

BUY (From: HOLD)
Change in Recommendation

TP: Bt 82.00 (Unchanged)
Upside : 15.5%

25 JULY 2023

Carabao Group Pcl (CBG TB)

Bottoming out

We see the q-q turnaround in 2Q23F implying that CBG has bottomed out from its two years of difficulties. We expect costs to fall, export sales to recover, and some small market share gains in Thailand. With its share price down 26% YTD to trade on a below-average 27x 2024F PE, CBG looks enticing to us against 44/14% EPS growth in 2024-25F.



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Upgrading to BUY

Falling export sales, a lack of domestic growth, and lower margins amid rising material costs caused CBG's earnings to contract by 19% p.a. in 2022-23F. However, we believe CBG has bottomed out and upgrade it to BUY (from Hold). We expect a turnaround to begin from 2Q23F (+82% q-q earnings growth) on a rebound in export revenues and some market share gains in Thailand. We also expect 2H23F earnings to grow 50% h-h. On top of the revenue improvement, the realization of cheaper raw material costs should help lift margins. Then we expect a full-year impact of these factors and estimate 44/14% growth in 2024-25F.

Revenue recovery

Due to years of fierce competition in its largest market abroad in Cambodia and the political unrest in Myanmar, CBG's export revenue fell by 7% p.a. in 2021-23F. However, we project a recovery of 15/10% in 2024-25F. Now in 2Q23, CBG, with the largest 70% market share in Cambodia, has decided to use intense marketing strategies to regain market share from its key competitor, Osotspa Pcl (OSP TB, SELL, Bt28.75). We still expect CBG's exports to fall in 1H23F by 30% y-y from the high base but to increase by 15% h-h in 2H23F. Domestically, CBG in 2Q23 has also gained some market share after both its key rivals raised selling prices last year and this year. We estimate 4/4/3% domestic growth in 2023-25F. For Myanmar, the situation hasn't worsened, but CBG has yet to experience an improvement. See its sales breakdown in Exhibit 3.

Margin factors

CBG saw its gross margin drop to 29/28% in 2022-23F from 41/36% in 2021-22 due to an increase of ~Bt1bn in raw material costs and weak sales of the high-margin export products. We expect its gross margin to improve to 31/32% in 2024-25F. On top of a likely turnaround of exports, depletion of old raw material inventories, which CBG bought earlier this year, should also help. Spot prices of key costs such as aluminum, natural gas, and cullet have fallen since earlier this year (see Exhibits 13-14).

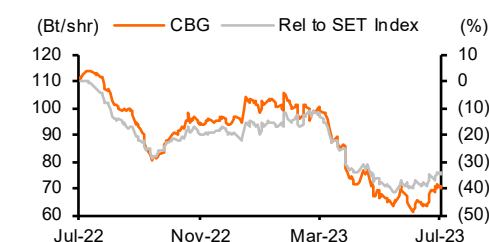
Inexpensive for growth

Due to CBG's disappointing 1Q23 results, we cut our earnings by 17% in 2023F but by only 5/3% in 2024-25F as we expect a turnaround. Rolling over our base year to 2024F, our DCF-based 12-month TP is maintained at Bt82/share. After its 26% YTD share price slump, It now trades on 27x PE in 2024F, falling to 24x in its full recovery year in 2025F. Against 44/14% EPS growth and 22/23% ROE in 2024-25F, it doesn't look expensive to us. CBG has traded at an average 39x PE since listing in 2014. OSP is on 29x and generates lower 15/9% EPS growth in 2024-25F.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	19,215	18,433	19,937	21,168
Net profit	2,286	1,826	2,628	2,998
Consensus NP	—	1,952	2,450	2,865
Diff frm cons (%)	—	(6.5)	7.3	4.6
Norm profit	2,286	1,826	2,628	2,998
Prev. Norm profit	—	2,211	2,781	3,116
Chg frm prev (%)	—	(17.4)	(5.5)	(3.8)
Norm EPS (Bt)	2.3	1.8	2.6	3.0
Norm EPS grw (%)	(18.8)	(20.1)	44.0	14.1
Norm PE (x)	31.1	38.9	27.0	23.7
EV/EBITDA (x)	22.8	25.0	18.4	16.1
P/BV (x)	6.6	6.4	5.8	5.3
Div yield (%)	2.1	1.7	2.4	3.0
ROE (%)	21.9	16.7	22.4	23.3
Net D/E (%)	54.0	42.3	27.2	17.8

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 25-Jul-23 (Bt)	71.00
Market Cap (US\$ m)	2,057.6
Listed Shares (m shares)	1,000.0
Free Float (%)	28.6
Avg Daily Turnover (US\$ m)	11.2
12M Price H/L (Bt)	114.00/61.50
Sector	FOOD
Major Shareholder	Sathientham Holding 25%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P11

Upgrading to BUY

We upgrade CBG to BUY

We now upgrade our rating on shares of Carabao Group Pcl (CBG) to BUY (from Hold). Our DCF-based 12-month TP is maintained at Bt82. In this report, we roll over our base year to 2024F. And despite cutting our earnings by 17% this year, we trim them by only 5/4% in 2024-25F as we expect CBG to enjoy an earnings turnaround.

We see CBG as attractive for both its earnings turnaround and what we regard as an inexpensive valuation. We discuss these factors below.

