27.6	0.8	0.8	26.3	0.4	
SG&A / Sales	17.7	15.1	13.9	10.6	11.7	11.4	(0.3)	(3.7)	11.7	(2.4)	
Operating margin	8.5	12.5	13.8	15.4	16.0	17.0	1.0	4.5	15.6	2.8	
Net margin	6.4	10.2	11.3	12.2	12.7	13.6	0.9	3.4	12.7	2.5	
Core margin	6.4	10.2	11.3	12.2	12.7	13.6	0.9	3.4	12.7	2.5	
<b>Operating Statistics (THB m)</b>											
Branded Own sales	2,486	3,017	2,798	2,896	2,838	2,957	4.2	(2.0)	11,976	7.0	48.4
Branded Own - domestic	1,163	1,526	1,651	1,505	1,318	1,437	9.0	(5.8)	6,078	4.0	45.3
Branded Own - overseas	1,324	1,491	1,147	1,391	1,520	1,520	0.0	1.9	5,898	10.2	51.5
Branded OEM sales	49	64	61	59	72	75	4.2	17.2	255	10.0	57.6
3rd party sales	1,464	1,452	1,450	2,088	1,823	1,840	0.9	26.7	7,781	20.5	47.1
Other (packaging)	124	174	398	273	202	242	20.0	39.3	1,127	16.5	39.4
GM - Branded Own (%)	33.7	35.2	35.6	37.5	38.9	39.2	0.3	4.0	37.5	1.9	
GM - Branded OEM (%)	12.1	14.1	18.0	18.6	16.7	17.0	0.3	2.9	17.0	1.1	
GM - 3rd party (%)	9.6	10.0	10.0	8.2	9.2	9.5	0.3	(0.5)	9.3	(0.0)	
GM - other (%)	26.7	25.3	27.6	25.6	18.8	27.0	8.2	1.7	26.0	(0.5)	
Domestic sales (% of total sales)	67.9	68.0	75.3	73.6	69.2	70.3	1.1	2.2	71.4	7.2	
Overseas sales (% of total sales)	32.1	32.0	24.7	26.4	30.8	29.7	(1.1)	(2.3)	28.6	(7.2)	
Domestic sales (THB m)	2,799	3,202	3,546	3,911	3,414	3,594	5.3	12.3	15,241	13.3	46.0
Overseas sales (THB m)	1,325	1,505	1,161	1,405	1,520	1,520	0.0	1.0	5,898	9.3	51.5

