

Singapore

**HOLD** (no change)

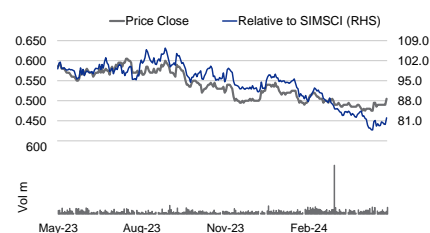
Consensus ratings\*: Buy 10 Hold 4 Sell 0

Current price:	S\$0.505
Target price:	S\$0.50
Previous target:	S\$0.50
Up/downside:	-1.0%
CGSI / Consensus:	-22.3%
Reuters:	TBEV.SI
Bloomberg:	THBEV SP
Market cap:	US\$9,386m
	S\$12,689m
Average daily turnover:	US\$14.41m
	S\$19.41m
Current shares o/s:	25,124m
Free float:	29.3%

\*Source: Bloomberg

Key changes in this note

➤ No changes.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	3.1	2	-14.4
Relative (%)	-1	-8.1	-16.1

<b>Major shareholders</b>	% held
Sriwana Co Ltd	56.8
Maxtop Management Corp	7.1
Capital Group Companies	5.0

# Thai Beverage

## Mixed recovery

- THBEV's 2QFY9/24 core operations improved, with revenue returning to growth, but PATMI missed due to associates drag.
- Beer consumption showed a recovery across markets in 2QFY24 and could see positive momentum ahead. However, spirits sales in TH were soft.
- Valuations are undemanding but we reiterate Hold on lack of near-term catalysts with spirits segment's (80% of PATMI contribution) softer outlook.

### 2QFY9/24: Core operations improved, but associates a drag

Thai Beverage's (THBEV) core operations rebounded in 2QFY24, with revenue and EBITDA growing by 6% and 8% yoy, respectively, but lower share of profits from associate FPL (FPL SP, Add, TP: S\$1.41, CP: S\$0.80) resulted in PATMI decline of 5% yoy. While THBEV's 1HFY24 revenue met our expectations (52.7% of our FY24F estimate), we think the overall results fell short of Bloomberg consensus estimates, with 1HFY24 revenue and PATMI both coming in below the average run rate over the past five years. 1HFY24 net profit was 53% of our FY24F forecast (FY18-23 average: 57%).

### Seeing positive momentum for the beer segment...

Beer sales recovered to grow 13% yoy in 2QFY24, partially offsetting the weakness observed in 1Q, resulting in 1HFY24 decline of 3% yoy. Vietnam led growth in 2QFY24, with beer sales up 16% yoy. THBEV sees green shoots of recovery for the beer segment in Vietnam as industry production numbers returned to positive yoy growth in Apr. In Thailand, THBEV notes that beer sales benefited from warmer weather as well as increased tourist arrivals. THBEV believes it gained market share in Thailand during the quarter while new entrants have struggled to gain traction. THBEV does not foresee an increase in SG&A expenses to defend share given the current competitive landscape.

### ... but spirits sales soft in Thailand

Spirits sales grew 1% yoy in 2QFY24 as higher ASPs offset volume declines of 1% yoy. In Thailand, brown spirits sales volume saw a mid-single-digit decline yoy in 1HFY24 while white spirits consumption remained relatively flattish yoy. THBEV notes that while there was a good recovery in brown spirits consumption last year on post-Covid-19 reopening, it fizzled out this year due to challenges posed by a weak economy. On the international front, the spirits business performed well, with higher volumes and profits in Myanmar.

### Reiterate Hold

While THBEV's valuations are undemanding (trading at -1.5 s.d. vs. its historical average P/E since IPO), we reiterate Hold as we see FY9/24F risks from soft spirits sales volume in Thailand (which accounts for 80% of attributable profit to shareholders) and weaker associate earnings. Our SOP-based TP is unchanged at S\$0.50. Upside risks: better-than-expected EBITDA margins on lower input costs and cost control. Downside risks include prolonged weakness in the Thai and Vietnam macroeconomic environment dampening its sales volumes, and higher-than-expected SG&A spend hurting margins.

Analyst(s)

**ONG Khang Chuen, CFA**  
T (65) 6210 8685  
E khangchuen.ong@cgsi.com

**Kenneth TAN**  
T (65) 6210 8678  
E kenneth.tan@cgsi.com

Financial Summary	Sep-22A	Sep-23A	Sep-24F	Sep-25F	Sep-26F
Revenue (THBm)	272,359	279,085	280,472	288,532	296,577
Operating EBITDA (THBm)	49,612	48,182	50,038	52,305	54,397
Net Profit (THBm)	30,106	27,434	28,582	30,220	31,824
Core EPS (THB)	1.20	1.09	1.14	1.20	1.27
Core EPS Growth	22.1%	(8.9%)	4.2%	5.7%	5.3%
FD Core P/E (x)	11.40	12.51	12.01	11.36	10.79
DPS (THB)	0.60	0.60	0.60	0.65	0.65
Dividend Yield	4.39%	4.39%	4.39%	4.76%	4.76%
EV/EBITDA (x)	8.64	8.91	8.24	7.56	6.91
P/FCFE (x)	13.08	13.14	13.08	12.33	11.53
Net Gearing	61.9%	64.8%	58.6%	52.7%	46.5%
P/BV (x)	1.67	1.71	1.60	1.50	1.41
ROE	16.0%	13.5%	13.7%	13.6%	13.5%
EPS/Consensus EPS (x)			1.00	0.99	0.99