Ex 1: Our Assumptions

	2019	2020	2021	2022	2023F	2024F	2025F
Total sales (% growth)	3.5	15.4	0.8	10.7	(4.1)	8.2	6.2
- Domestic energy drink (% growth)	(0.5)	(5.0)	(6.6)	3.2	4.2	4.0	3.0
- Domestic others (% growth)	10.1	56.3	50.5	38.6	(5.0)	5.0	5.0
- Export sales (% growth)	8.3	16.4	(13.8)	(1.4)	(7.1)	15.0	9.8
Gross margin (%)	38.9	41.0	35.6	29.3	28.1	31.3	32.0
SG&A to sales (%)	18.4	16.5	17.0	16.0	16.4	15.6	14.9
EBIT margin (%)	20.5	24.5	18.7	13.3	11.7	15.7	17.0

Sources: Company data, Thanachart estimates

Ex 2: 12-month DCF-based TP Calculation Using A Base Year Of 2024F

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA	3,986	4,484	4,853	5,578	6,022	6,606	7,092	7,614	8,085	8,586	9,118	—
Free cash flow	3,038	3,083	4,032	4,693	5,118	5,643	6,058	6,503	6,925	7,352	7,804	123,318
PV of free cash flow	3,038	2,630	3,177	3,415	3,461	3,530	3,505	3,479	3,426	3,363	3,194	50,476
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	8.3											
Terminal growth (%)	2.0											
Enterprise value - add investments	86,695											
Net debt (2023F)	4,664											
Minority interest	(137)											
Equity value	82,168											
# of shares (m)	1,000											
Equity value/share (Bt)	82.00											

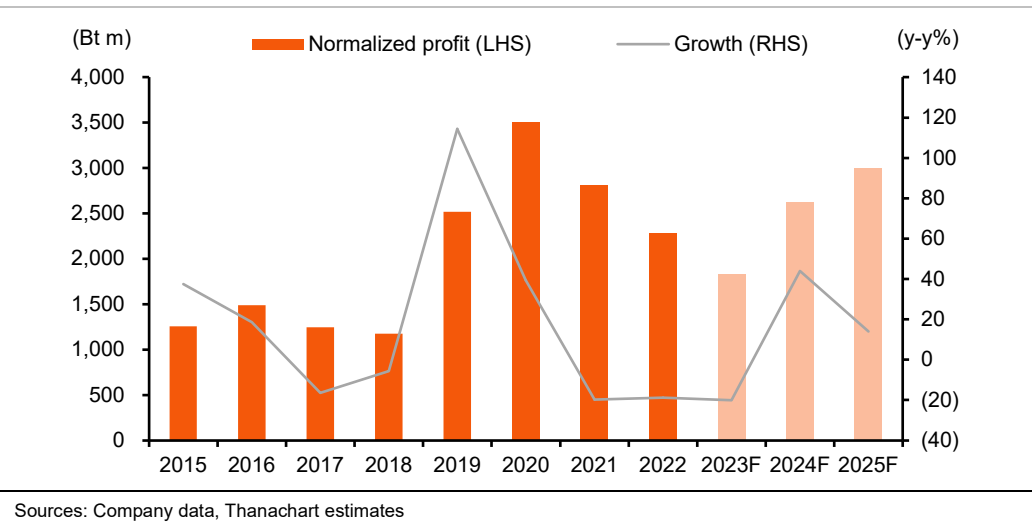
Sources: Company data, Thanachart estimates

Earnings turnaround on the way

Revenue improvement

We expect CBG's earnings to turn around by 44/14% in 2024-25F after a three-year drop of 20% p.a. from its peak in 2020.

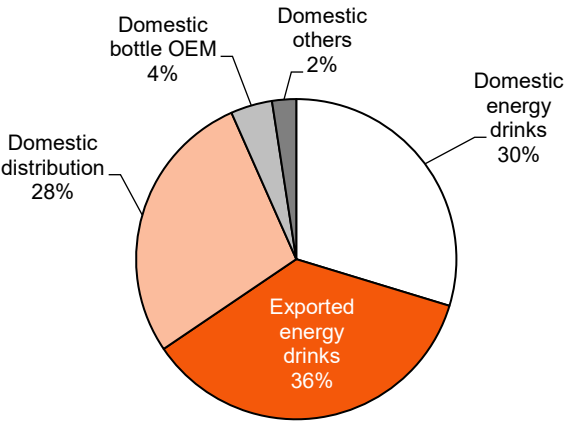
Ex 3: Expecting An Earnings Turnaround



We expect CBG to enjoy an earnings turnaround

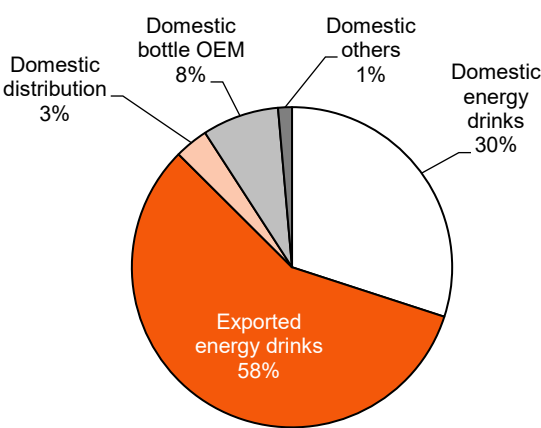
Revenue factors. Intense competition in Cambodia, political unrest in Myanmar, and China's lockdowns pressured CBG's key export business revenues to fall by 7% p.a. in 2021-23F. However, we see early turnaround factors and expect CBG's export business revenues to grow by 15% in 2024F and 10% in 2025F. Note that as exports generate a higher EBIT margin than domestic sales (lower production costs with distributors being responsible for marketing expenses), this helps lift CBG's margin as well.

