

Singapore

HOLD (previously ADD)

Consensus ratings*: Buy 13 Hold 2 Sell 0

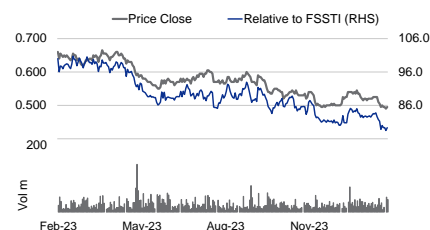
| | |
|-----------------------|----------|
| Current price: | S\$0.495 |
| Target price: | S\$0.50 |
| Previous target: | S\$0.67 |
| Up/downside: | 1.0% |
| CGS-CIMB / Consensus: | -27.3% |

| | |
|-------------------------|------------|
| Reuters: | TBEV.SI |
| Bloomberg: | THBEV SP |
| Market cap: | US\$9,218m |
| | S\$12,438m |
| Average daily turnover: | US\$8.76m |
| | S\$11.72m |
| Current shares o/s: | 25,124m |
| Free float: | 29.3% |

*Source: Bloomberg

Key changes in this note

➤ FY24-26F EPS lowered by 0.6-1.9%.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|------|------|-------|
| Absolute (%) | -7.5 | -6.6 | -25 |
| Relative (%) | -5.8 | -7.7 | -19.6 |

| Major shareholders | % held |
|-------------------------|--------|
| Sriwana Co Ltd | 56.8 |
| Maxtop Management Corp | 7.1 |
| Capital Group Companies | 5.0 |

Analyst(s)

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Thai Beverage

Beer sales disappointed

- 1QFY9/24 revenue (-6% yoy) disappointed due to a weaker beer segment (-14% yoy). 1Q group EBITDA was +2% yoy on prudent cost management.
- Weak beer sales in 1Q suggest volume deterioration in TH while VN also remained weak; spirits sales resilient with ASP hike offsetting lower volumes.
- Downgrade to Hold. Valuations are undemanding, but we see risks for beer business with slow VN recovery and competitive threat from a new entrant.

1QFY9/24: Weak volumes, offset by cost savings

Thai Beverage's (THBEV) 1QFY9/24 revenue declined 5.9% yoy while EBITDA rose 1.9% yoy. 1QFY24 topline disappointed at 26.5%/26.3% of our/Bloomberg consensus FY24F (note that 1Q is a seasonally stronger quarter, averaging 28.8% of FY19-23 revenues), with the beer segment being the key drag (-14.0% yoy). 1Q spirits segment revenue was flat (+0.5% yoy) as ASP increases offset volume decline (-1.4% yoy), while the non-alcoholic beverages (+1.6% yoy) and food (+5.9% yoy) segments saw revenue growth. Due to its prudent cost management, THBEV saw positive EBITDA growth across all segments during the quarter.

Beer sales saw a steeper decline in 1QFY9/24

Beer segment's revenue decline of 14% yoy in 1QFY24 was steeper than the 6-8% yoy drop in the previous three quarters – we think this suggests a deterioration in Thailand volumes, while Vietnam volumes also remained weak. THBEV attributed the weaker beer volumes (-15% yoy) to a slower-than-expected economic recovery, but we think the weaker sales could also raise concerns over market share impact as this coincided with the launch of beer products by new entrant Tawandang 1999 (Unlisted) in Thailand. In Vietnam, THBEV's subsidiary SABECO saw muted sentiment from pre-Tet sales in Jan 2024, with distributors reluctant to carry more inventories. However, management is cautiously optimistic on a 2HCY24F recovery in Vietnam after a challenging CY23, riding on 1) macroeconomic recovery, 2) cost efficiencies across production and A&P spend, and 3) consolidation of associate breweries (expected in 2QCY24F by SABECO).

Downgrade to Hold

While THBEV's valuations are undemanding (trading at -1.5 s.d. vs. its historical average P/E since IPO), we downgrade the stock from Add to Hold as we see FY9/24F risks from the beer segment with a slow recovery in Vietnam, and potential competitive threat from Tawandang in Thailand. We note that the earlier announced alcohol excise tax cuts in Jan 2024 by the Thai government are not applicable to THBEV's spirits products (limited to local liquors with alcohol content below 7%). Our SOP-based TP is lowered to S\$0.50 on a lower EV/EBITDA multiple for its Thai alcohol segments. 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.

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) | 11.08 | 12.16 | 11.67 | 11.04 | 10.48 |
| DPS (THB) | 0.60 | 0.60 | 0.60 | 0.65 | 0.65 |
| Dividend Yield | 4.52% | 4.52% | 4.52% | 4.90% | 4.90% |
| EV/EBITDA (x) | 8.44 | 8.71 | 8.05 | 7.37 | 6.73 |
| P/FCFE (x) | 12.71 | 12.77 | 12.71 | 11.98 | 11.20 |
| Net Gearing | 61.9% | 64.8% | 58.6% | 52.7% | 46.5% |
| P/BV (x) | 1.62 | 1.66 | 1.55 | 1.46 | 1.37 |
| ROE | 16.0% | 13.5% | 13.7% | 13.6% | 13.5% |
| % Change In Core EPS Estimates | | | (1.88%) | (1.76%) | (0.64%) |
| EPS/Consensus EPS (x) | | | 0.99 | 0.98 | 0.98 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Beer sales disappointed

