

CARABAO GROUP

THAILAND / FOOD & BEVERAGE

CBG TB

BUY

UNCHANGED

TARGET PRICE	THB81.00
CLOSE	THB62.75
UP/DOWNSIDE	+29.1%
PRIOR TP	THB81.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+5.1%

A new story is coming

- We expect 3Q24 net profit to continue to grow q-q and y-y, thanks to higher domestic energy drink revenue.
- Cambodian JV will operate in 3Q26. If successful, it would provide an upside of c3-6% to our 2026-27 net profit forecast.
- Maintain our current projection and TP of THB81.

Expect 3Q24 to continue to grow q-q and y-y

Management guided that 3Q24 performance will continue to grow from 2Q24, driven by domestic energy drinks. In July, this segment generated an all-time high revenue for the past five years. CBG's market share in June increased to 24.3%, bringing the 2Q24 average to 24.1%, up from 23.4% in 1Q24. CBG aims to raise this to 26% by the end of 2024. As for beer, CBG is preparing to expand into modern trade channels in 3Q24, including 7-Eleven, and will introduce cash vans to target HORECA customers (hotels, restaurants, and cafes) in Bangkok and major cities.

Cambodian JV will operate in 3Q26

CBG has revealed plans to establish a joint venture (JV) to operate a beverage production facility in Cambodia, where CBG will hold 60% and a distributor in Cambodia will hold 40%. This will involve leasing land from the distributor for 30 years at a rental cost of THB580m and moving two production lines from CBG's factory in Thailand to Cambodia. The JV is currently in the process of securing a QIP (which is similar to BOI in Thailand) to gain tax benefits. Following that, a factory is expected to be constructed, with operations anticipated to start in July 2026.

Benefit from the JV would be an upside for 2026-27 profit

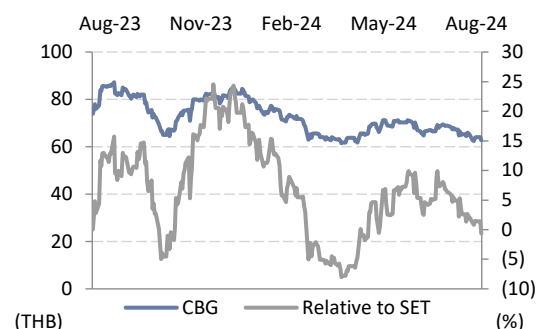
CBG plans to sell concentrate and cans to the JV. The benefits CBG expects to gain from operating a JV factory in Cambodia are 1) reducing transportation costs from Thailand to Cambodia; 2) reducing a specific tax (similar to excise tax in Thailand); although it is still subject to the same 15% rate, production in Cambodia calculates tax based on the factory gate price, which is lower than the tax derived from import prices; and 3) the JV will benefit from a 0% corporate income tax rate for the first three years (if the QIP request is successful), compared to the current 20% tax on exports from Thailand.

Maintain our 2024E net profit and target price

In summary, CBG aims for profitability in the first year of operation due to existing orders. CBG expects to earn an additional THB200m/year in profit from its 60% stake, accounting for 3% and 6% of our 2026-27 profit forecasts, respectively. However, profits from the Cambodian JV have not yet been included in our forecasts as they are expected to materialize in 3Q26. We maintain our 2024E net profit of THB2.7b (+40% y-y) and retain our BUY call and TP of THB81.

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 (%)	-	1.7	(0.9)	(6.1)
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)	32.6	23.4	21.7	20.5
Dividend yield (%)	1.4	2.1	2.3	2.4
EV/EBITDA (x)	20.7	16.5	15.6	14.8
Price/book (x)	5.5	4.8	4.3	3.9
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 (%)	(9.1)	(11.9)	(16.1)
Relative to country (%)	(6.7)	(6.9)	(0.7)
Mkt cap (USD m)	1,784		
3m avg. daily turnover (USD m)	5.5		
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



Sureeporn Teewasuwet

Fundamental Investment Analyst on Securities; License no. 040694
sureeporn.t@fssia.com, +66 2646 9972