Ex 4: Revenue Breakdown



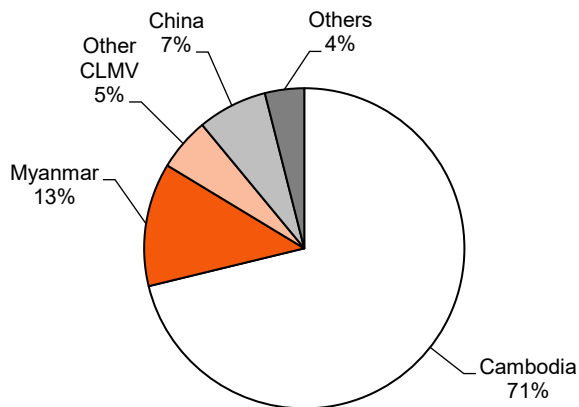
Source: Company data

Ex 5: EBIT Breakdown



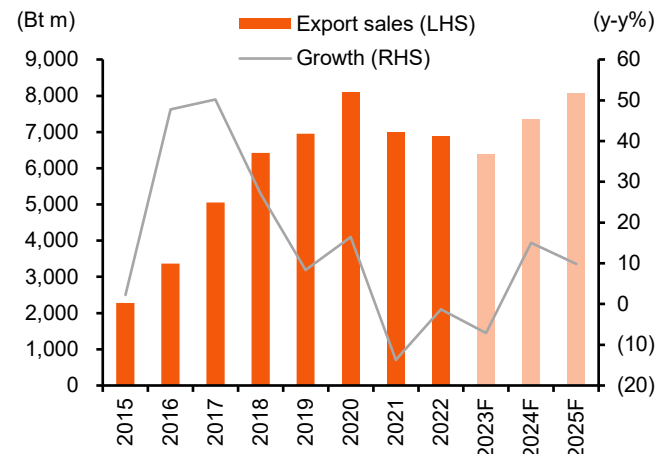
Sources: Company data, Thanachart estimates

Ex 6: Export Sales Breakdown



Sources: Company data, Thanachart estimates

Ex 7: Export Recovery



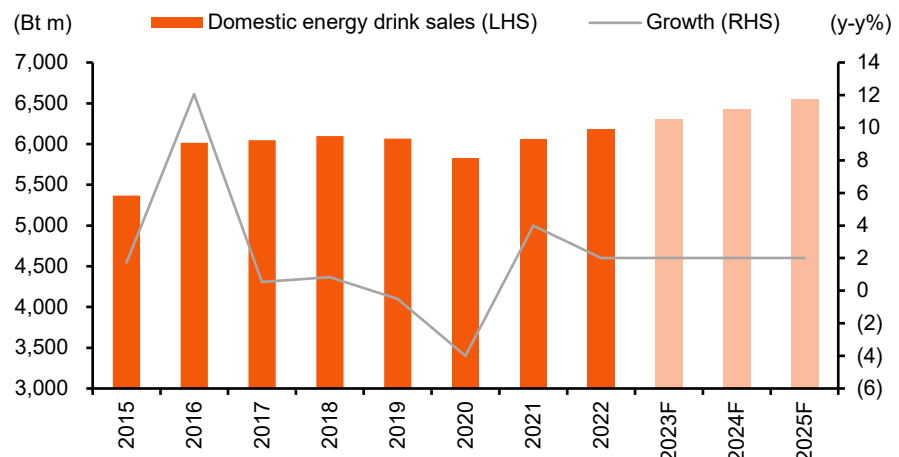
Sources: Company data, Thanachart estimates

Cambodia is CBG's largest market, and it has experienced fierce competition over the past three years. However, CBG and its distributors from 2Q23 began to use intense marketing strategies and promotional campaigns, including energy drink selling price discounts and giving out rewards to lucky buyers. With the largest market share (over 70%) and with countrywide coverage, CBG and its distributors were able to implement these promotions aggressively with a nationwide impact. One of its key competitors, Osotspa Pcl (OSP TB, SELL, Bt27.75), saw a drop in its Cambodia revenues in 2Q23F. CBG's Cambodia sales in 2Q23 were around 12% above 1Q23's although still 14% below the peak level in 2020. We believe CBG will remain aggressive in Cambodia. Note that thanks to the 3x higher energy drink selling price in Cambodia than in Thailand, CBG's distributors have agreed to be responsible for most marketing expenses.

Domestically, CBG has seen its energy drink sales increase by a double-digit level q-q in 2Q23F. After OSP and Red Bull Thailand (the No.1 and No.3 largest players) raised selling prices by 20% last year, and earlier this year, CBG gained a market share of around 2%. With support from falling raw material prices, CBG plans to stay aggressive in gaining market share throughout this year. We expect some market share gains and estimate CBG's domestic energy drink sales growth at 4% in 2023F and 4/3% p.a. in 2024-25F vs. a 2% growth of the saturated energy drink market in Thailand.