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

## Mixed recovery

Figure 1: Results comparison table

FYE Sep (THB bn)	1HFY24	1HFY23	yoy % chg	2HFY23	hoh % chg	FY24F	FY23	yoy % chg	Prev. FY24F	Comments
Revenue	147.7	148.3	(0.4)	130.8	13.0	280.5	279.1	0.5	280.5	1HFY9/24 revenue in line with our expectations (52.7% of FY24F), but slightly below Bloomberg consensus (51.8% of FY24F), as 1H is a seasonally stronger period (FY18-23 average: 52.8%)
Cost of sales	(102.9)	(104.8)	(1.8)	(91.5)	12.4	(195.2)	(196.3)	(0.5)	(195.2)	
Gross profit	44.9	43.5	3.1	39.3	14.2	85.2	82.8	3.0	85.2	
GPM (%)	30.4%	29.3%	n.m.	30.0%	n.m.	30.4%	29.7%	n.m.	30.4%	
Operating expenses	(23.9)	(23.7)	0.7	(22.9)	4.4	(47.2)	(46.6)	1.3	(47.2)	
<b>Operating profit</b>	<b>21.0</b>	<b>19.8</b>	<b>6.0</b>	<b>16.4</b>	<b>28.0</b>	<b>38.1</b>	<b>36.2</b>	<b>5.1</b>	<b>38.1</b>	
OPM (%)	14.2%	13.4%	n.m.	12.5%	n.m.	13.6%	13.0%	n.m.	13.6%	
Net interest expense	(2.5)	(2.1)	22.6	(2.3)	12.2	(4.4)	(4.3)	2.1	(4.4)	
Associate profits	1.1	2.4	(53.8)	1.0	8.1	3.5	3.5	1.0	3.5	
Profit before tax	20.3	20.8	(2.4)	15.6	30.5	38.4	36.4	5.4	38.4	
Income tax expense	(3.4)	(3.0)	n.m.	(2.6)	n.m.	(6.1)	(5.7)	n.m.	(6.1)	
Effective tax rate (%)	16.7%	14.6%	14.6	17.0%	(1.6)	15.9%	15.6%	1.9	15.9%	
<b>Net profit</b>	<b>15.2</b>	<b>16.1</b>	<b>(5.6)</b>	<b>11.3</b>	<b>34.6</b>	<b>28.6</b>	<b>27.4</b>	<b>4.2</b>	<b>28.6</b>	1HFY9/24 PATMI below expectations at 53.3% of our/Bloomberg consensus FY24Fs (FY18-23 average: 56.7%)
NPM (%)	10.3%	10.9%	n.m.	8.6%	n.m.	10.2%	9.8%	na	10.2%	

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: Quarterly financial summary

FYE Sep (THB m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	qoq%	yoy%
<b>Revenue breakdown</b>	<b>71,789</b>	<b>59,463</b>	<b>60,868</b>	<b>48,423</b>	<b>77,116</b>	<b>65,826</b>	<b>64,980</b>	<b>64,437</b>	<b>80,900</b>	<b>67,396</b>	<b>67,597</b>	<b>63,192</b>	<b>76,107</b>	<b>71,635</b>	<b>-5.9%</b>	<b>6.3%</b>
Spirits	34,771	29,105	27,754	23,422	36,015	29,171	25,462	25,529	33,718	31,443	28,512	26,126	33,876	31,621	-6.7%	0.6%
Beer	30,221	23,757	26,287	18,892	33,359	28,580	30,634	29,916	37,932	26,502	28,828	27,563	32,619	29,904	-8.3%	12.8%
Non-alcoholic	3,707	3,885	4,096	3,517	3,988	4,216	4,622	4,606	4,609	4,830	5,383	4,780	4,682	5,247	12.1%	8.6%
Food	3,128	2,757	2,764	2,631	3,785	3,903	4,302	4,443	4,694	4,672	4,930	4,774	4,972	4,884	-1.8%	4.5%
<b>EBITDA breakdown</b>	<b>14,431</b>	<b>10,936</b>	<b>11,271</b>	<b>7,571</b>	<b>14,659</b>	<b>12,085</b>	<b>12,366</b>	<b>10,502</b>	<b>13,532</b>	<b>12,158</b>	<b>12,075</b>	<b>10,417</b>	<b>13,788</b>	<b>13,121</b>	<b>-4.8%</b>	<b>7.9%</b>
Spirits	9,219	7,326	7,060	5,163	9,011	7,104	6,254	5,733	8,920	7,734	7,109	5,905	9,042	8,174	-9.6%	5.7%
Beer	4,314	2,854	3,463	1,836	4,507	3,994	4,945	3,835	3,680	3,350	3,753	3,559	3,756	3,781	0.7%	12.9%
Non-alcoholic	496	548	585	436	596	533	588	419	409	644	720	563	449	738	64.4%	14.6%
Food	402	208	163	136	545	454	579	515	523	430	493	390	541	428	-20.9%	-0.5%
<b>EBITDA margin (%)</b>	<b>20.1%</b>	<b>18.4%</b>	<b>18.5%</b>	<b>15.6%</b>	<b>19.0%</b>	<b>18.4%</b>	<b>19.0%</b>	<b>16.3%</b>	<b>16.7%</b>	<b>18.0%</b>	<b>17.9%</b>	<b>16.5%</b>	<b>18.1%</b>	<b>18.3%</b>	<b>0.2% pts</b>	<b>0.3% pts</b>
Spirits	26.5%	25.2%	25.4%	22.0%	25.0%	24.4%	24.6%	22.5%	26.5%	24.6%	24.9%	22.6%	26.7%	25.8%	-0.8% pts	1.3% pts
Beer	14.3%	12.0%	13.2%	9.7%	13.5%	14.0%	16.1%	12.8%	9.7%	12.6%	13.0%	12.9%	11.5%	12.6%	1.1% pts	0.0% pts
Non-alcoholic	13.4%	14.1%	14.3%	12.4%	14.9%	12.6%	12.7%	9.1%	8.9%	13.3%	13.4%	11.8%	9.6%	14.1%	4.5% pts	0.7% pts
Food	12.9%	7.5%	5.9%	5.2%	14.4%	11.6%	13.5%	11.6%	11.1%	9.2%	10.0%	8.2%	10.9%	8.8%	-2.1% pts	-0.4% pts