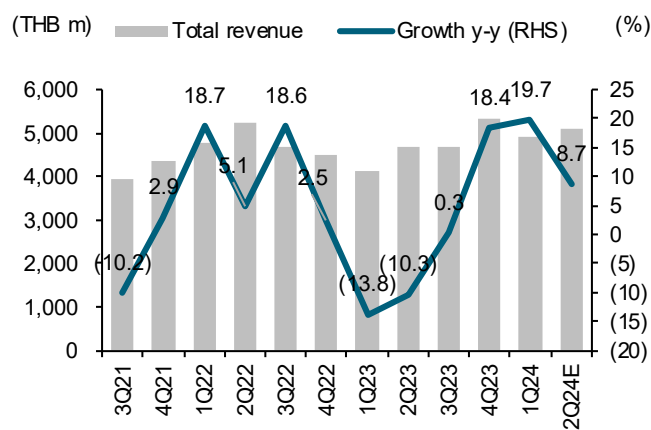
Sources: CBG, FSSIA estimates

## Exhibit 2: Energy drink market share by volume



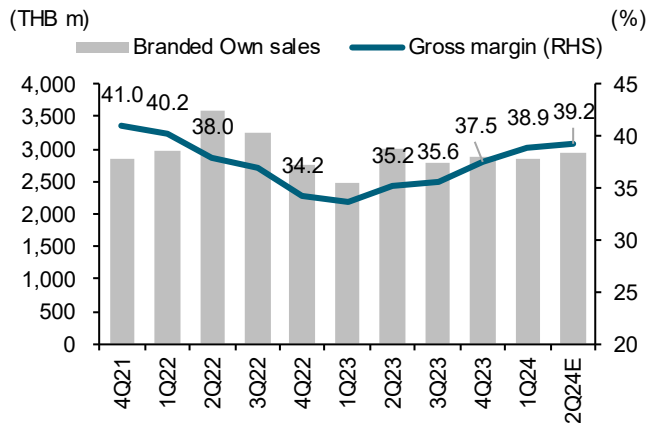
Sources: CBG, FSSIA's compilation

## Exhibit 3: Total revenue and growth



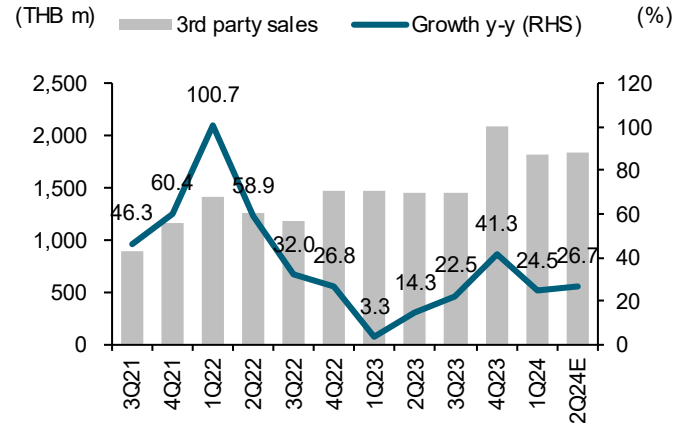
Sources: CBG, FSSIA estimates

Exhibit 4: Branded own sales and gross margin



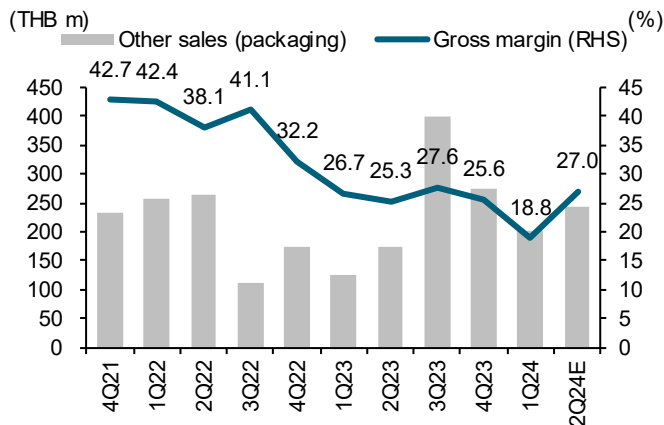
Sources: CBG, FSSIA estimates

Exhibit 5: 3rd party sales and growth



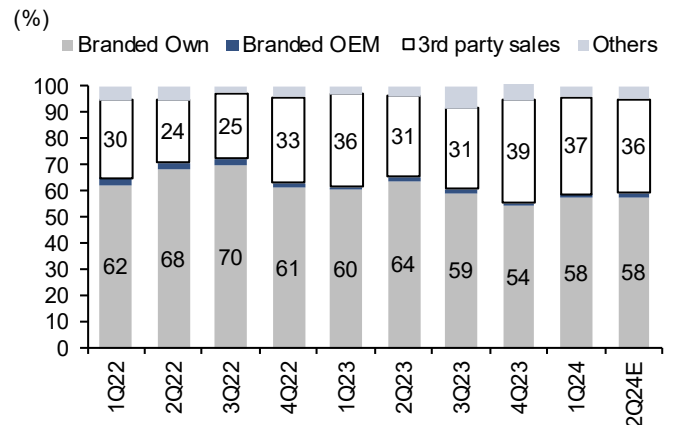
Sources: CBG, FSSIA estimates

Exhibit 6: Other sales (packaging) and gross margin



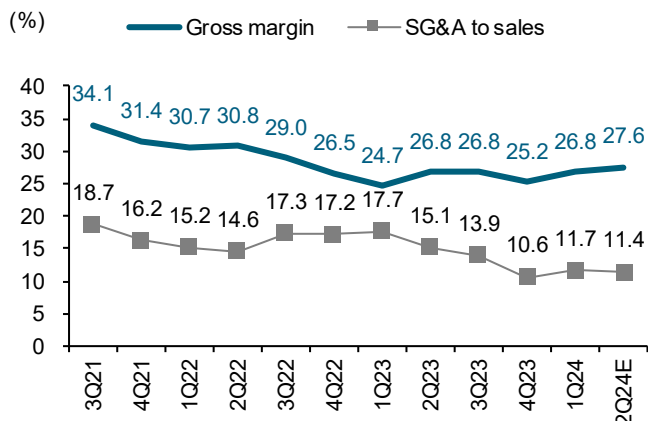
Sources: CBG, FSSIA estimates

Exhibit 7: Revenue contribution by segment