Note that CBG actually expects higher growth than our assumption, anticipating a higher level of gain market share. However, CBG may raise its selling process in the future if it fails to gain market share according to its plans. We expect a net positive to its bottom line if CBG gains market share. We still leave that as a potential upside.

Ex 8: Domestic Energy Drink Outlook



Sources: Company data, Thanachart estimates

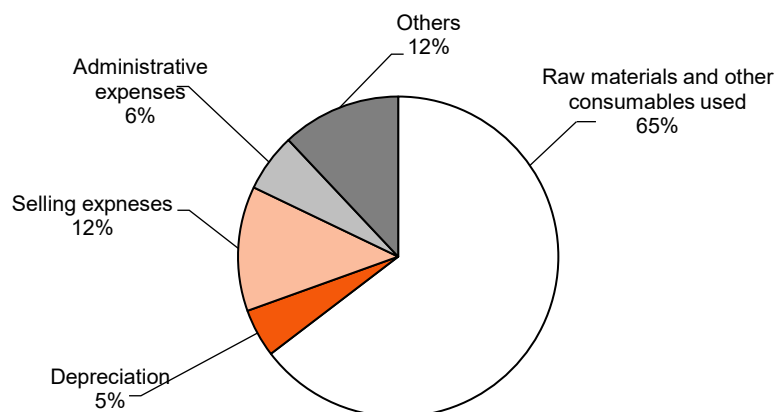
As for CBG's other markets, China and Myanmar, there has been no recovery yet, although the situation hasn't worsened. In Myanmar, besides the weak economy and political unrest, CBG continues to face energy drink import quota limits. In China, despite lockdowns being lifted, consumption remains soft. That said, thanks to the already sharp decline in these markets over the past two years, they now only make up less than 10% of CBG's sales.

Margin expansion

Margin improvements. A weak high-margin export business and rising raw material prices are the reasons why we expect CBG's gross margin to fall to 28% in 2023F from the peak of 41% in 2020. That said, we believe CBG's gross margin has bottomed out and we expect it to improve from 2Q23F. We estimate gross margins of 31/32% in 2024-25F.

Thanks to CBG's recovering business, it is now able to realize cheaper inventory, such as aluminium, the price of which started to fall from its peak in 2022 starting earlier this year. As for domestic natural gas, the price has begun to fall as well, but it remains at a high level because of the differently calculated pricing formula from global natural gas. However, we expect its price to come down further as well. We estimate the combined cost increase of Bt1bn in 2022-23F to fall back and contribute to CBG's earnings in 2024-25F.

Ex 9: Cost Breakdown



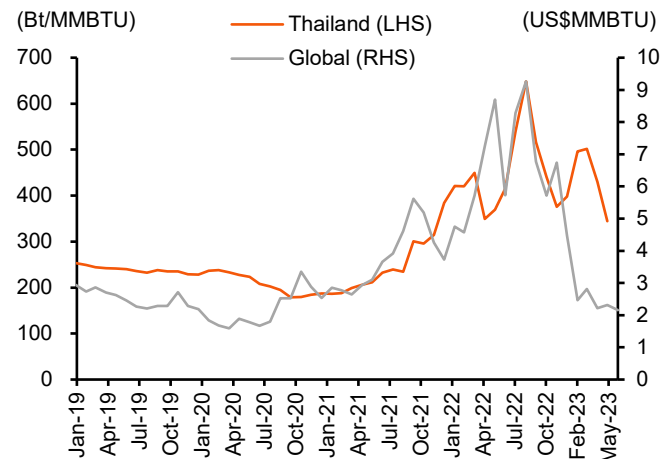
Sources: Company data, Thanachart estimates

Ex 10: Aluminium Price



Source: Bloomberg

Ex 11: Global Vs. Thailand Natural Gas Prices

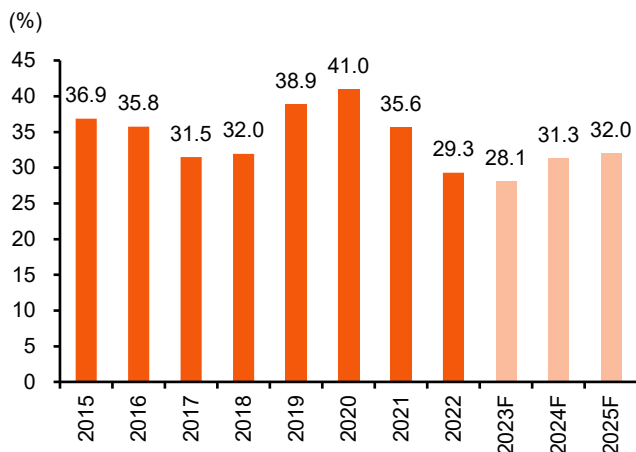


Sources: Bloomberg, Energy Policy and Planning office

Note that we don't forecast CBG's gross margin to reach back to its peak level of 41% in 2020 as we still conservatively expect a higher base level for its key raw materials like aluminium amid higher global inflation levels. A rising sales mix of CBG's lower-margin businesses, like OEM and distribution, is also the reason for CBG's lower gross margin base.