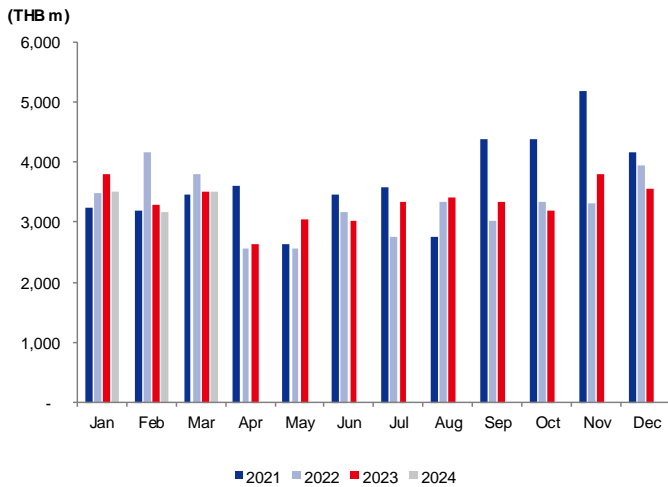
SOURCES: CGSI RESEARCH, COMPANY REPORTS

**Figure 3: Operating statistics summary**

FYE Sep (THB m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
<b>Spirits</b>														
Sales volumes (m litres)	189.9	165.3	161.6	139.3	206.2	172.0	138.7	139.9	174.9	171.3	152.6	144.0	172.4	169.5
yoy change (%)	0.3%	-2.9%	18.5%	-19.0%	8.6%	4.1%	-14.2%	0.4%	-15.2%	-0.4%	10.1%	2.9%	-1.4%	-1.1%
ASP (THB/litre)	183.1	176.1	171.7	168.2	174.6	169.6	183.6	182.5	192.8	183.6	186.8	181.5	196.5	186.6
yoy change (%)	0.8%	0.4%	-3.2%	0.2%	-4.6%	-3.7%	6.9%	8.5%	10.4%	8.2%	1.7%	-0.6%	1.9%	1.6%
EBITDA/litre (THB)	48.5	44.3	43.7	37.1	43.7	41.3	45.1	41.0	51.0	45.1	46.6	41.0	52.4	48.2
yoy change (%)	4.7%	8.2%	2.6%	-8.3%	-10.0%	-6.8%	3.2%	10.6%	16.7%	9.3%	3.3%	0.1%	2.8%	6.8%
<b>Beer</b>														
Sales volumes (m litres)	646.7	498.2	577.5	372.9	653.8	553.3	612.2	579.5	683.2	497.4	544.1	515.7	580.8	532.7
yoy change (%)	-11.6%	4.4%	8.3%	-39.5%	1.1%	11.1%	6.0%	55.4%	4.5%	-10.1%	-11.1%	-11.0%	-15.0%	7.1%
ASP (THB/litre)	46.7	47.7	45.5	50.7	51.0	51.7	50.0	51.6	55.5	53.3	53.0	53.4	56.2	56.1
yoy change (%)	2.9%	-3.8%	8.1%	13.3%	9.2%	8.3%	9.9%	1.9%	8.8%	3.2%	5.9%	3.5%	1.2%	5.4%
EBITDA/litre (THB)	6.7	5.7	6.0	4.9	6.9	7.2	8.1	6.6	5.4	6.7	6.9	6.9	6.5	7.1
yoy change (%)	49.9%	8.0%	4.9%	-24.0%	3.3%	26.0%	34.7%	34.4%	-21.9%	-6.7%	-14.6%	4.3%	20.1%	5.4%
<b>NAB</b>														
Sales volumes (m litres)	346.8	363.4	411.5	336.2	374.0	389.0	452.9	400.7	400.6	422.2	498.9	409.5	418.6	455.4
yoy change (%)	-13.2%	-15.9%	4.0%	-4.2%	7.8%	7.0%	10.1%	19.2%	7.1%	8.5%	10.2%	2.2%	4.5%	7.9%
ASP (THB/litre)	10.7	10.7	10.0	10.5	10.7	10.8	10.2	11.5	11.5	11.4	10.8	11.7	11.2	11.5
yoy change (%)	1.3%	3.2%	3.7%	-3.2%	-0.2%	1.4%	2.5%	9.9%	7.9%	5.6%	5.7%	1.5%	-2.8%	0.7%
EBITDA/litre (THB)	1.4	1.5	1.4	1.3	1.6	1.4	1.3	1.0	1.0	1.5	1.4	1.4	1.1	1.6
yoy change (%)	27.6%	-15.3%	14.8%	20.9%	11.5%	-9.2%	-8.7%	-19.4%	-36.0%	11.4%	11.2%	31.5%	5.2%	6.2%