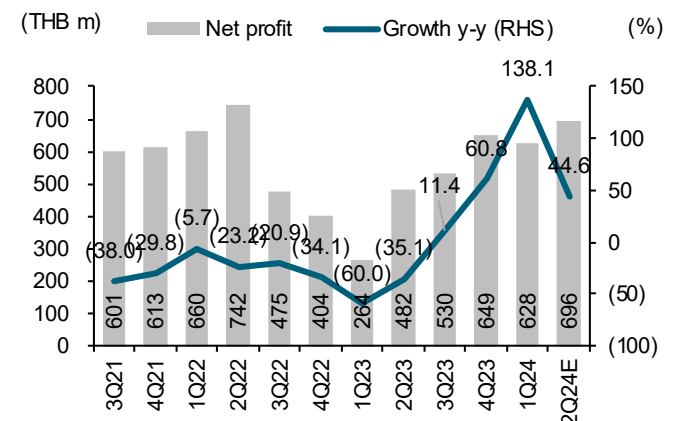
Sources: CBG, FSSIA estimates

Exhibit 8: Gross margin and SG&amp;A to sales



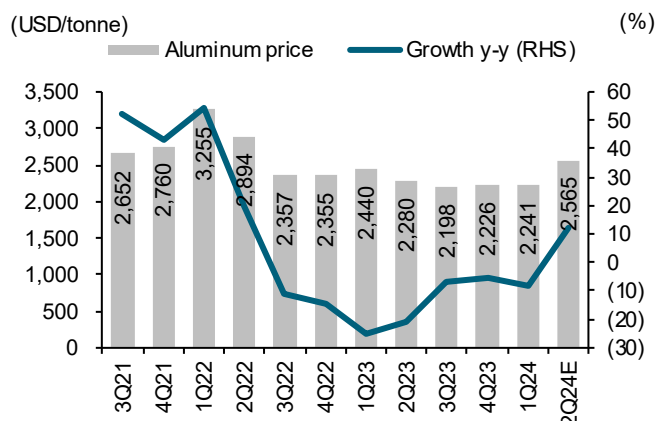
Sources: CBG, FSSIA estimates

Exhibit 9: Net profit and growth



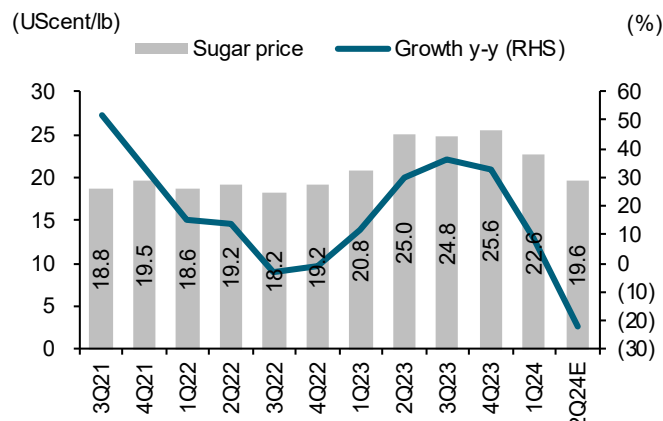
Sources: CBG, FSSIA estimates

Exhibit 10: Quarterly aluminium price and growth



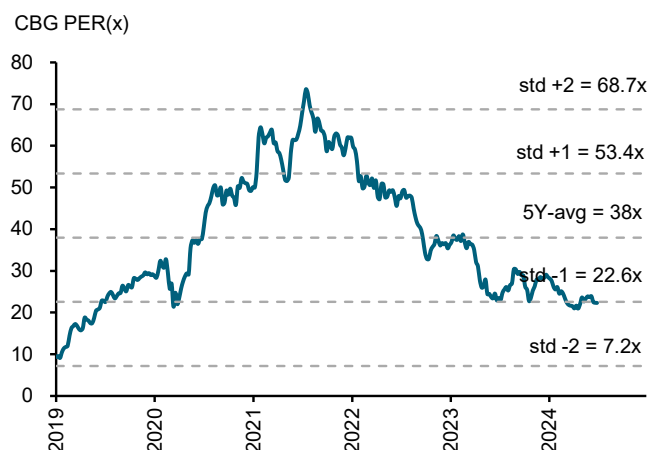
Sources: Bloomberg, FSSIA's compilation

Exhibit 11: Quarterly sugar price and growth



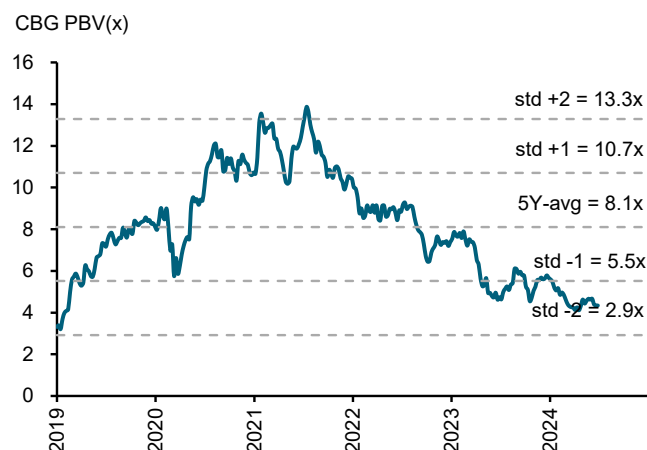
Sources: Bloomberg, FSSIA's compilation

Exhibit 12: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 13: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 14: Peers comparison as of 28 June 2024

