

Carabao Group Pcl (CBG TB) - BUY, Price Bt101.00, TP Bt147.00**Results Comment**

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In-line 4Q21 results

- CBG reported normalized earnings of Bt622m, fell 29% y-y but increased 15% q-q. Earnings were in line with our expectation. Earnings fell y-y due to the on-going COVID impact during the quarter but increased from the lockdown-led low base in 3Q21.
- Domestic energy drink fell 8% y-y but increased 10% q-q due to reasons stated above.
- Energy drink exports also fell 22% y-y and flat q-q. Unlike in Thailand, the COVID challenges in CBG's main markets in Myanmar, Cambodia and in China remained.
- The distribution business of mainly spirit products grew 60% y-y and 30% q-q. This was due to CBG's products' market share gain while CBG also distributed more products during the quarter.
- Gross margin fell to 31.4% from 39.3% in 4Q20 and 24.1% in 3Q20 amid operation leverage impact, lower mix of high-margin export and rising aluminum cost (one of the main raw material).
- SG&A to sales fell to 16.2% from 15.7% in 4Q20 and 18.7% in 3Q21 due to operating leverage impact.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	4,257	4,030	4,995	3,957	4,382	Revenue	11	3	103	17,364	21,226
Gross profit	1,671	1,555	1,901	1,349	1,378	Gross profit	2	(18)	98	6,183	8,375
SG&A	670	726	769	739	711	SG&A	(4)	6	98	2,945	3,222
Operating profit	1,002	829	1,133	610	667	Operating profit	9	(33)	98	3,239	5,153
EBITDA	1,173	1,009	1,319	803	861	EBITDA	7	(27)	98	3,992	5,924
Other income	19	35	40	25	54	Other income	115	191	104	141	187
Other expense	(6)	0	0	0	0	Other expense					
Interest expense	23	21	21	23	24	Interest expense	4	4	99	89	82
Profit before tax	1,004	843	1,151	612	698	Profit before tax	14	(30)	98	3,291	5,257
Income tax	132	147	198	82	86	Income tax	6	(35)	96	513	836
Equity & invest. income	0	0	0	0	0	Equity & invest. income					
Minority interests	0	5	14	10	10	Minority interests	4	8,940	201	38	19
Extraordinary items	1	0	0	61	(9)	Extraordinary items	na	na			
Net profit	873	700	967	601	613	Net profit	2	(30)	101	2,881	4,441
Normalized profit	872	700	967	540	622	Normalized profit	15	(29)	99	2,816	4,441
EPS (Bt)	0.87	0.70	0.97	0.60	0.61	EPS (Bt)	2	(30)	101	2.88	4.44
Normalized EPS (Bt)	0.87	0.70	0.97	0.54	0.62	Normalized EPS (Bt)	15	(29)	99	2.82	4.44
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	947	781	742	917	1,134	Sales growth	7.6	(0.7)	10.8	(10.2)	2.9
A/C receivable	1,420	1,288	2,118	2,019	1,756	Operating profit growth	7.6	(16.6)	2.1	(45.2)	(33.4)
Inventory	1,489	1,626	1,513	1,961	2,337	EBITDA growth	10.1	(13.0)	3.5	(37.3)	(26.6)
Other current assets	136	134	181	218	155	Norm profit growth	7.1	(12.6)	4.9	(41.0)	(28.7)
Investment	107	106	105	104	103	Norm EPS growth	7.1	(12.6)	4.9	(41.0)	(28.7)
Fixed assets	12,032	12,059	12,411	12,363	12,537	Gross margin	39.3	38.6	38.1	34.1	31.4
Other assets	956	1,049	1,151	1,185	1,164	Operating margin	23.5	20.6	22.7	15.4	15.2
Total assets	17,087	17,044	18,220	18,768	19,186	EBITDA margin	27.5	25.0	26.4	20.3	19.7
S-T debt	3,594	3,119	4,849	4,384	3,381	Norm net margin	20.5	17.4	19.4	13.7	14.2
A/C payable	1,573	1,646	1,779	1,854	1,769	D/E (x)	0.4	0.4	0.6	0.7	0.6
Other current liabilities	488	634	445	207	278	Net D/E (x)	0.3	0.3	0.5	0.6	0.5
L-T debt	894	852	809	2,265	3,123	Interest coverage (x)	51.7	47.1	62.6	35.5	36.5
Other liabilities	380	457	529	538	525	Interest rate	2.1	2.0	1.7	1.5	1.4
Minority interest	201	(68)	(82)	(89)	(99)	Effective tax rate	13.2	17.5	17.2	13.3	12.4
Shareholders' equity	9,956	10,404	9,891	9,608	10,209	ROA	21.0	16.4	21.9	11.7	13.1
Working capital	1,337	1,268	1,852	2,126	2,324	ROE	36.6	27.5	38.1	22.2	25.1
Total debt	4,488	3,971	5,658	6,649	6,504						
Net debt	3,541	3,189	4,916	5,732	5,370						

Sources: Company data, Thanachart estimates

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