Carabao Group Pcl (CBG TB) - BUY, Price Bt55.00, TP Bt60.00

Results Comment

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Strong beat in 2Q26

- CBG reported Bt736m net profit in 2Q26, down 8% y-y but up 20% q-q. The y-y decline was due to lower export sales to Cambodia, while domestic market share gains continued to drive sequential improvement.
- The result came in significantly above our and the market's expectations, mainly from stronger-than-expected sales across all three core business units.
- Domestic energy drink sales grew by 15% y-y and 13% q-q to Bt2.05bn in 2Q26, outpacing estimated 2.6% industry growth.
- Overseas energy drink sales fell 31% y-y to Bt988m in 2Q26, pressured by lower sales to Cambodia following the border conflict from 3Q25. It rose 25% q-q, driven by higher sales in Myanmar since the start-up of local production there in 4Q25.
- Distribution service revenue grew 24% y-y and 5% q-q to Bt2.6bn in 2Q26, supported by continued market share gains for the group's alcoholic beverage products.
- Gross margin expanded to 26.4% in 2Q26, from 25.9% in 1Q26, as operating leverage benefits from higher sales more than offset negative impact from elevated raw material prices.
- SG&A expenses rose 15% y-y and 2% q-q to Bt636m in 2Q26, or a 10.9% of sales, vs. 11.7% in 1Q26 and 9.9% in 2Q25.
- CBG announces Bt1.0/share interim dividend, implying a 74% payout from 1H26 net profit. An indicated XD date is 27 August with a dividend payment date on 11 September 2026.
- CBG's 1H26 profit made up 46% of our 2026F forecast, but we see upside to our numbers as we expect stronger earnings in 2H26F supported by a peak season of its distribution business and emerging contribution from manufacturing services for the 'LoveZa' brand.
- We maintain BUY.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Revenue	5,577	5,496	5,641	5,321	5,829
Gross profit	**1,504**	**1,405**	**1,473**	**1,378**	**1,538**
SG&A	553	658	652	624	636
Operating profit	951	746	821	753	902
EBITDA	**1,121**	**925**	**996**	**931**	**1,078**
Other income	52	46	28	53	50
Other expense	0	0	0	0	0
Interest expense	17	18	21	26	23
Profit before tax	**986**	**774**	**829**	**781**	**929**
Income tax	198	174	174	192	210
Equity & invest. income	4	4	4	4	5
Minority interests	8	12	2	19	13
Extraordinary items	0	0	(518)	0	0
Net profit	**800**	**616**	**142**	**611**	**736**
Normalized profit	**800**	**616**	**660**	**611**	**736**
EPS (Bt)	0.80	0.62	0.14	0.61	0.74
Normalized EPS (Bt)	0.80	0.62	0.66	0.61	0.74

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Revenue	10	5	46	24,365	27,950
Gross profit	**12**	**2**	**47**	**6,192**	**7,131**
SG&A	2	15	49	2,586	2,826
Operating profit	20	(5)	46	3,606	4,305
EBITDA	**16**	**(4)**	**45**	**4,432**	**5,161**
Other income	(6)	(4)	81	128	148
Other expense			na	0	0
Interest expense	(11)	35	57	87	67
Profit before tax	**19**	**(6)**	**47**	**3,647**	**4,385**
Income tax	10	7	55	729	877
Equity & invest. income	36	21		0	0
Minority interests	(34)	57	165	19	19
Extraordinary items			na	0	0
Net profit	**20**	**(8)**	**46**	**2,937**	**3,527**
Normalized profit	**20**	**(8)**	**46**	**2,937**	**3,527**
EPS (Bt)	20	(8)	46	2.94	3.53
Normalized EPS (Bt)	20	(8)	46	2.94	3.53

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash & ST investment	1,392	1,604	1,483	2,433	2,112
A/C receivable	1,438	1,538	1,814	1,853	1,554
Inventory	2,097	2,126	1,905	2,036	2,743
Other current assets	142	176	188	250	202
Investment	174	176	179	181	185
Fixed assets	12,078	12,276	12,389	12,468	12,361
Other assets	1,678	1,630	1,090	1,120	1,094
Total assets	**18,999**	**19,527**	**19,046**	**20,340**	**20,250**
S-T debt	1,430	1,874	1,166	791	524
A/C payable	1,867	1,875	1,711	1,999	2,607
Other current liabilities	628	471	649	1,150	650
L-T debt	0	333	418	819	758
Other liabilities	1,008	1,019	1,035	879	874
Minority interest	(17)	(25)	(36)	(42)	(56)
Shareholders' equity	**14,082**	**13,980**	**14,103**	**14,743**	**14,893**
Working capital	1,668	1,789	2,007	1,890	1,690
Total debt	1,430	2,208	1,584	1,610	1,282
Net debt	**39**	**603**	**101**	**(822)**	**(830)**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Sales growth	12.6	7.8	(5.6)	(0.1)	4.5
Operating profit growth	13.5	(12.7)	(12.0)	(18.6)	(5.1)
EBITDA growth	7.5	(12.8)	(12.3)	(15.3)	(3.8)
Norm profit growth	15.9	(16.9)	(15.7)	(19.6)	(8.0)
Norm EPS growth	15.9	(16.9)	(15.7)	(19.6)	(8.0)
Gross margin	27.0	25.6	26.1	25.9	26.4
Operating margin	17.1	13.6	14.6	14.2	15.5
EBITDA margin	20.1	16.8	17.6	17.5	18.5
Norm net margin	14.4	11.2	11.7	11.5	12.6
D/E (x)	0.1	0.2	0.1	0.1	0.1
Net D/E (x)	0.0	0.0	0.0	(0.1)	(0.1)
Interest coverage (x)	65.0	50.4	48.4	35.6	46.1
Interest rate	3.5	4.0	4.3	6.6	6.5
Effective tax rate	20.0	22.5	21.0	24.6	22.6
ROA	16.6	12.8	13.7	12.4	14.5
ROE	22.8	17.6	18.8	16.9	19.9

Sources: Company data, ttb wealth estimates

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