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Thailand														
Carabao Group*	CBG TB	BUY	66.50	81.00	22	1,812	24.8	23.0	21.8	20.9	5.1	4.6	17.4	16.4
Osotspa*	OSP TB	BUY	23.00	24.50	7	1,883	26.3	24.9	15.6	15.9	4.0	3.9	14.5	13.8
Sappe*	SAPPE TB	BUY	101.50	115.00	13	853	22.1	20.4	35.4	35.2	7.5	6.9	14.9	13.7
Ichitan Group*	ICHI TB	BUY	17.40	21.00	21	616	19.1	18.1	20.4	22.1	4.0	4.0	10.7	10.2
TAC Consumer*	TACC TB	BUY	4.86	6.30	30	79	13.2	11.8	31.2	34.0	4.1	3.9	7.6	6.6
Thailand average						5,244	21.1	19.6	24.9	25.6	4.9	4.7	13.0	12.1
Global														
Tata Consumer Products	TATACONS IN	n/a	1,097.45	n/a	n/a	12,468	89.4	72.8	7.4	8.4	6.4	6.0	57.1	48.2
Eastroc Beverage Group	605499 CH	n/a	215.75	n/a	n/a	11,571	41.5	31.9	31.9	33.3	13.4	10.7	27.9	22.1
Cheng Du Lolo	000848 CH	n/a	7.86	n/a	n/a	1,153	13.3	12.4	19.8	19.5	2.6	2.5	6.6	6.2
Nongfu Spring	9633 HK	n/a	37.05	n/a	n/a	53,346	36.3	28.5	42.1	42.8	14.1	11.3	22.9	18.4
Monster Beverage Corp	MNST US	n/a	49.95	n/a	n/a	52,034	32.0	28.1	21.7	24.0	6.5	7.2	23.2	20.7
PepsiCo Inc	PEP US	n/a	164.93	n/a	n/a	226,743	21.8	20.2	56.3	55.0	11.6	10.5	15.8	14.8
Coca-Cola Co/The	KO US	n/a	63.65	n/a	n/a	274,201	23.7	22.6	45.1	45.4	10.7	10.4	21.2	20.1
National Beverage Corp	FIZZ US	n/a	51.24	n/a	n/a	4,795	33.8	27.1	47.1	38.2	12.6	8.6	21.8	18.6
Dutch Bros Inc	BROS US	n/a	41.40	n/a	n/a	7,335	161.7	110.4	8.7	15.1	19.1	15.4	51.4	38.4
Celsius Holdings Inc	CELH US	n/a	57.09	n/a	n/a	13,307	71.8	53.0	120.0	54.0	53.5	24.9	45.1	34.1
Global average						656,954	52.5	40.7	40.0	33.6	15.0	10.8	29.3	24.1
Total average						662,198	42.1	33.7	35.0	30.9	11.7	8.7	23.9	20.1