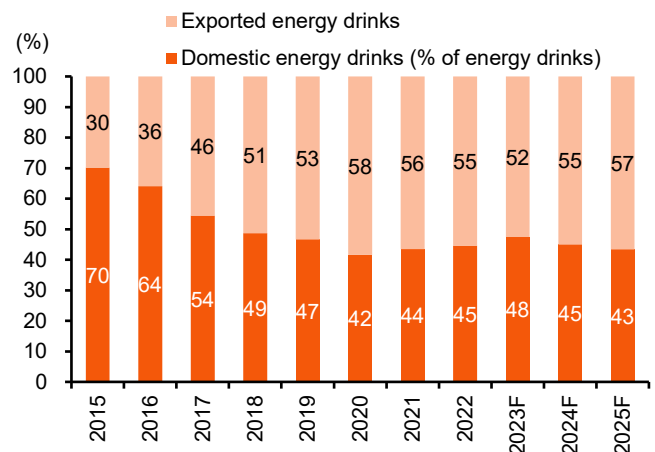
However, given the high level of CBG's gross margin in its previous years, we see potential upside to our numbers if costs fall by more than our expectations.

Ex 12: Gross Margin To Improve



Sources: Company data, Thanachart estimates

Ex 13: Export Portion To Rise



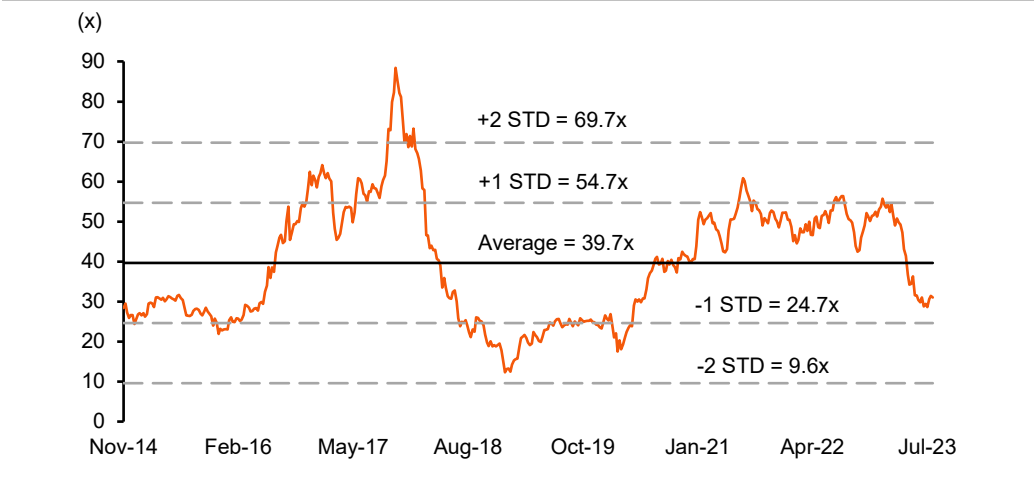
Sources: Company data, Thanachart estimates

We now don't see CBG's valuation as expensive

Inexpensive for growth

Compared with its EPS growth of 44% and 22% ROE in 2024F, CBG doesn't look expensive to us, trading on 27x PE in 2024F. CBG has traded at an average 40x PE since its listing in 2014, though we believe its high PE level was during a period when the company generated higher EPS growth and ROE when it was in the middle of overseas market penetration. However, we still see sizable potential upside for CBG's PE because it normally trades at above 30x when it generates a double-digit EPS growth level.

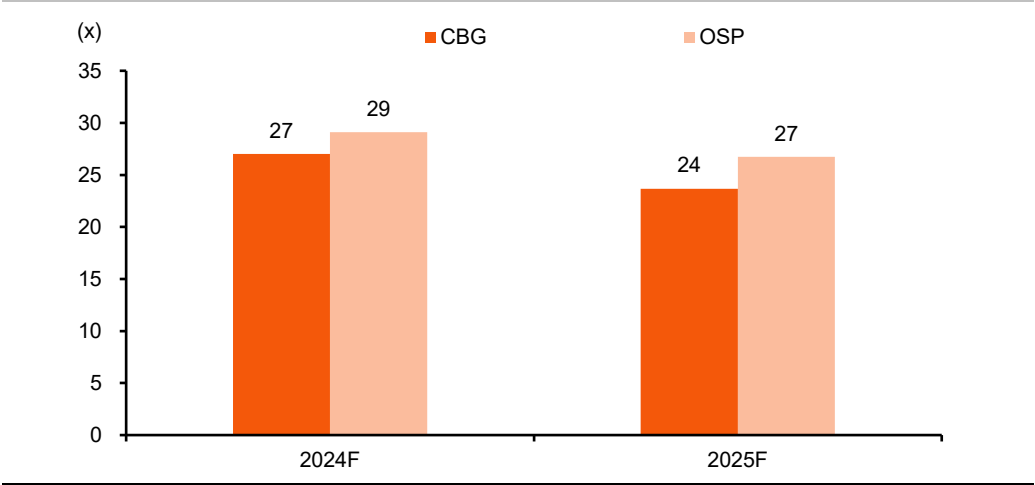
Ex 14: PE Since Listing



Sources: Bloomberg, Thanachart estimates

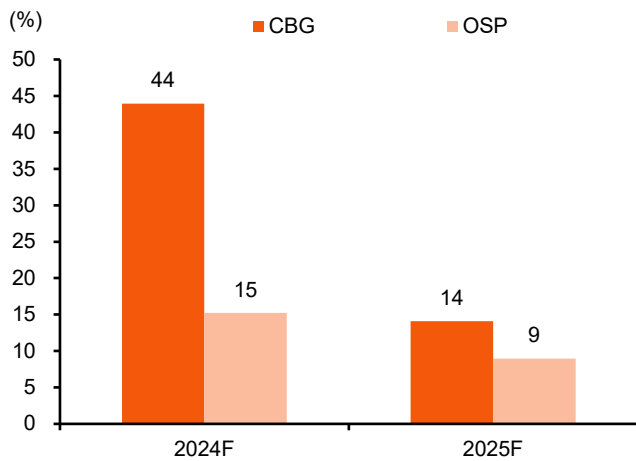
Compared with its domestic energy drink peer, OSP, CBG is also cheaper while generating stronger profit growth as well.