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

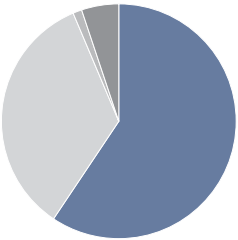
Principal activities (revenue, 2023)

■ Branded own - 59.4 %

■ 3rd party distribution - 34.3 %

■ Branded OEM - 1.2 %

■ Others (Packaging) - 5.1 %



Source: Carabao Group

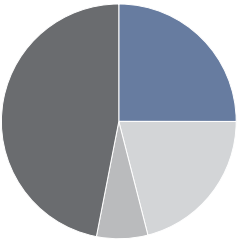
Major shareholders

■ 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
November 2024	3Q24 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

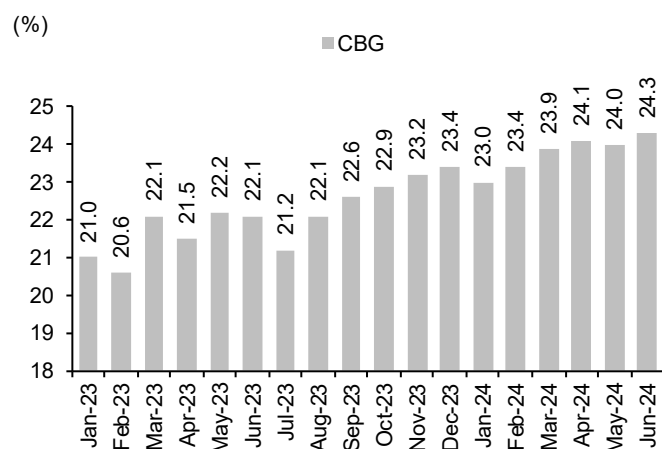
- For every 1% increase in revenue, we estimate 2024 net profit to rise by 1.3%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 4.2%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2024 net profit to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

Source: FSSIA estimates

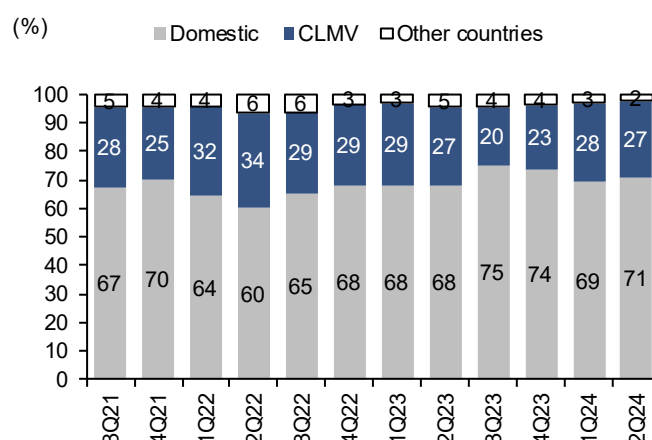
Exhibit 1: Key assumptions for CBG

	Actual	Forecast			Growth		
	2023 (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	18,853	21,139	22,263	23,344	12.1	5.3	4.9
Costs	13,974	15,586	16,356	17,112	11.5	4.9	4.6
Gross profit	4,879	5,553	5,907	6,232	13.8	6.4	5.5
SG&A expense	2,660	2,473	2,605	2,731	(7.0)	5.3	4.9
Interest expense	183	182	182	184	(0.6)	0.1	0.7
Profit sharing	8	10	12	14	17.7	20.0	16.7
Reported net profit	1,924	2,684	2,896	3,065	39.5	7.9	5.8
Core profit	1,924	2,684	2,896	3,065	39.5	7.9	5.8
Key ratios (%)							
Gross margin	25.9	26.3	26.5	26.7	0.4	0.3	0.2
SG&A to sales	14.1	11.7	11.7	11.7	(2.4)	0.0	0.0
Net margin	10.2	12.7	13.0	13.1	2.5	0.3	0.1
Core margin	10.2	12.7	13.0	13.1	2.5	0.3	0.1
Operating statistics (THB m)							
Branded Own sales	11,196	11,976	12,703	13,368	7.0	6.1	5.2
Branded OEM sales	232	255	281	309	10.0	10.0	10.0
3rd party sales	6,458	7,781	8,095	8,425	20.5	4.0	4.1
Other (packaging) sales	967	1,127	1,183	1,243	16.5	5.0	5.0
GM - Branded Own (%)	35.6	37.5	37.8	38.0	1.9	0.3	0.2
GM - Branded OEM (%)	15.9	17.0	17.0	17.0	1.1	0.0	0.0
GM - 3rd party (%)	9.3	9.3	9.3	9.2	(0.0)	(0.1)	(0.0)
GM - Packaging (%)	26.5	26.0	26.0	26.0	(0.5)	0.0	0.0
Domestic sales (THB m)	13,457	15,241	15,941	16,677	13.3	4.6	4.6
Overseas sales (THB m)	5,396	5,898	6,321	6,667	9.3	7.2	5.5
Domestic sales (% of total sales)	71.4	72.1	71.6	71.4	0.7	(0.5)	(0.2)
Overseas sales (% of total sales)	28.6	27.9	28.4	28.6	(0.7)	0.5	0.2