Sources: Bloomberg, \*FSSIA estimates

## Financial Statements

### Carabao Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	19,215	18,853	21,139	22,263	23,344
Cost of goods sold	(13,582)	(13,974)	(15,586)	(16,356)	(17,112)
<b>Gross profit</b>	<b>5,633</b>	<b>4,879</b>	<b>5,553</b>	<b>5,907</b>	<b>6,232</b>
Other operating income	239	188	211	223	233
Operating costs	(3,078)	(2,660)	(2,473)	(2,605)	(2,731)
<b>Operating EBITDA</b>	<b>3,607</b>	<b>3,245</b>	<b>4,144</b>	<b>4,393</b>	<b>4,617</b>
Depreciation	(813)	(838)	(853)	(868)	(883)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,794</b>	<b>2,407</b>	<b>3,291</b>	<b>3,525</b>	<b>3,734</b>
Net financing costs	(114)	(178)	(177)	(179)	(181)
Associates	5	8	10	12	14
Recurring non-operating income	5	8	10	12	14
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>2,684</b>	<b>2,237</b>	<b>3,124</b>	<b>3,358</b>	<b>3,567</b>
Tax	(433)	(337)	(467)	(502)	(533)
<b>Profit after tax</b>	<b>2,251</b>	<b>1,900</b>	<b>2,657</b>	<b>2,856</b>	<b>3,034</b>
Minority interests	35	24	27	40	30
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>2,286</b>	<b>1,924</b>	<b>2,684</b>	<b>2,896</b>	<b>3,065</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>2,286</b>	<b>1,924</b>	<b>2,684</b>	<b>2,896</b>	<b>3,065</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.29	1.92	2.68	2.90	3.06
Reported EPS	2.29	1.92	2.68	2.90	3.06
DPS	1.50	0.90	1.34	1.45	1.53
Diluted shares (used to calculate per share data)	1,000	1,000	1,000	1,000	1,000
<b>Growth</b>					
Revenue (%)	10.7	(1.9)	12.1	5.3	4.9
Operating EBITDA (%)	(14.1)	(10.0)	27.7	6.0	5.1
Operating EBIT (%)	(18.9)	(13.8)	36.7	7.1	5.9
Recurring EPS (%)	(20.6)	(15.8)	39.5	7.9	5.8
Reported EPS (%)	(20.6)	(15.8)	39.5	7.9	5.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	29.3	25.9	26.3	26.5	26.7
Gross margin exc. depreciation (%)	33.5	30.3	30.3	30.4	30.5
Operating EBITDA margin (%)	18.8	17.2	19.6	19.7	19.8
Operating EBIT margin (%)	14.5	12.8	15.6	15.8	16.0
Net margin (%)	11.9	10.2	12.7	13.0	13.1
Effective tax rate (%)	16.1	15.1	15.0	14.9	14.9
Dividend payout on recurring profit (%)	65.6	46.8	50.0	50.0	50.0
Interest cover (X)	24.5	13.5	18.6	19.7	20.8
Inventory days	72.2	69.6	60.2	61.9	61.9
Debtor days	40.7	45.7	38.9	39.0	39.1
Creditor days	51.8	54.2	53.4	54.7	54.6
Operating ROIC (%)	14.2	12.2	15.7	14.9	14.6
ROIC (%)	13.5	11.6	15.0	14.3	14.1
ROE (%)	21.9	17.4	21.8	20.9	20.0
ROA (%)	11.9	10.3	13.4	13.1	12.9

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Branded own	12,591	11,196	11,976	12,703	13,368
3rd party distribution	5,350	6,458	7,781	8,095	8,425
Branded OEM	467	232	255	281	309
Others (Packaging)	807	967	1,127	1,183	1,243

