

Carabao Group Pcl (CBG TB) - BUY, Price Bt71.75, TP Bt82.00**Results Comment**

Pattadol Bunnak | Email: pattadol.bun@thanachartsec.co.th

A turnaround in 2Q23 was expected

- Norm earnings of Bt482m still fell by 35% from the high-base last year but increased by 83% from the very weak 1Q23.
- The turnaround was seen across areas of export energy drink, domestic energy drink and gross margin.
- Export energy drink fell by 28% from last year when CBG's distributors having restocked inventory. The export sales increased by 14% q-q. CBG gained market share in Cambodia thanks to its intense marketing strategies.
- Domestic energy drink increased by 2% y-y and 30% q-q. CBG gained market share after its two key competitors raised selling price.
- Distribution business fell by 52% amid the competition but increased by 24% q-q.
- EBIT margin was 11.6% vs. 16.2% last year when the raw material prices have yet to jumped significantly. However, due to falling raw material prices and higher production volume, the EBIT margin increased from 7.0% in 1Q23.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	5,247	4,695	4,490	4,124	4,707	Revenue	14	(10)	48	18,433	19,937
Gross profit	1,616	1,359	1,191	1,017	1,260	Gross profit	24	(22)	44	5,181	6,250
SG&A	765	815	772	729	712	SG&A	(2)	(7)	48	3,031	3,112
Operating profit	851	545	420	288	548	Operating profit	90	(36)	39	2,149	3,137
EBITDA	1,053	752	627	492	753	EBITDA	53	(28)	41	3,023	4,041
Other income	68	55	73	62	42	Other income	(33)	(39)	45	229	248
Other expense	0	0	0	0	0	Other expense				0	0
Interest expense	26	30	35	36	44	Interest expense	21	69	58	139	150
Profit before tax	893	570	458	314	546	Profit before tax	74	(39)	38	2,240	3,235
Income tax	164	103	55	61	80	Income tax	32	(51)	33	433	626
Equity & invest. income	0	0	5	3	9	Equity & invest. income	na	na	na	0	0
Minority interests	13	8	0	8	7	Minority interests	(13)	(47)	76	19	19
Extraordinary items	0	0	0	0	0	Extraordinary items					
Net profit	742	475	408	264	482	Net profit	83	(35)	41	1,826	2,628
Normalized profit	742	475	408	264	482	Normalized profit	83	(35)	41	1,826	2,628
EPS (Bt)	0.74	0.48	0.41	0.26	0.48	EPS (Bt)	83	(35)	41	1.83	2.63
Normalized EPS (Bt)	0.74	0.48	0.41	0.26	0.48	Normalized EPS (Bt)	83	(35)	41	1.83	2.63

Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	921	730	936	837	1,558	Sales grow th	5.1	18.6	2.5	(13.8)	(10.3)
A/C receivable	2,250	2,627	2,533	1,983	2,148	Operating profit grow th	(24.9)	(10.6)	(37.1)	(61.1)	(35.6)
Inventory	2,597	2,647	2,718	2,545	2,242	EBITDA grow th	(20.2)	(6.4)	(27.2)	(47.5)	(28.4)
Other current assets	189	144	160	122	126	Norm profit grow th	(23.2)	(12.1)	(34.3)	(60.0)	(35.1)
Investment	100	99	154	156	164	Norm EPS grow th	(23.2)	(12.1)	(34.3)	(60.0)	(35.1)
Fixed assets	12,433	12,330	12,229	12,188	12,370	Gross margin	30.8	29.0	26.5	24.7	26.8
Other assets	1,377	1,357	1,309	1,285	1,286	Operating margin	16.2	11.6	9.3	7.0	11.6
Total assets	19,868	19,935	20,039	19,116	19,894	EBITDA margin	20.1	16.0	14.0	11.9	16.0
S-T debt	3,589	6,046	6,087	3,394	2,919	Norm net margin	14.1	10.1	9.1	6.4	10.2
A/C payable	2,090	1,939	1,853	1,408	1,804	D/E (x)	0.6	0.7	0.6	0.5	0.6
Other current liabilities	367	203	248	286	235	Net D/E (x)	0.5	0.6	0.5	0.5	0.5
L-T debt	2,589	823	555	2,509	3,682	Interest coverage (x)	40.7	25.0	18.1	13.6	17.3
Other liabilities	770	748	731	690	669	Interest rate	1.7	1.8	2.0	2.3	2.8
Minority interest	(110)	(106)	(118)	(130)	(141)	Effective tax rate	18.3	18.0	11.9	19.4	14.7
Shareholders' equity	10,573	10,282	10,683	10,960	10,726	ROA	15.2	9.6	8.2	5.4	9.9
Working capital	2,757	3,335	3,398	3,120	2,587	ROE	27.7	18.2	15.6	9.8	17.8
Total debt	6,178	6,868	6,642	5,903	6,601						
Net debt	5,257	6,139	5,706	5,066	5,043						

Sources: Company data, Thanachart estimates

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