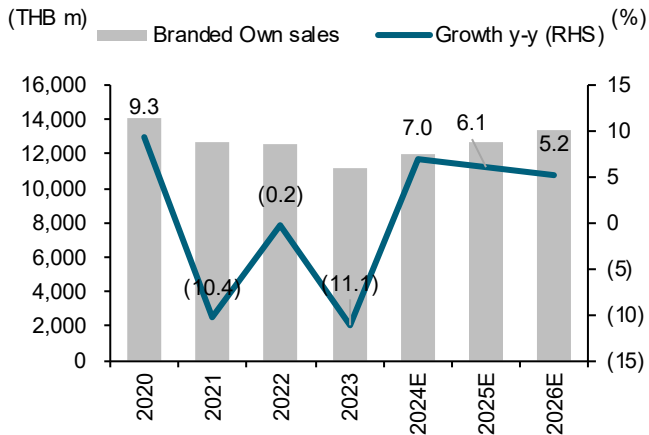
Source: FSSIA estimates

Exhibit 2: Energy drink market share by volume

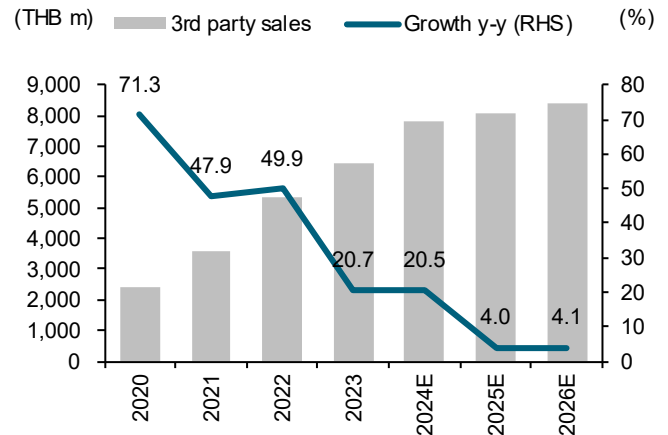
Sources: CBG, FSSIA's compilation

Exhibit 3: Revenue contribution by destination

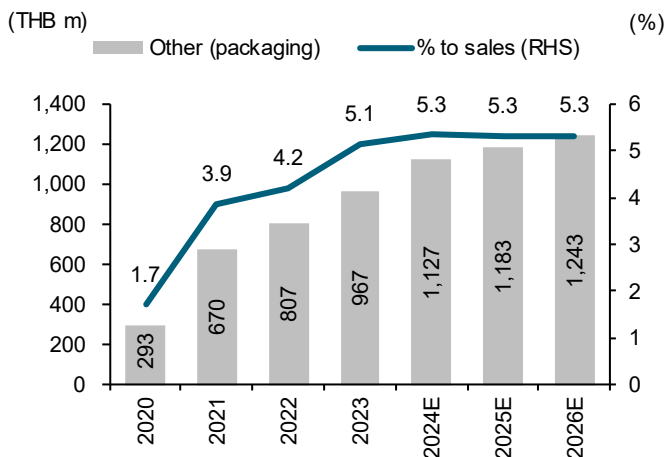
Sources: CBG, FSSIA's compilation

Exhibit 4: Revenue from branded own and growth

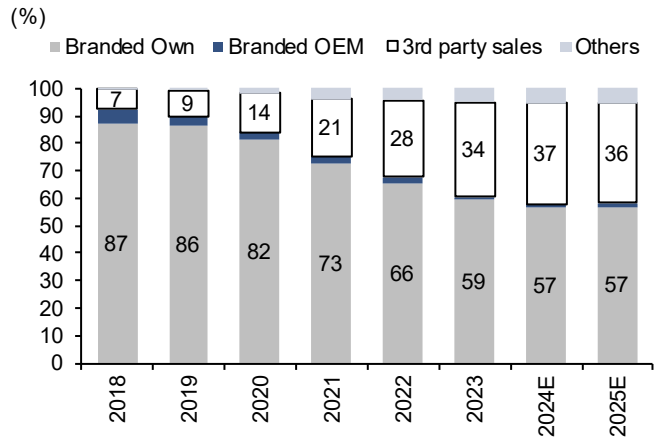
Sources: CBG; FSSIA estimates

Exhibit 5: Revenue from 3rd party and growth

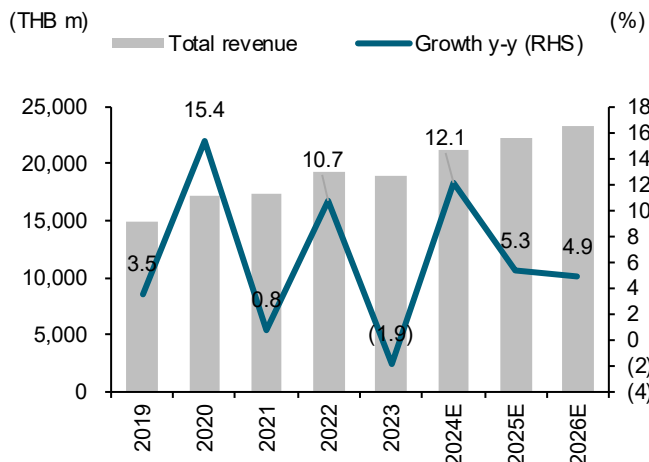
Sources: CBG; FSSIA estimates

Exhibit 6: Revenue from other segment

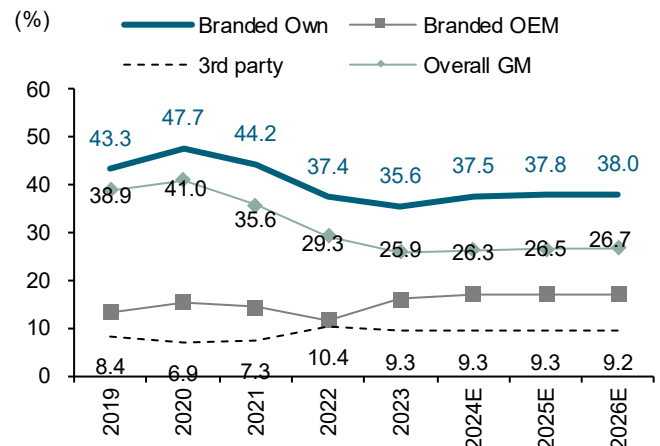
Sources: CBG; FSSIA estimates

Exhibit 7: Revenue contribution by product segment

Sources: CBG; FSSIA estimates

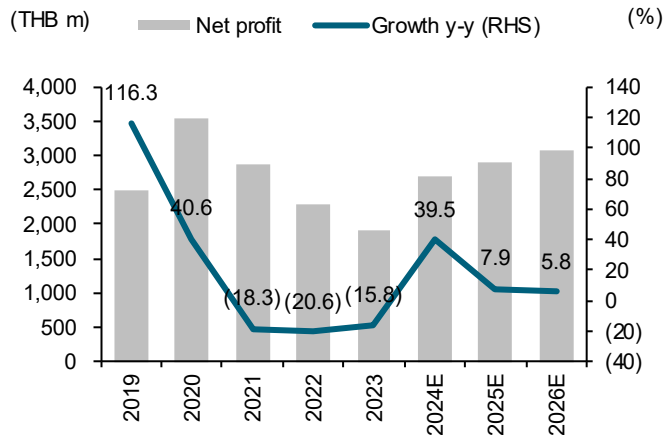
Exhibit 8: Total revenue and growth

Sources: CBG; FSSIA estimates

Exhibit 9: Gross margin breakdown by segment