Sources: Carabao Group; FSSIA estimates

## Financial Statements

### Carabao Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,286	1,924	2,684	2,896	3,065
Depreciation	813	838	853	868	883
Associates & minorities	-	-	-	-	-
Other non-cash items	(19)	(61)	6	17	(12)
Change in working capital	(1,117)	992	(143)	(136)	(131)
<b>Cash flow from operations</b>	<b>1,963</b>	<b>3,694</b>	<b>3,400</b>	<b>3,645</b>	<b>3,805</b>
Capex - maintenance	(737)	(822)	(3,303)	(2,257)	(2,296)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(16)	(26)	54	(3)	(3)
<b>Cash flow from investing</b>	<b>(753)</b>	<b>(848)</b>	<b>(3,248)</b>	<b>(2,260)</b>	<b>(2,299)</b>
Dividends paid	(1,760)	(1,156)	(1,342)	(1,448)	(1,532)
Equity finance	0	0	0	0	0
Debt finance	326	(1,438)	663	8	43
Other financing cash flows	27	(5)	32	12	12
<b>Cash flow from financing</b>	<b>(1,408)</b>	<b>(2,598)</b>	<b>(647)</b>	<b>(1,428)</b>	<b>(1,478)</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>(198)</b>	<b>248</b>	<b>(495)</b>	<b>(43)</b>	<b>28</b>
Free cash flow to firm (FCFF)	1,324.54	3,029.30	334.08	1,567.22	1,689.38
Free cash flow to equity (FCFE)	1,562.23	1,403.93	846.86	1,405.22	1,560.71
<b>Per share (THB)</b>					
FCFF per share	1.32	3.03	0.33	1.57	1.69
FCFE per share	1.56	1.40	0.85	1.41	1.56
Recurring cash flow per share	3.08	2.70	3.54	3.78	3.94
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	16,143	17,819	19,525	21,262	23,028
Less: Accumulated depreciation	(3,291)	(4,944)	(3,905)	(4,252)	(4,606)
<b>Tangible fixed assets (net)</b>	<b>12,852</b>	<b>12,875</b>	<b>15,620</b>	<b>17,009</b>	<b>18,422</b>
<b>Intangible fixed assets (net)</b>	<b>612</b>	<b>629</b>	<b>597</b>	<b>598</b>	<b>599</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	162	173	173	173	173
Cash & equivalents	936	1,184	689	646	674
A/C receivable	2,533	2,192	2,317	2,440	2,558
Inventories	2,718	2,295	2,562	2,689	2,813
Other current assets	160	131	106	111	117
<b>Current assets</b>	<b>6,347</b>	<b>5,802</b>	<b>5,673</b>	<b>5,886</b>	<b>6,162</b>
Other assets	66	65	42	45	47
<b>Total assets</b>	<b>20,039</b>	<b>19,543</b>	<b>22,105</b>	<b>23,710</b>	<b>25,403</b>
Common equity	10,683	11,491	13,129	14,577	16,109
Minorities etc.	(118)	(178)	(172)	(155)	(167)
<b>Total shareholders' equity</b>	<b>10,565</b>	<b>11,312</b>	<b>12,957</b>	<b>14,422</b>	<b>15,942</b>
Long term debt	1,082	3,747	3,655	3,558	3,407
Other long-term liabilities	205	201	233	245	257
<b>Long-term liabilities</b>	<b>1,287</b>	<b>3,948</b>	<b>3,888</b>	<b>3,803</b>	<b>3,664</b>
A/C payable	1,853	2,045	2,263	2,375	2,485
Short term debt	6,198	2,095	2,850	2,955	3,149
Other current liabilities	137	143	148	156	163
<b>Current liabilities</b>	<b>8,187</b>	<b>4,283</b>	<b>5,261</b>	<b>5,486</b>	<b>5,797</b>
<b>Total liabilities and shareholders' equity</b>	<b>20,039</b>	<b>19,543</b>	<b>22,105</b>	<b>23,710</b>	<b>25,403</b>
Net working capital	3,422	2,430	2,573	2,709	2,840
Invested capital	17,114	16,171	19,006	20,533	22,080
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	10.68	11.49	13.13	14.58	16.11
Tangible book value per share	10.07	10.86	12.53	13.98	15.51
<b>Financial strength</b>					
Net debt/equity (%)	60.0	41.2	44.9	40.7	36.9
Net debt/total assets (%)	31.7	23.8	26.3	24.7	23.2
Current ratio (x)	0.8	1.4	1.1	1.1	1.1
CF interest cover (x)	14.7	8.9	5.8	8.8	9.6
Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>29.1</b>	<b>34.6</b>	<b>24.8</b>	<b>23.0</b>	<b>21.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>35.4</b>	<b>42.1</b>	<b>30.2</b>	<b>28.0</b>	<b>26.4</b>
Reported P/E (x)	29.1	34.6	24.8	23.0	21.7
Dividend yield (%)	2.3	1.4	2.0	2.2	2.3
Price/book (x)	6.2	5.8	5.1	4.6	4.1
Price/tangible book (x)	6.6	6.1	5.3	4.8	4.3
EV/EBITDA (x) **	20.2	21.9	17.4	16.4	15.6
EV/EBITDA @ target price (x) **	24.2	26.3	20.9	19.7	18.8
EV/invested capital (x)	4.2	4.4	3.8	3.5	3.3
* 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 15: 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 16: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		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](https://www.settrade.com); FSSIA's compilation

### Exhibit 17: 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 18: 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. <i>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 &amp; peer reviews.</i>	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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">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></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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

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ANALYST(S) CERTIFICATION

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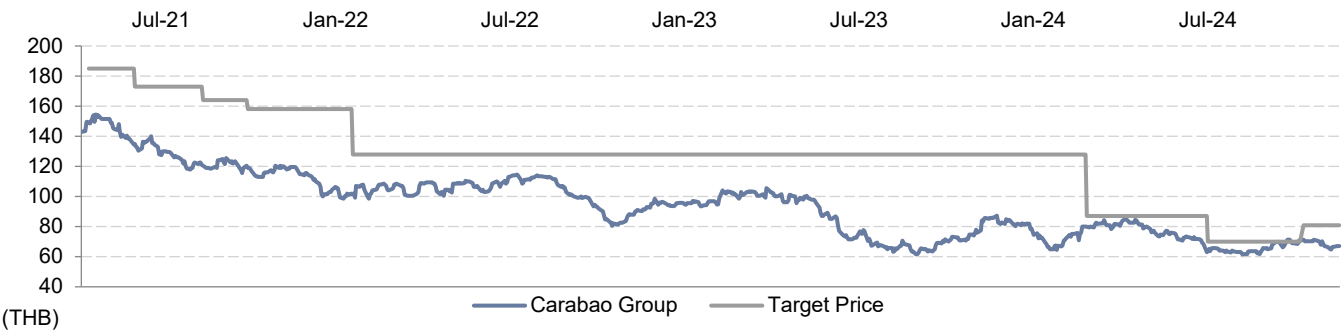
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History of change in investment rating and/or target price