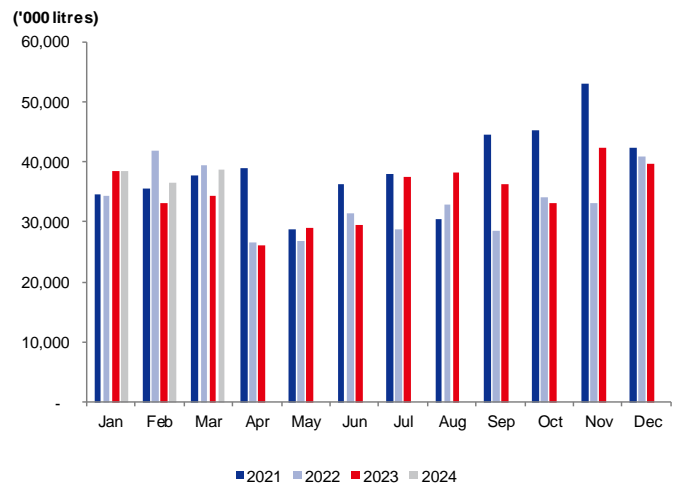
SOURCES: CGSI RESEARCH, COMPANY REPORTS

**Figure 4: Thailand's monthly white liquor sales value**



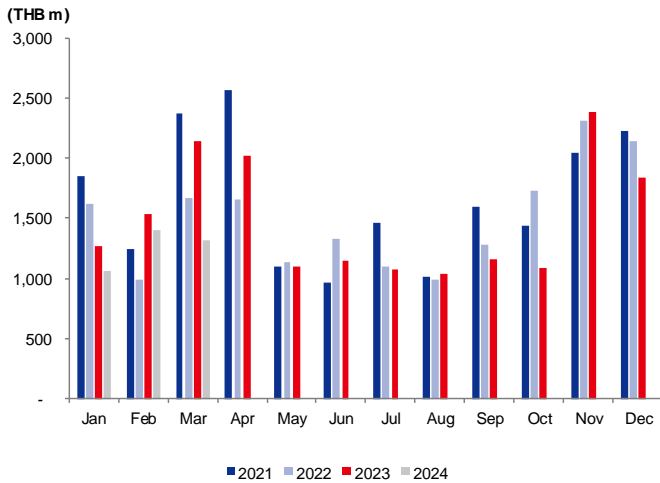
SOURCES: CGSI RESEARCH, OFFICE OF INDUSTRIAL ECONOMICS

**Figure 5: Thailand's monthly white liquor sales volume**



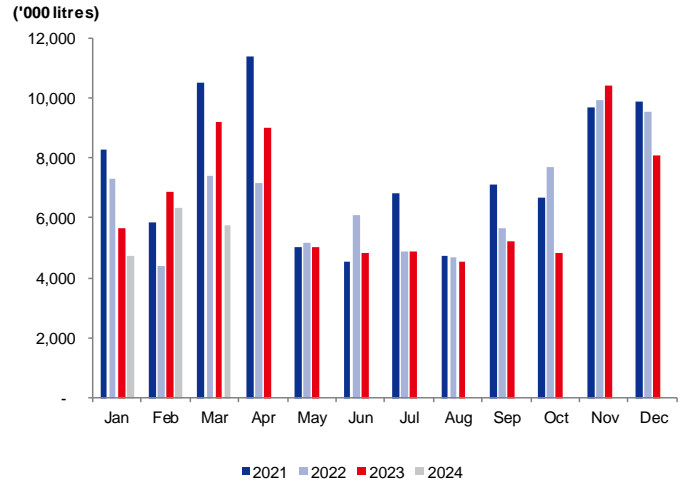
SOURCES: CGSI RESEARCH, OFFICE OF INDUSTRIAL ECONOMICS

**Figure 6: Thailand's mixed white liquor sales value**



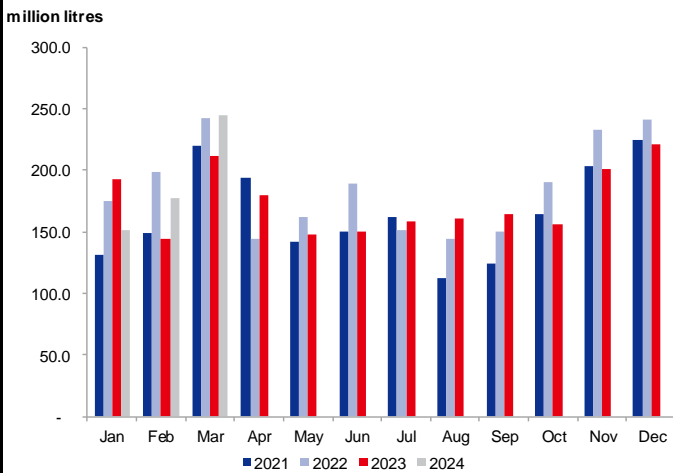
SOURCES: CGSI RESEARCH, OFFICE OF INDUSTRIAL ECONOMICS

**Figure 7: Thailand's mixed white liquor sales volume**



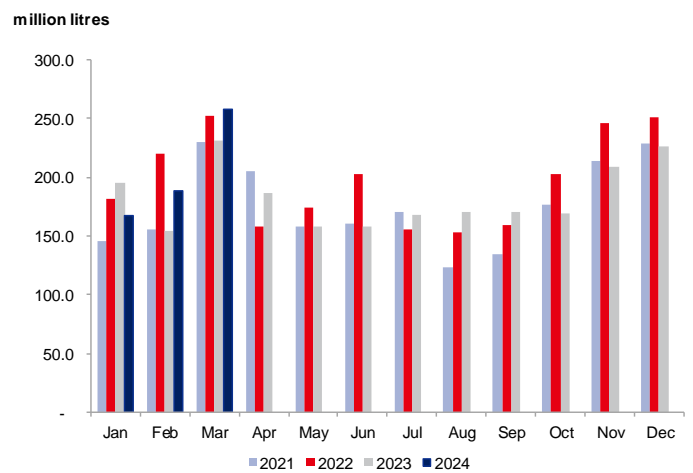
SOURCES: CGSI RESEARCH, OFFICE OF INDUSTRIAL ECONOMICS

**Figure 8: Thailand's monthly domestic beer sales volume**



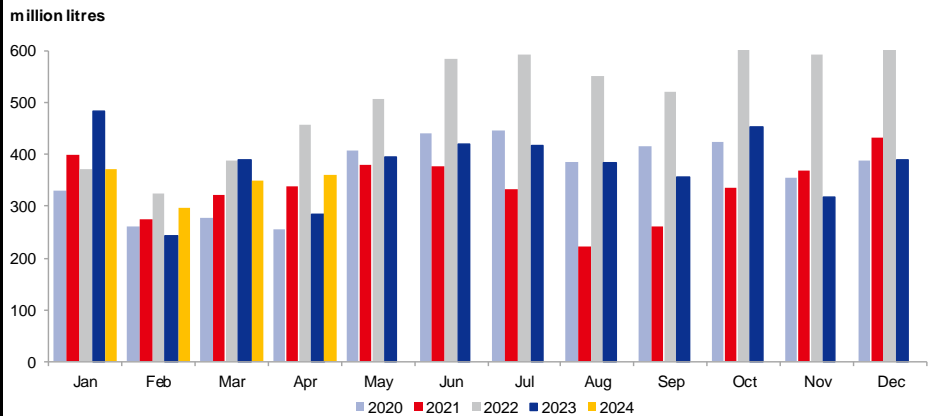
SOURCES: CGSI RESEARCH, OFFICE OF INDUSTRIAL ECONOMICS

**Figure 9: Thailand's monthly beer production volume**



SOURCES: CGSI RESEARCH, OFFICE OF INDUSTRIAL ECONOMICS

**Figure 10: Vietnam beer production**



SOURCES: CGSI RESEARCH, GENERAL STATISTICS OFFICE

Figure 11: THBEV's sum-of-parts (SOP) based valuation

Parts	Basis	EBITDA CY25F (THB bn)	Multiple (x) (THB bn)	Value
Spirits	EV/EBITDA	31.4	9.5	298.3
Thai Beer	EV/EBITDA	7.6	7.5	57.0
Vietnam Beer	EV/EBITDA	8.9	9.5	84.1
Non-alcoholic beverages	EV/EBITDA	2.8	8.0	22.6
Food	EV/EBITDA	2.2	8.0	17.3
<b>Consolidated businesses</b>				<b>479.2</b>
Fraser & Neave (F&N)	Market value (28.5% stake)			11.8
Fraser's Property Limited (FPL)	Market value (28.4% stake)			25.7
Net debt/(cash)				150.2
Minority interests				46.6
<b>Equity value (THB bn)</b>				<b>320.0</b>
Shares outstanding (bn)				25.1
<b>Implied per share value (S\$)</b>				<b>0.50</b>
Implied CY24F P/E based on TP				11.1
Implied CY25F P/E based on TP				10.5

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS


Figure 12: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x) CY24F	CY25F	2-year EPS CAGR (%)	P/BV (x) CY24F	CY25F	Recurring ROE (%) CY24F	CY25F	EV/EBITDA (x) CY24F	CY25F	Dividend Yield (%) CY24F	CY25F
<b>Thai Beverage</b>	<b>THBEV SP</b>	<b>Hold</b>	<b>0.51</b>	<b>0.50</b>	<b>9,386</b>	<b>11.8</b>	<b>11.2</b>	<b>3.9%</b>	<b>1.57</b>	<b>1.48</b>	<b>13.7%</b>	<b>13.6%</b>	<b>8.0</b>	<b>7.3</b>	<b>4.5%</b>	<b>4.8%</b>
<b>Beer</b>																
Tsingtao Brewery	168 HK	Add	61.2	90	13,524	15.2	14.0	9.9%	2.6	2.4	18.0%	18.0%	6.5	5.6	4.0%	4.3%
Carlsberg Brewery (M)	CAB MK	Add	19.62	22.7	1,272	17.8	16.5	1.1%	20.8	17.3	131.5%	114.2%	12.1	11.4	5.1%	5.8%
Heineken Malaysia Bhd	HEIM MK	Add	23.68	28.85	1,516	17.3	16.5	2.0%	15.6	15.6	91.6%	94.8%	11.4	11.1	5.8%	6.1%
