

**Carabao Group Pcl (CBG TB) - BUY, Price Bt81.00, TP Bt91.00****Results Comment**

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

**Strong 3Q24 as expected**

- Normalized 3Q24 of Bt740m increased by 40% y-y and 7% q-q. Earnings were in line with our expectation.
- Despite 3Q normally being the weakest quarter, 3Q24 has been the strongest quarter so far this year due to domestic energy drink market share gain, rising third-party distribution orders, falling raw material prices, and CBG's internal cost-saving in marketing and promotional areas.
- Domestic energy drink increased by 7% y-y and 22% q-q. Despite the stagnant market, CBG's market share reached over 25%, up from 21% last year, thanks to its lowest price point position.
- The distribution business grew 26% y-y and 6% q-q as CBG's third-party distribution beverage client gained market share.
- Export energy drink grew 8% y-y. Improvement was seen across its markets from the low base. The 14% quarterly drop was due to the seasonal impact and persistent weakness in Myanmar amid import difficulties.
- EBIT margin was 16.8% vs. 12.9% last year due to the operating leverage impact, falling raw material prices (e.g., aluminum and cullet), and CBG's cost savings as mentioned above. The margin was stabilized from the previous quarter. Despite rising contributions from the low-margin distribution business, CBG's falling raw material prices helped.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	4,707	5,316	4,935	4,954	5,098	Revenue	3	8	70	21,413	23,859
<b>Gross profit</b>	<b>1,262</b>	<b>1,341</b>	<b>1,322</b>	<b>1,371</b>	<b>1,431</b>	<b>Gross profit</b>	<b>4</b>	<b>13</b>	<b>70</b>	<b>5,886</b>	<b>6,717</b>
SG&A	655	564	576	533	576	SG&A	8	(12)	69	2,440	2,520
Operating profit	607	777	746	838	855	Operating profit	2	41	71	3,446	4,198
<b>EBITDA</b>	<b>811</b>	<b>982</b>	<b>951</b>	<b>1,043</b>	<b>1,061</b>	<b>EBITDA</b>	<b>2</b>	<b>31</b>	<b>71</b>	<b>4,328</b>	<b>5,108</b>
Other income	44	45	42	40	77	Other income	91	77	93	171	191
Other expense	0	0	0	0	0	Other expense					
Interest expense	51	52	45	37	33	Interest expense	(11)	(36)	86	134	116
<b>Profit before tax</b>	<b>599</b>	<b>769</b>	<b>742</b>	<b>841</b>	<b>899</b>	<b>Profit before tax</b>	<b>7</b>	<b>50</b>	<b>71</b>	<b>3,483</b>	<b>4,273</b>
Income tax	80	115	123	158	168	Income tax	7	109	78	577	707
Equity & invest. income	2	(6)	3	3	4	Equity & invest. income	28	87	na	0	0
Minority interests	9	1	6	4	6	Minority interests	38	(35)	83	19	19
Extraordinary items	0	0	0	0	0	Extraordinary items					
<b>Net profit</b>	<b>530</b>	<b>649</b>	<b>628</b>	<b>691</b>	<b>741</b>	<b>Net profit</b>	<b>7</b>	<b>40</b>	<b>70</b>	<b>2,926</b>	<b>3,585</b>
<b>Normalized profit</b>	<b>530</b>	<b>649</b>	<b>628</b>	<b>691</b>	<b>741</b>	<b>Normalized profit</b>	<b>7</b>	<b>40</b>	<b>70</b>	<b>2,926</b>	<b>3,585</b>
EPS (Bt)	0.53	0.65	0.63	0.69	0.74	EPS (Bt)	7	40	70	2.93	3.58
Normalized EPS (Bt)	0.53	0.65	0.63	0.69	0.74	Normalized EPS (Bt)	7	40	70	2.93	3.58
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24		3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	909	1,184	788	938	1,254	Sales grow th	0.3	18.4	19.7	5.3	8.3
A/C receivable	2,538	2,192	1,738	1,545	1,416	Operating profit grow th	11.3	85.2	159.0	53.0	40.9
Inventory	2,105	2,295	2,285	2,394	2,502	EBITDA grow th	7.9	56.6	93.5	38.5	30.8
Other current assets	146	131	128	99	109	Norm profit grow th	11.4	59.1	138.2	43.4	39.9
Investment	165	158	160	162	165	Norm EPS grow th	11.4	59.1	138.2	43.4	39.9
Fixed assets	12,450	12,376	12,306	12,155	12,083	Gross margin	26.8	25.2	26.8	27.7	28.1
Other assets	1,254	1,207	1,220	1,222	1,111	Operating margin	12.9	14.6	15.1	16.9	16.8
<b>Total assets</b>	<b>19,567</b>	<b>19,544</b>	<b>18,625</b>	<b>18,514</b>	<b>18,639</b>	EBITDA margin	17.2	18.5	19.3	21.1	20.8
S-T debt	2,469	1,994	1,180	2,502	2,808	Norm net margin	11.3	12.2	12.7	13.9	14.5
A/C payable	2,079	2,045	1,716	1,758	1,721	D/E (x)	0.6	0.5	0.3	0.3	0.3
Other current liabilities	164	244	357	373	325	Net D/E (x)	0.5	0.4	0.3	0.2	0.2
L-T debt	3,504	3,326	2,805	1,118	972	Interest coverage (x)	15.9	18.7	21.0	28.3	32.4
Other liabilities	646	621	609	614	564	Interest rate	3.2	3.7	3.9	3.9	3.5
Minority interest	(142)	(178)	(181)	(185)	(204)	Effective tax rate	13.4	15.0	16.5	18.8	18.7
<b>Shareholders' equity</b>	<b>10,847</b>	<b>11,491</b>	<b>12,139</b>	<b>12,335</b>	<b>12,453</b>	ROA	10.7	13.3	13.2	14.9	16.0
Working capital	2,564	2,442	2,308	2,181	2,196	ROE	19.6	23.3	21.3	22.6	23.9
Total debt	5,973	5,321	3,985	3,619	3,780						
<b>Net debt</b>	<b>5,064</b>	<b>4,137</b>	<b>3,196</b>	<b>2,682</b>	<b>2,526</b>						

Sources: Company data, Thanachart estimates

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