Carabao Group (CBG TB)



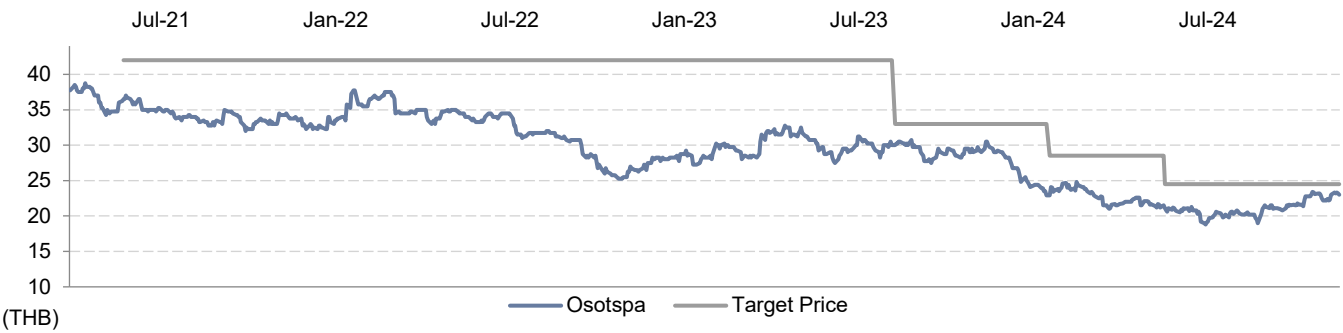
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Jul-2021	BUY	185.00	22-Nov-2021	BUY	158.00	19-Feb-2024	BUY	87.00
16-Aug-2021	BUY	173.00	21-Feb-2022	BUY	128.00	04-Mar-2024	BUY	70.00
14-Oct-2021	BUY	164.00	20-Nov-2023	HOLD	87.00	24-May-2024	BUY	81.00

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

Price and TP are in local currency

Source: FSSIA estimates

Osotspa (OSP TB)



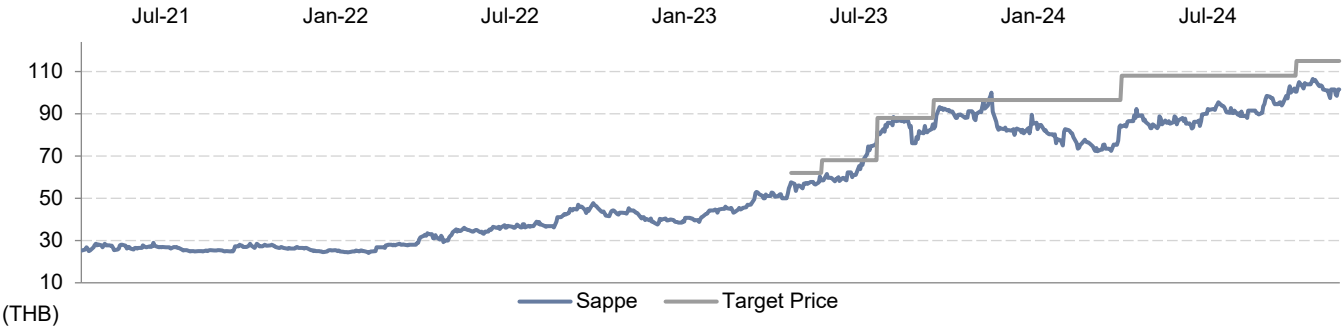
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Aug-2021	BUY	42.00	20-Oct-2023	BUY	28.50	-	-	-
09-Jun-2023	BUY	33.00	29-Jan-2024	BUY	24.50			