Anheuser-Busch InBev SA/NV	ABI BB	NR	60.36	NA	131,754	19.2	16.8	20.8%	1.5	1.4	8.2%	9.0%	9.7	9.1	1.7%	2.0%
Heineken NV	HEIA NA	NR	94.10	NA	58,592	19.6	17.2	15.8%	2.5	2.3	12.6%	13.8%	10.5	9.7	1.9%	2.0%
Ambev SA	ABEV3 BZ	NR	12.06	NA	36,962	13.1	12.0	4.4%	2.2	2.1	18.0%	18.9%	6.5	6.1	6.1%	6.2%
Budweiser Brewing Co APAC Ltd	1876 HK	NR	11.20	NA	18,986	18.2	16.0	18.1%	1.7	1.6	9.3%	10.1%	7.6	6.9	3.6%	4.0%
Asahi Group Holdings Ltd	2502 JP	NR	5,521	NA	17,877	14.1	13.2	13.6%	1.1	1.0	7.9%	8.1%	10.2	9.7	2.4%	2.9%
Kirin Holdings Co Ltd	2503 JP	NR	2,262	NA	13,201	13.9	12.9	12.3%	1.5	1.4	10.9%	11.0%	10.5	9.9	3.2%	3.4%
Saigon Beer Alcohol Beverage C	SAB VN	NR	57,100	NA	2,877	17.3	16.1	6.5%	3.0	2.8	17.6%	18.3%	10.1	9.5	4.6%	5.1%
Sapporo Holdings Ltd	2501 JP	NR	5,604	NA	2,820	36.8	32.6	24.0%	2.4	2.2	6.5%	7.1%	16.2	15.6	0.9%	1.1%
<b>Simple average (Beer)</b>						<b>18.4</b>	<b>16.7</b>	<b>12%</b>	<b>5.0</b>	<b>4.6</b>	<b>30.2%</b>	<b>29.4%</b>	<b>10.1</b>	<b>9.5</b>	<b>3.6%</b>	<b>3.9%</b>
<b>Spirits</b>																
Kweichow Moutai	600519 CH	Add	1701.98	2296	295,589	24.7	21.6	13.9%	8.9	7.3	38.4%	37.2%	16.6	14.2	2.1%	2.4%
Wuliangye Yibin	000858 CH	Add	151.34	205	81,216	17.3	15.6	11.4%	4.1	3.7	24.9%	25.0%	9.9	8.6	3.4%	3.8%
Jiangsu Yanghe Brewery	002304 CH	Add	95.57	184	19,904	11.7	10.1	15.8%	2.5	2.2	22.2%	23.0%	5.8	4.7	5.1%	5.9%
Luzhou Laojiao	000568 CH	Add	181.93	293	37,024	17.2	15.1	15.6%	5.6	4.9	35.0%	34.8%	11.2	9.5	3.5%	4.0%
Shanxi Xinghuacun Fen Wine	600809 CH	Add	263.17	354	44,387	25.1	20.9	21.3%	9.1	7.3	40.5%	38.8%	18.2	14.7	2.0%	2.4%
Jiangsu King's Luck Brewery	603369 CH	Add	56.78	77	9,848	18.5	15.4	19.9%	4.5	3.7	26.5%	26.5%	12.9	10.3	2.1%	2.6%
Diageo PLC	DGE LN	NR	2856	NA	79,783	19.0	17.7	2.6%	6.8	5.9	39.3%	37.8%	14.2	13.2	3.0%	3.0%
Pernod Ricard SA	RI FP	NR	149.1	NA	41,202	18.3	17.0	2.9%	2.3	2.1	12.9%	13.2%	14.5	12.9	3.2%	3.3%
Brown-Forman Corp	BF/B US	NR	49.12	NA	23,344	24.8	23.9	6.2%	6.1	5.4	25.7%	24.3%	18.6	17.8	1.8%	1.9%
Daive Campari-Milano NV	CPR IM	NR	9.776	NA	13,012	27.6	24.7	16.9%	3.1	3.0	12.4%	12.2%	17.0	14.8	0.7%	0.8%
Remy Cointreau SA	RCO FP	NR	94.9	NA	5,258	na	22.3	71.1%	2.5	2.4	10.2%	10.9%	13.7	14.0	2.2%	2.4%
<b>Simple average (Spirits)</b>						<b>20.4</b>	<b>18.6</b>	<b>18.0%</b>	<b>5.0</b>	<b>4.4</b>	<b>26.2%</b>	<b>25.8%</b>	<b>13.9</b>	<b>12.2</b>	<b>2.7%</b>	<b>3.0%</b>
<b>Simple average (All ex-THBEV) - incld not covered</b>						<b>19.4</b>	<b>17.6</b>	<b>14.8%</b>	<b>5.0</b>	<b>4.5</b>	<b>28.2%</b>	<b>27.6%</b>	<b>12.0</b>	<b>10.9</b>	<b>3.1%</b>	<b>3.4%</b>