Sources: CBG; FSSIA estimates

Exhibit 10: Net profit and growth



Sources: CBG; FSSIA estimates

Exhibit 11: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 12: Peers comparison as of 13 Aug 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	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	62.75	81.00	29	1,784	23.4	21.7	21.8	20.9	4.8	4.3	16.5	15.6
Osotspa*	OSP TB	BUY	23.80	28.00	18	2,033	24.1	22.3	17.6	18.3	4.1	4.0	13.6	12.7
Sappe*	SAPPE TB	BUY	96.00	115.00	20	842	20.9	19.3	35.4	35.2	7.1	6.5	14.1	12.9
Ichitan Group*	ICHI TB	BUY	14.60	19.00	30	540	14.1	13.4	23.4	25.1	3.3	3.4	8.3	7.9
TAC Consumer*	TACC TB	BUY	4.84	6.30	30	83	13.1	11.7	31.2	34.0	4.1	3.9	7.5	6.6
Thailand average						5,281	19.1	17.7	25.9	26.7	4.7	4.4	12.0	11.1
Global														
Tata Consumer Products	TATACONS IN	n/a	1,178.80	n/a	n/a	13,420	96.9	78.9	7.4	8.4	6.9	6.5	61.7	52.1
Eastroc Beverage Group	605499 CH	n/a	237.10	n/a	n/a	13,275	46.8	34.1	31.9	34.5	15.1	11.8	31.6	23.5
Cheng Du Lolo	000848 CH	n/a	8.09	n/a	n/a	1,192	13.5	12.6	19.8	19.9	2.6	2.6	6.8	6.5
Nongfu Spring	9633 HK	n/a	29.85	n/a	n/a	43,104	28.8	23.3	42.1	41.3	11.2	9.0	17.9	15.1
Monster Beverage Corp	MNST US	n/a	46.50	n/a	n/a	45,549	29.8	27.3	21.7	23.4	6.0	6.9	21.4	20.0
PepsiCo Inc	PEP US	n/a	172.37	n/a	n/a	236,763	22.8	21.1	56.3	55.1	12.1	11.1	16.4	15.4
Coca-Cola Co/The	KO US	n/a	68.46	n/a	n/a	295,054	25.5	24.0	45.1	45.9	11.5	11.5	22.6	21.3
National Beverage Corp	FIZZ US	n/a	45.67	n/a	n/a	4,274	30.1	24.2	47.1	38.2	11.2	7.7	19.3	16.4
Dutch Bros Inc	BROS US	n/a	29.42	n/a	n/a	5,960	114.9	75.8	8.7	12.5	13.6	9.3	42.2	31.4
Celsius Holdings Inc	CELH US	n/a	39.48	n/a	n/a	9,202	49.7	38.8	120.0	52.0	37.0	17.4	30.8	24.8
Global average						667,791	45.9	36.0	40.0	33.1	12.7	9.4	27.1	22.6
Total average						673,072	37.0	29.9	35.3	31.0	10.0	7.7	22.0	18.8