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

Price and TP are in local currency

Source: FSSIA estimates

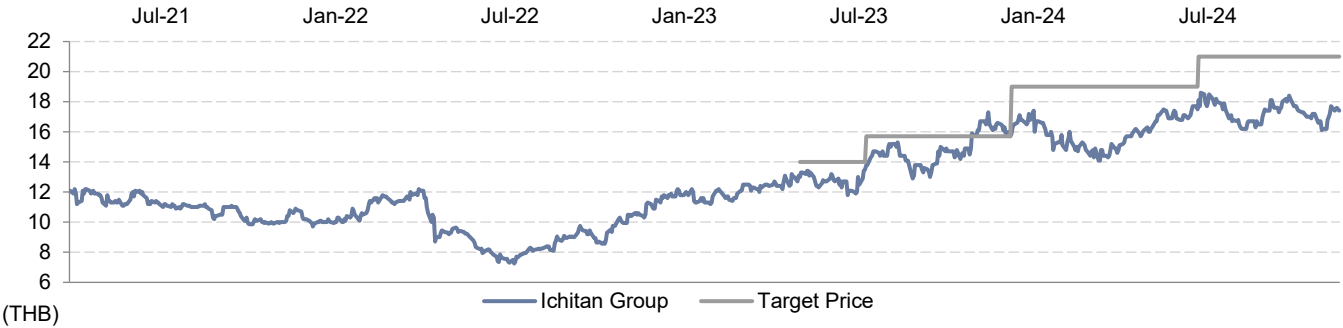
Sappe (SAPPE TB)



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	21-May-2024	BUY	115.00

Sureeporn Teewasuwet started covering this stock from 09-Mar-2023  
Price and TP are in local currency  
Source: FSSIA estimates

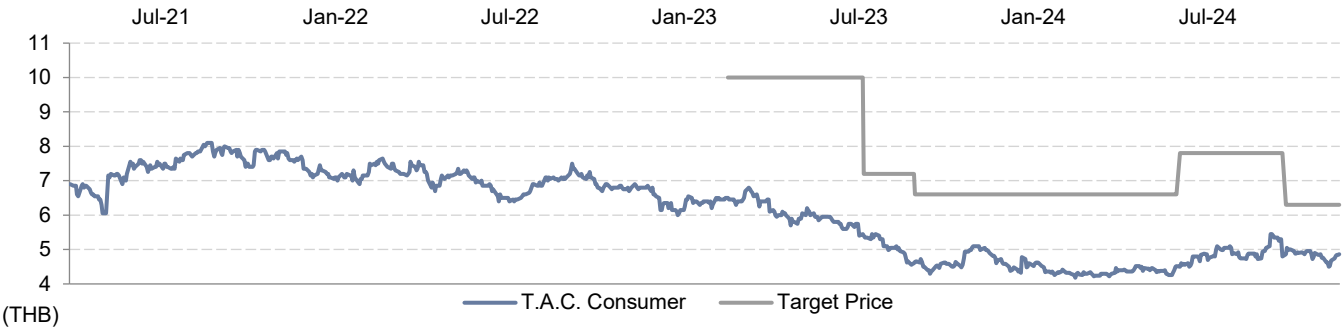
Ichitan Group (ICHI TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Mar-2023	BUY	14.00	15-Jun-2023	HOLD	15.70	27-Feb-2024	BUY	21.00
17-May-2023	BUY	15.70	19-Sep-2023	BUY	19.00			

Sureeporn Teewasuwet started covering this stock from 21-Mar-2023  
Price and TP are in local currency  
Source: FSSIA estimates

T.A.C. Consumer (TACC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	10.00	28-Jun-2023	BUY	6.60	10-May-2024	HOLD	6.30
15-May-2023	BUY	7.20	09-Feb-2024	BUY	7.80	12-Jun-2024	BUY	6.30

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023  
Price and TP are in local currency  
Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Carabao Group	CBG TB	THB 66.50	BUY	Downside risks to our P/E-based TP are 1) a slower-than-expected recovery in consumption; 2) higher competition in the domestic energy drink market; 3) a potential rise in packaging and raw material costs; and 4) regulatory risks from domestic and international markets.
Osotspa	OSP TB	THB 23.00	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) higher-than-expected competition; 3) high volatility in energy costs; and 4) changing legal policies both in Thailand and Myanmar.
Sappe	SAPPE TB	THB 101.50	BUY	Downside risks to our P/E-based TP include 1) lower purchasing power, 2) higher raw material and packaging costs, 3) Baht strength, and 4) increased competition and product infringement.
Ichitan Group	ICHI TB	THB 17.40	BUY	Downside risks to our P/E-based TP would be 1) a slower-than-expected consumption recovery; 2) high volatility in packaging costs; and 3) increased competition and government policy changes such as excise taxes for sugary drinks.
T.A.C. Consumer	TACC TB	THB 4.86	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power, 2) unusually cold weather, 3) lower new product launches than planned, 4) a slower-than-expected decrease in raw material prices, and 5) changes in laws and regulations.

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 28-Jun-2024 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.