Ex 15: CBG's PE Vs. OSP



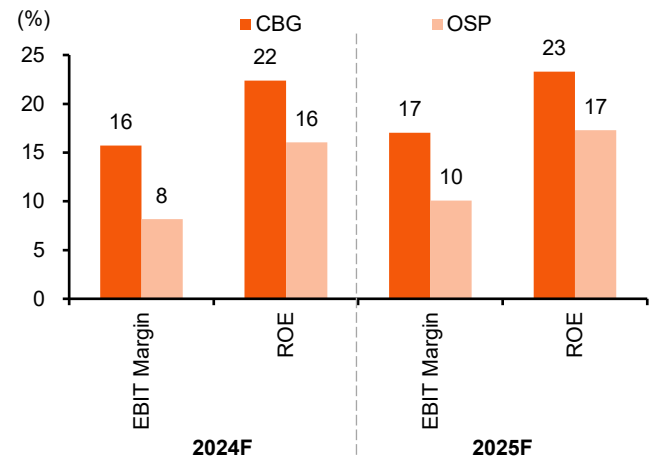
Source: Thanachart estimates

Ex 16: CBG's EPS Growth Vs. OSP...



Sources: Company data, Thanachart estimates

Ex 17: ...And Profitability



Sources: Company data, Thanachart estimates

Ex 18: Assumption Revisions

	2020	2021	2022	2023F	2024F	2025F
Sales (Bt m)						
New	17,231	17,364	19,215	18,433	19,937	21,168
Old				19,666	20,742	21,809
Change (%)				(6.3)	(3.9)	(2.9)
Gross margin (%)						
New	41.0	35.6	29.3	28.1	31.3	32.0
Old				28.5	31.3	31.9
Change (ppt)				(0.4)	0.0	0.0
SG&A to sales (%)						
New	16.5	17.0	16.0	16.4	15.6	14.9
Old				15.8	16.0	15.4
Change (ppt)				0.7	(0.4)	(0.5)
Normalized profits (Bt m)						
New	3,510	2,816	2,286	1,826	2,628	2,998
Old				2,211	2,781	3,116
Change (%)				(17.4)	(5.5)	(3.8)

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 19: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield—	
			23F	24F	23F	24F	23F	24F	23F	24F	23F	24F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Yakult Honsha	2267 JP	Japan	17.9	8.5	23.1	21.3	2.6	2.4	13.0	12.1	1.3	1.4
Coca-Cola	KO US	US	5.3	7.8	23.9	22.2	9.7	8.7	20.6	19.2	2.9	3.1
PepsiCo	PEP US	US	10.2	8.1	25.5	23.6	13.5	11.6	17.9	16.6	2.6	2.8
Monster Beverage	MNST US	US	38.3	16.0	37.9	32.7	7.6	6.8	27.0	23.3	0.0	0.0
Sappe PCL	SAPPE TB	Thailand	57.7	16.8	27.5	23.5	7.5	6.7	17.6	14.9	2.7	3.1
Carabao Group PCL*	CBG TB	Thailand	(20.1)	44.0	38.9	27.0	6.4	5.8	25.0	18.4	1.7	2.4
Osotspa PCL*	OSP TB	Thailand	33.1	15.2	33.5	29.1	4.7	4.6	22.5	19.0	3.0	3.4
Average			20.3	16.6	30.0	25.6	7.4	6.7	20.5	17.6	2.0	2.3

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS.

Based on 25 July 2023 closing prices

COMPANY DESCRIPTION

Carabao Group Pcl (CBG) is Thailand's second-largest energy drinks producer with a 22% market share. The company holds 100% stakes in three subsidiaries: CBD (energy drinks manufacturing company), APG (glass bottle production and procurement company), and DCM (distribution company). CBG started producing energy drinks in 2002 and now sells its products both domestically and abroad.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong presence in the domestic beverage market.
- Robust balance sheet.
- Proactive management team.

O — Opportunity

- Expansions abroad.
- Mergers and acquisitions.

W — Weakness

- Only organic growth in a mature beverage market.
- Lack of pricing power.
- Heavily reliant on brand ambassador.

T — Threat

- Domestic consumption and economic conditions.
- New competition in the beverage segment.
- Natural disasters.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	71.57	82.00	15%
Net profit 23F (Bt m)	1,952	1,826	-6%
Net profit 24F (Bt m)	2,450	2,628	7%
Consensus REC	BUY: 3	HOLD: 7	SELL: 6

HOW ARE WE DIFFERENT FROM THE STREET?

- Our TP is higher than the Bloomberg consensus numbers, which we attribute to us having a more positive view of CBG's business recovery.