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)
Gross profit	5,633	4,879	5,553	5,907	6,232
Other operating income	239	188	211	223	233
Operating costs	(3,078)	(2,660)	(2,473)	(2,605)	(2,731)
Operating EBITDA	3,607	3,245	4,144	4,393	4,617
Depreciation	(813)	(838)	(853)	(868)	(883)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,794	2,407	3,291	3,525	3,734
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
Profit before tax	2,684	2,237	3,124	3,358	3,567
Tax	(433)	(337)	(467)	(502)	(533)
Profit after tax	2,251	1,900	2,657	2,856	3,034
Minority interests	35	24	27	40	30
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	2,286	1,924	2,684	2,896	3,065
Non-recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	2,286	1,924	2,684	2,896	3,065
Per share (THB)					
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
Growth					
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
Operating performance					
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)
Cash flow from operations	1,963	3,694	3,400	3,645	3,805
Capex - maintenance	(737)	(822)	(3,303)	(2,257)	(2,296)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(16)	(26)	54	(3)	(3)
Cash flow from investing	(753)	(848)	(3,248)	(2,260)	(2,299)
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
Cash flow from financing	(1,408)	(2,598)	(647)	(1,428)	(1,478)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(198)	248	(495)	(43)	28
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
Per share (THB)					
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)
Tangible fixed assets (net)	12,852	12,875	15,620	17,009	18,422
Intangible fixed assets (net)	612	629	597	598	599
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
Current assets	6,347	5,802	5,673	5,886	6,162
Other assets	66	65	42	45	47
Total assets	20,039	19,543	22,105	23,710	25,403
Common equity	10,683	11,491	13,129	14,577	16,109
Minorities etc.	(118)	(178)	(172)	(155)	(167)
Total shareholders' equity	10,565	11,312	12,957	14,422	15,942
Long term debt	1,082	3,747	3,655	3,558	3,407
Other long-term liabilities	205	201	233	245	257
Long-term liabilities	1,287	3,948	3,888	3,803	3,664
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
Current liabilities	8,187	4,283	5,261	5,486	5,797
Total liabilities and shareholders' equity	20,039	19,543	22,105	23,710	25,403
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					
Per share (THB)					
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
Financial strength					
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
Recurring P/E (x) *	27.4	32.6	23.4	21.7	20.5
Recurring P/E @ target price (x) *	35.4	42.1	30.2	28.0	26.4
Reported P/E (x)	27.4	32.6	23.4	21.7	20.5
Dividend yield (%)	2.4	1.4	2.1	2.3	2.4
Price/book (x)	5.9	5.5	4.8	4.3	3.9
Price/tangible book (x)	6.2	5.8	5.0	4.5	4.0
EV/EBITDA (x) **	19.1	20.7	16.5	15.6	14.8
EV/EBITDA @ target price (x) **	24.2	26.3	20.9	19.7	18.8
EV/invested capital (x)	4.0	4.2	3.6	3.3	3.1
* 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

★ ★ ★

Exhibit 13: FSSIA ESG score implication

51.54 /100

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	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.
★★	>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 14: 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; FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.42	2.14	—
BESG environmental pillar score	0.67	1.92	—
BESG social pillar score	0.74	0.78	—
BESG governance pillar score	3.60	4.25	—
ESG disclosure score	34.38	41.92	—
Environmental disclosure score	20.27	31.89	—
Social disclosure score	19.20	30.20	—
Governance disclosure score	63.58	63.58	—
Environmental			
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 16: 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	—
Social			
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
Governance			
Board size	11	13	13
No. of independent directors (ID)	5	6	6
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	—	—	—
No. of executives / company managers	7	7	6
No. of female executives	2	2	1
Executive share ownership guidelines	No	No	No
Size of audit committee	3	3	3
No. of ID on audit committee	3	3	3
Audit committee meetings	5	5	5
Audit meeting attendance %	100	100	100
Size of compensation committee	4	4	4
No. of ID on compensation committee	2	2	2
No. of compensation committee meetings	2	4	2
Compensation meeting attendance %	100	100	100
Size of nomination committee	4	4	4
No. of nomination committee meetings	2	4	2
Nomination meeting attendance %	100	100	100
Sustainability governance			
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 THSI inclusion , 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. SETTHSI Index 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&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 Sustainabilitys	The Sustainabilitys' 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 & 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
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																			
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; >25 to 50 = satisfactory; >50 to 75 = good; and >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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Carabao Group	CBG TB	THB 62.75	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 23.80	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 96.00	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 14.60	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 4.84	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 13-Aug-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.