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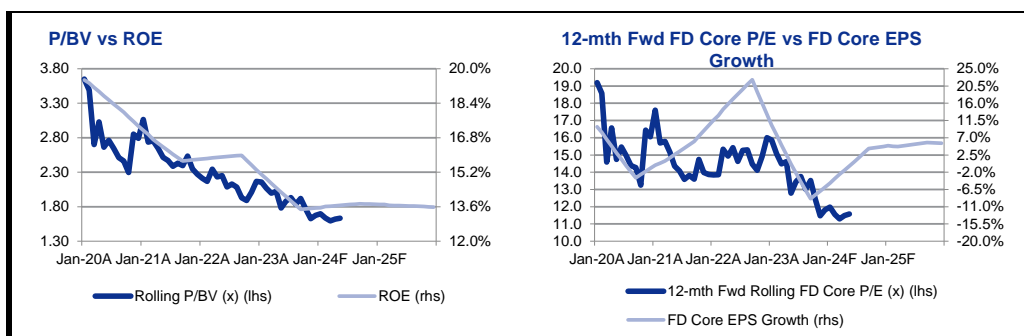
SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG

Note: Forecasts for Not Rated (NR) stocks are based on Bloomberg consensus estimates

ESG in a nutshell		Refinitiv ESG Scores					
		A- ESG Score	A+ ESG Controversies Score	A- ESG Combined Score	A- ESG Environment Pillar Score	A- ESG Social Pillar Score	A- ESG Government Pillar Score
<p>We believe THBEV fares well in terms of ESG. As a beverage manufacturing company, THBEV is committed to continuous innovation in energy and water management, as well as packaging and waste, to reduce its impact on natural resources and the environment. As of FY9/23, it has achieved a reduction of 7%/9% in water/greenhouse gas (GHG) emission intensity ratio (with 2019 as the base year). THBEV is also committed to packaging reduction initiatives — it reused 1,365m glass bottles in FY9/23, representing 97% of its products sold in Thailand. THBEV intends to reduce GHG intensity by 50% in GHG emissions by FY9/30F (with FY9/19 as the base year). It has also committed to use at least 50% renewable energy by FY9/30F.</p>							
<p><b>Keep your eye on</b></p> <p>THBEV reused 1,365m glass bottles in FY9/23, representing 97% of its products sold in Thailand. Its goal is to have 100% of the glass and paper packaging for its products sold in Thailand retrieved for reuse or recycling by FY9/25 (FY9/30 for PET bottles and aluminium cans).</p>	<p><b>Implications</b></p> <p>Faster-than-expected ramp-up of packaging recycling/reduction initiatives not only allows THBEV to cut down on packaging material costs, but also benefits the environment in the form of lower carbon footprint, in our view.</p>						
<p><b>ESG highlights</b></p> <p>In 2020, THBEV was selected for the DSI Emerging Markets and DJSI World Indices for the fifth and fourth consecutive years, respectively. Moreover, THBEV is the first Asian company to be selected as the DJSI Beverage Industry Leader for three consecutive years.</p>	<p><b>Implications</b></p> <p>This is likely positive for THBEV as the inclusion into various ESG indices could result in passive fund inflows from funds focusing on sustainability investments, in our view.</p>						
<p><b>Trends</b></p> <p>THBEV is committed to continuous innovation in energy and water management, as well as packaging and waste, to reduce its impact on natural resources and environment. For example, in FY9/23, THBEV achieved an 8.7% decrease in absolute scope 1 and scope 2 emissions from FY9/19 levels.</p>	<p><b>Implications</b></p> <p>We have not applied any premium/discount for ESG in our fundamental valuations of THBEV. However, as THBEV continues to execute well its management of environmental impacts, we believe it could gain more interest among funds focusing on companies with high environmental focus.</p>						