RISKS TO OUR INVESTMENT CASE

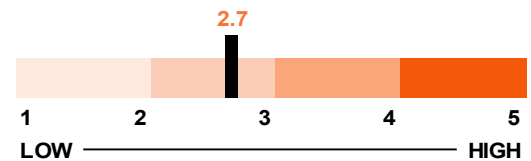
- Lower-than-expected growth in domestic sales and exports would represent the key downside risk to our earnings forecasts and TP.
- Lower-than-expected sales growth in the Myanmar and Vietnam markets would pose a secondary downside risk to our earnings forecasts.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

CBG is Thailand's second-largest energy drink maker. Its factories release some greenhouse gases and it has implemented measures to reduce emissions. However, our ESG score for CBG is 2.7, which is moderate as its overall ESG targets and plans are not yet clear.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
CBG	YES	YES	-	B	55.05	33.46	56.00	-	4.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "term of use" in the following back page.

Factors
Our Comments
ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- CBG is Thailand's second-largest maker of energy drinks with two main factories in operation in Thailand. Its factories release certain amounts of greenhouse gases and other pollutants. CBG has been implementing measures to reduce pollution. However, the company has yet to commit to longer-term reductions.
- The company has been implementing measures to reduce pollutants, e.g., water recycling and water treatment, using electric power from solar rooftops, and using solar energy to assist its production process.
- However, despite its efforts to reduce pollution, the ratio of pollution-related usage resources, e.g., the ratio of electricity used, has not yet improved materially.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- CBG has established labor standards and a management system for employment, welfare and occupational health and safety. It has received some awards from doing so such as the Thai Labor Standards Award.
- CBG has reduced the number of accidents at its factories over the years.
- CBG offers design and development programs to its employees, allowing them to better themselves while also permitting them to change to more suitable areas of work.
- CBG participates in a number of donation activities, e.g., supporting field hospitals for COVID patients.

**GOVERNANCE &
SUSTAINABILITY**

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- CBG has a 13-member board of directors which we consider to be large for the size and scope of its business. Of the 13 members, six are independent directors. There are four female directors.
- Although CBG mainly sells energy drink products, its markets are diversified into many countries. CBG has a strong business position in its main markets.
- CBG has been focusing on diversifying its products to include functional drinks and distributing other beverages and consumer products.

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	17,364	19,215	18,433	19,937	21,168
Cost of sales	11,181	13,582	13,252	13,687	14,402
Gross profit	6,183	5,633	5,181	6,250	6,766
% gross margin	35.6%	29.3%	28.1%	31.3%	32.0%
Selling & administration expenses	2,945	3,078	3,031	3,112	3,160
Operating profit	3,239	2,555	2,149	3,137	3,606
% operating margin	18.7%	13.3%	11.7%	15.7%	17.0%
Depreciation & amortization	753	813	874	904	937
EBITDA	3,992	3,368	3,023	4,041	4,543
% EBITDA margin	23.0%	17.5%	16.4%	20.3%	21.5%
Non-operating income	141	240	229	248	263
Non-operating expenses	0	0	0	0	0
Interest expense	(89)	(115)	(139)	(150)	(175)
Pre-tax profit	3,291	2,679	2,240	3,235	3,694
Income tax	513	433	433	626	715
After-tax profit	2,778	2,247	1,807	2,609	2,979
% net margin	16.0%	11.7%	9.8%	13.1%	14.1%
Shares in affiliates' Earnings	0	5	0	0	0
Minority interests	38	35	19	19	19
Extraordinary items	65	0	0	0	0
NET PROFIT	2,881	2,286	1,826	2,628	2,998
Normalized profit	2,816	2,286	1,826	2,628	2,998
EPS (Bt)	2.9	2.3	1.8	2.6	3.0
Normalized EPS (Bt)	2.8	2.3	1.8	2.6	3.0

We expect gross margin to bottom out this year

Strong profit growth from next year

BALANCE SHEET

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	5,382	6,347	6,235	6,696	8,770
Cash & cash equivalent	1,134	936	1,000	1,200	3,000
Account receivables	1,756	2,533	2,430	2,628	2,791
Inventories	2,337	2,718	2,652	2,701	2,803
Others	155	160	153	166	176
Investments & loans	103	154	154	154	154
Net fixed assets	12,537	12,229	11,801	11,352	11,274
Other assets	1,164	1,309	1,565	1,613	1,649
Total assets	19,186	20,039	19,755	19,815	21,847
LIABILITIES:					
Current liabilities:	5,427	8,187	7,174	6,172	7,060
Account payables	1,769	1,853	1,808	1,867	1,964
Bank overdraft & ST loans	3,381	4,587	3,911	3,113	3,696
Current LT debt	0	1,499	1,278	1,017	1,208
Others current liabilities	278	248	176	174	191
Total LT debt	3,123	555	474	377	447
Others LT liabilities	525	731	1,085	1,096	1,101
Total liabilities	9,075	9,474	8,733	7,644	8,608
Minority interest	(99)	(118)	(137)	(156)	(175)
Preferreds shares	0	0	0	0	0
Paid-up capital	1,000	1,000	1,000	1,000	1,000
Share premium	0	0	0	0	0
Warrants	0	0	0	0	0
Surplus	3,680	3,627	3,627	3,627	3,627
Retained earnings	5,530	6,055	6,532	7,699	8,786
Shareholders' equity	10,209	10,683	11,159	12,326	13,413
Liabilities & equity	19,186	20,039	19,755	19,815	21,847