SOURCES: CGSI RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(THBm)	Sep-22A	Sep-23A	Sep-24F	Sep-25F	Sep-26F
<b>Total Net Revenues</b>	<b>272,359</b>	<b>279,085</b>	<b>280,472</b>	<b>288,532</b>	<b>296,577</b>
<b>Gross Profit</b>	<b>80,456</b>	<b>82,801</b>	<b>85,247</b>	<b>87,870</b>	<b>90,550</b>
<b>Operating EBITDA</b>	<b>49,612</b>	<b>48,182</b>	<b>50,038</b>	<b>52,305</b>	<b>54,397</b>
Depreciation And Amortisation	(7,761)	(7,743)	(7,654)	(7,910)	(8,141)
<b>Operating EBIT</b>	<b>41,851</b>	<b>40,439</b>	<b>42,384</b>	<b>44,395</b>	<b>46,256</b>
Financial Income/(Expense)	(4,665)	(4,311)	(4,400)	(4,400)	(4,400)
Pretax Income/(Loss) from Assoc.	5,044	3,465	3,500	3,650	3,800
Non-Operating Income/(Expense)	(2,289)	(3,184)	(3,097)	(3,068)	(3,040)
<b>Profit Before Tax (pre-EI)</b>	<b>39,941</b>	<b>36,410</b>	<b>38,387</b>	<b>40,577</b>	<b>42,616</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>39,941</b>	<b>36,410</b>	<b>38,387</b>	<b>40,577</b>	<b>42,616</b>
Taxation	(5,436)	(5,682)	(6,105)	(6,462)	(6,793)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>34,505</b>	<b>30,727</b>	<b>32,282</b>	<b>34,115</b>	<b>35,824</b>
Minority Interests	(4,399)	(3,293)	(3,700)	(3,895)	(4,000)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>30,106</b>	<b>27,434</b>	<b>28,582</b>	<b>30,220</b>	<b>31,824</b>
Recurring Net Profit	30,106	27,434	28,582	30,220	31,824
<b>Fully Diluted Recurring Net Profit</b>	<b>30,106</b>	<b>27,434</b>	<b>28,582</b>	<b>30,220</b>	<b>31,824</b>

### Cash Flow

(THBm)	Sep-22A	Sep-23A	Sep-24F	Sep-25F	Sep-26F
<b>EBITDA</b>	<b>49,612</b>	<b>48,182</b>	<b>50,038</b>	<b>52,305</b>	<b>54,397</b>
Cash Flow from Inv. & Assoc.	(5,044)	(3,465)	(3,500)	(3,650)	(3,800)
Change In Working Capital	3,502	(7,000)	306	(27)	109
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	7,915	5,244	4,803	4,982	5,160
Net Interest (Paid)/Received	(4,744)	(4,340)	(4,400)	(4,400)	(4,400)
Tax Paid	(6,227)	(6,650)	(6,105)	(6,462)	(6,793)
<b>Cashflow From Operations</b>	<b>45,013</b>	<b>31,971</b>	<b>41,142</b>	<b>42,747</b>	<b>44,674</b>
Capex	(3,498)	(4,932)	(4,500)	(4,500)	(4,500)
Disposals Of FAs/subsidiaries	(9,823)	(269)	(8,000)	(8,000)	(8,000)
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,849	4,274	2,600	2,600	2,600
<b>Cash Flow From Investing</b>	<b>(10,472)</b>	<b>(926)</b>	<b>(9,900)</b>	<b>(9,900)</b>	<b>(9,900)</b>
Debt Raised/(repaid)	(8,306)	(4,930)	(5,000)	(5,000)	(5,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(12,560)	(15,075)	(15,074)	(16,331)	(16,331)
Preferred Dividends					
Other Financing Cashflow	(9,805)	(15,342)	(9,700)	(9,500)	(9,500)
<b>Cash Flow From Financing</b>	<b>(30,671)</b>	<b>(35,347)</b>	<b>(29,774)</b>	<b>(30,831)</b>	<b>(30,831)</b>
Total Cash Generated	3,870	(4,302)	1,467	2,016	3,944
<b>Free Cashflow To Equity</b>	<b>26,235</b>	<b>26,115</b>	<b>26,242</b>	<b>27,847</b>	<b>29,774</b>
<b>Free Cashflow To Firm</b>	<b>40,696</b>	<b>37,416</b>	<b>38,242</b>	<b>39,847</b>	<b>41,774</b>