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	3,291	2,679	2,240	3,235	3,694
Tax paid	(741)	(474)	(410)	(629)	(698)
Depreciation & amortization	753	813	874	904	937
Chg In working capital	(987)	(1,074)	124	(188)	(166)
Chg In other CA & CL / minorities	(300)	(56)	(88)	(11)	(10)
Cash flow from operations	2,017	1,889	2,739	3,310	3,757
Capex	(1,259)	(504)	(400)	(400)	(800)
Right of use	(139)	(180)	(330)	(50)	(50)
ST loans & investments	0	0	0	0	0
LT loans & investments	4	(51)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	111	324	382	(43)	(39)
Cash flow from investments	(1,282)	(412)	(348)	(493)	(889)
Debt financing	2,081	138	(979)	(1,156)	844
Capital increase	0	0	0	0	0
Dividends paid	(2,400)	(1,750)	(1,349)	(1,461)	(1,912)
Warrants & other surplus	(228)	(63)	0	0	0
Cash flow from financing	(547)	(1,675)	(2,327)	(2,617)	(1,068)
Free cash flow	758	1,384	2,339	2,910	2,957

VALUATION

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	25.2	31.1	38.9	27.0	23.7
Normalized PE - at target price (x)	29.1	35.9	44.9	31.2	27.3
PE (x)	24.6	31.1	38.9	27.0	23.7
PE - at target price (x)	28.5	35.9	44.9	31.2	27.3
EV/EBITDA (x)	19.1	22.8	25.0	18.4	16.1
EV/EBITDA - at target price (x)	21.9	26.0	28.7	21.1	18.6
P/BV (x)	7.0	6.6	6.4	5.8	5.3
P/BV - at target price (x)	8.0	7.7	7.3	6.7	6.1
P/CFO (x)	35.2	37.6	25.9	21.4	18.9
Price/sales (x)	4.1	3.7	3.9	3.6	3.4
Dividend yield (%)	2.7	2.1	1.7	2.4	3.0
FCF Yield (%)	1.1	1.9	3.3	4.1	4.2
(Bt)					
Normalized EPS	2.8	2.3	1.8	2.6	3.0
EPS	2.9	2.3	1.8	2.6	3.0
DPS	1.9	1.5	1.2	1.7	2.1
BV/share	10.2	10.7	11.2	12.3	13.4
CFO/share	2.0	1.9	2.7	3.3	3.8
FCF/share	0.8	1.4	2.3	2.9	3.0

Sources: Company data, Thanachart estimates

*PE doesn't look expensive
against earnings growth, in
our view*

FINANCIAL RATIOS

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	0.8	10.7	(4.1)	8.2	6.2
Net profit (%)	(18.3)	(20.6)	(20.1)	44.0	14.1
EPS (%)	(18.3)	(20.6)	(20.1)	44.0	14.1
Normalized profit (%)	(19.8)	(18.8)	(20.1)	44.0	14.1
Normalized EPS (%)	(19.8)	(18.8)	(20.1)	44.0	14.1
Dividend payout ratio (%)	65.9	65.6	65.6	65.6	70.0
Operating performance					
Gross margin (%)	35.6	29.3	28.1	31.3	32.0
Operating margin (%)	18.7	13.3	11.7	15.7	17.0
EBITDA margin (%)	23.0	17.5	16.4	20.3	21.5
Net margin (%)	16.0	11.7	9.8	13.1	14.1
D/E (incl. minor) (x)	0.6	0.6	0.5	0.4	0.4
Net D/E (incl. minor) (x)	0.5	0.5	0.4	0.3	0.2
Interest coverage - EBIT (x)	36.5	22.2	15.5	21.0	20.6
Interest coverage - EBITDA (x)	45.0	29.3	21.8	27.0	26.0
ROA - using norm profit (%)	15.5	11.7	9.2	13.3	14.4
ROE - using norm profit (%)	27.9	21.9	16.7	22.4	23.3
DuPont					
ROE - using after tax profit (%)	27.6	21.5	16.5	22.2	23.1
- asset turnover (x)	1.0	1.0	0.9	1.0	1.0
- operating margin (%)	19.5	14.5	12.9	17.0	18.3
- leverage (x)	1.8	1.9	1.8	1.7	1.6
- interest burden (%)	97.4	95.9	94.2	95.6	95.5
- tax burden (%)	84.4	83.8	80.7	80.7	80.7
WACC (%)	8.3	8.3	8.3	8.3	8.3
ROIC (%)	20.3	13.8	10.6	16.0	18.6
NOPAT (Bt m)	2,734	2,142	1,734	2,530	2,908
invested capital (Bt m)	15,579	16,389	15,823	15,634	15,764

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
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Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.33% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of "Debentures of True Corporation Pcl (TRUE) No. 1/2023 (B.E. 2566) (No. 1-4) which its maturity at 2025, 2026, 2028, 2033 (B.E. 2568, 2569, 2571, 2576)", therefore investors need to be aware that there could be conflicts of interest in this research.

Disclosure of Interest of Thanachart Securities**Investment Banking Relationship**

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Moshi Moshi Retail Corporation Pcl. (MOSHI TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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