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(THBm)	Sep-22A	Sep-23A	Sep-24F	Sep-25F	Sep-26F
Total Cash And Equivalents	54,029	45,729	47,197	49,213	53,156
Total Debtors	6,719	7,770	7,821	7,978	8,134
Inventories	46,073	52,084	50,812	50,853	50,801
Total Other Current Assets	3,874	3,567	3,646	3,751	3,855
<b>Total Current Assets</b>	<b>110,693</b>	<b>109,150</b>	<b>109,475</b>	<b>111,794</b>	<b>115,947</b>
Fixed Assets	59,176	57,528	54,374	50,964	47,323
Total Investments	112,630	110,601	122,101	133,751	145,551
Intangible Assets	205,830	196,365	196,365	196,365	196,365
Total Other Non-Current Assets	19,460	20,905	20,905	20,905	20,905
<b>Total Non-current Assets</b>	<b>397,096</b>	<b>385,399</b>	<b>393,745</b>	<b>401,986</b>	<b>410,145</b>
Short-term Debt	55,306	61,922	61,922	61,922	61,922
Current Portion of Long-Term Debt					
Total Creditors	24,126	23,768	23,621	23,694	23,812
Other Current Liabilities	9,698	12,392	11,703	11,905	12,106
<b>Total Current Liabilities</b>	<b>89,129</b>	<b>98,082</b>	<b>97,246</b>	<b>97,521</b>	<b>97,840</b>
Total Long-term Debt	153,058	140,373	135,373	130,373	125,373
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	16,212	14,572	14,572	14,572	14,572
<b>Total Non-current Liabilities</b>	<b>169,271</b>	<b>154,945</b>	<b>149,945</b>	<b>144,945</b>	<b>139,945</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>258,400</b>	<b>253,027</b>	<b>247,191</b>	<b>242,466</b>	<b>237,785</b>
Shareholders' Equity	205,748	201,322	214,830	228,719	244,212
Minority Interests	43,640	40,200	41,200	42,595	44,095
<b>Total Equity</b>	<b>249,389</b>	<b>241,522</b>	<b>256,030</b>	<b>271,314</b>	<b>288,307</b>

### Key Ratios

	Sep-22A	Sep-23A	Sep-24F	Sep-25F	Sep-26F
Revenue Growth	13.2%	2.5%	0.5%	2.9%	2.8%
Operating EBITDA Growth	12.2%	(2.9%)	3.9%	4.5%	4.0%
Operating EBITDA Margin	18.2%	17.3%	17.8%	18.1%	18.3%
Net Cash Per Share (THB)	(6.14)	(6.23)	(5.97)	(5.70)	(5.34)
BVPS (THB)	8.19	8.01	8.55	9.10	9.72
Gross Interest Cover	6.72	6.01	6.05	6.34	6.61
Effective Tax Rate	13.6%	15.6%	15.9%	15.9%	15.9%
Net Dividend Payout Ratio	50.1%	54.9%	52.7%	54.0%	51.3%
Accounts Receivables Days	6.50	6.79	7.09	7.00	7.00
Inventory Days	87.31	91.26	96.45	92.46	90.05
Accounts Payables Days	14.96	16.62	16.18	15.63	15.40
ROIC (%)	11.7%	10.9%	11.6%	12.3%	12.9%
ROCE (%)	9.8%	9.5%	10.0%	10.3%	10.4%
Return On Average Assets	7.84%	6.84%	7.20%	7.42%	7.59%

### Key Drivers

	Sep-22A	Sep-23A	Sep-24F	Sep-25F	Sep-26F
Spirit volume (m litres)	656.8	642.8	642.8	649.2	655.7
Beer volume (m litres)	2,398.8	2,240.4	2,166.3	2,206.4	2,258.9
Non-alcoholic beverage volume (m litres)	1,616.6	1,731.2	1,808.9	1,881.3	1,947.1

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS



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<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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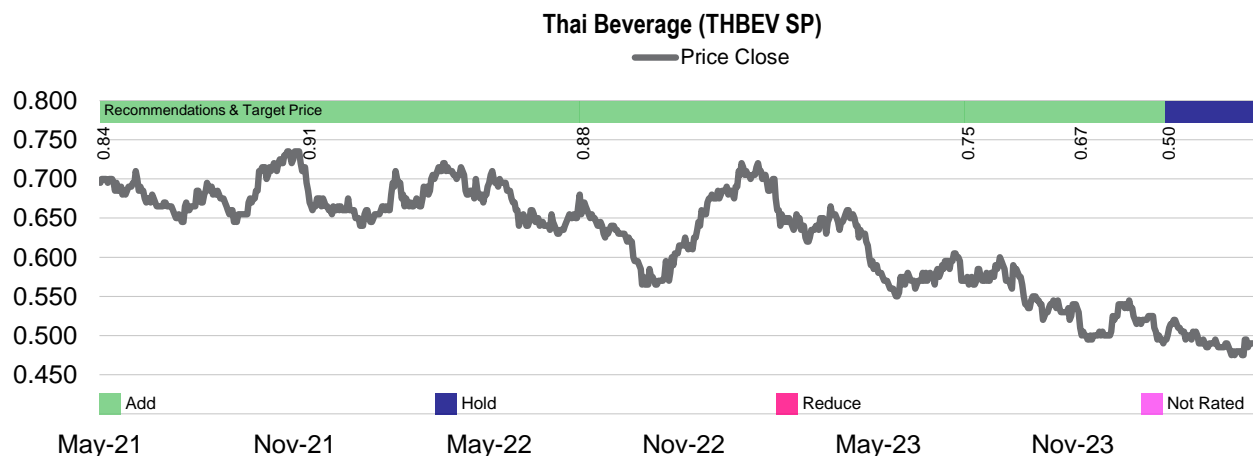
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2024		
634 companies under coverage for quarter ended on 31 March 2024		
	Rating Distribution (%)	Investment Banking clients (%)
Add	65.5%	1.3%
Hold	24.1%	0.2%
Reduce	10.4%	0.3%

**Spitzer Chart for stock being researched ( 2 year data )**



**Recommendation Framework**

**Stock Ratings**

Definition:

**Add** The stock's total return is expected to exceed 10% over the next 12 months.

**Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

**Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

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**Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

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