Figure 1: Results comparison table

| FYE Sep (THB m) | 1QFY24 | 1QFY23 | yoy % chg | 4QFY23 | qoq % chg | Prev. FY24F | Comments |
|--------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--|
| Revenue: | | | | | | | |
| Spirits | 33,876 | 33,718 | 0.5 | 26,126 | 29.7 | 124,639 | ASP growth offset volume decline |
| Beer | 32,619 | 37,932 | (14.0) | 27,563 | 18.3 | 121,166 | Weaker revenue in both TH (-12% yoy) and VN (-17% yoy) |
| Non-alcoholic | 4,682 | 4,609 | 1.6 | 4,780 | (2.1) | 21,097 | Increased volumes (+4.5% yoy) offset by weaker ASPs |
| Food | 4,972 | 4,694 | 5.9 | 4,774 | 4.1 | 20,596 | New store openings, introduction of different price tiers, and increased promotions |
| Group revenue | 76,107 | 80,900 | (5.9) | 63,192 | 20.4 | 287,497 | Below at 26% of both our/Bloomberg consensus FY24F (2019-2023 avg: 28.8%) |
| EBITDA: | | | | | | | |
| Spirits | 9,042 | 8,920 | 1.4 | 5,905 | 53.1 | 30,910 | |
| Beer | 3,756 | 3,680 | 2.1 | 3,559 | 5.5 | 14,782 | |
| Non-alcoholic | 449 | 409 | 9.8 | 563 | (20.2) | 2,637 | |
| Food | 541 | 523 | 3.4 | 390 | 38.7 | 2,080 | |
| Group EBITDA | 13,788 | 13,532 | 1.9 | 10,417 | 32.4 | 50,410 | Roughly in line. Formed 27%/30% of our/Bloomberg consensus FY24F (2019-2023 avg: 29.1%) |
| EBITDA margin: | | | | | | | |
| Spirits | 26.7% | 26.5% | 0.2% pts | 22.6% | 4.1% pts | 24.8% | |
| Beer | 11.5% | 9.7% | 1.8% pts | 12.9% | -1.4% pts | 12.2% | |
| Non-alcoholic | 9.6% | 8.9% | 0.7% pts | 11.8% | -2.2% pts | 12.5% | |
| Food | 10.9% | 11.1% | -0.3% pts | 8.2% | 2.7% pts | 10.1% | |
| Group EBITDA margin (%) | 18.1% | 16.7% | 1.4% pts | 16.5% | 1.6% pts | 17.5% | |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Quarterly financial summary

| FYE Sep (THB m) | 1QFY21 | 2QFY21 | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | qoq% | yoy% |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| Revenue breakdown | 71,789 | 59,463 | 60,868 | 48,423 | 77,116 | 65,826 | 64,980 | 64,437 | 80,900 | 67,396 | 67,597 | 63,192 | 76,107 | 20.4% | -5.9% |
| 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 | 29.7% | 0.5% |
| 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 | 18.3% | -14.0% |
| 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 | -2.1% | 1.6% |
| 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 | 4.1% | 5.9% |
| EBITDA breakdown | 14,431 | 10,936 | 11,271 | 7,571 | 14,659 | 12,085 | 12,366 | 10,502 | 13,532 | 12,158 | 12,075 | 10,417 | 13,788 | 32.4% | 1.9% |
| 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 | 53.1% | 1.4% |
| 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 | 5.5% | 2.1% |
| Non-alcoholic | 496 | 548 | 585 | 436 | 596 | 533 | 588 | 419 | 409 | 644 | 720 | 563 | 449 | -20.2% | 9.8% |
| Food | 402 | 208 | 163 | 136 | 545 | 454 | 579 | 515 | 523 | 430 | 493 | 390 | 541 | 38.7% | 3.4% |
| EBITDA margin (%) | 20.1% | 18.4% | 18.5% | 15.6% | 19.0% | 18.4% | 19.0% | 16.3% | 16.7% | 18.0% | 17.9% | 16.5% | 18.1% | 1.6% pts | 1.4% pts |
| 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% | 4.1% pts | 0.2% 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% | -1.4% pts | 1.8% 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% | -2.2% 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% | 2.7% pts | -0.3% pts |

SOURCES: CGS-CIMB 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 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Spirits | | | | | | | | | | | | | |
| 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 |
| 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% |
| 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 |
| 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% |
| 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 |
| 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% |
| Beer | | | | | | | | | | | | | |
| 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 |
| 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% |
| 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 |
| 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% |
| 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 |
| 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% |
| NAB | | | | | | | | | | | | | |
| 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 |
| 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% |
| 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 |
| 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% |
| 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 |
| 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% |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Thailand's domestic liquor sales

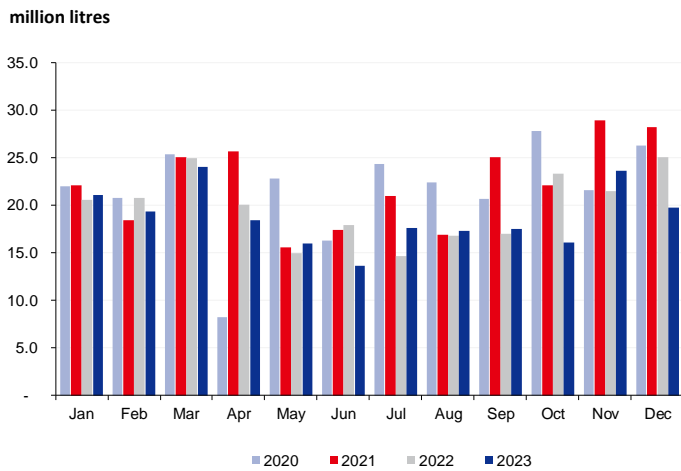


Figure 5: Thailand's domestic liquor production

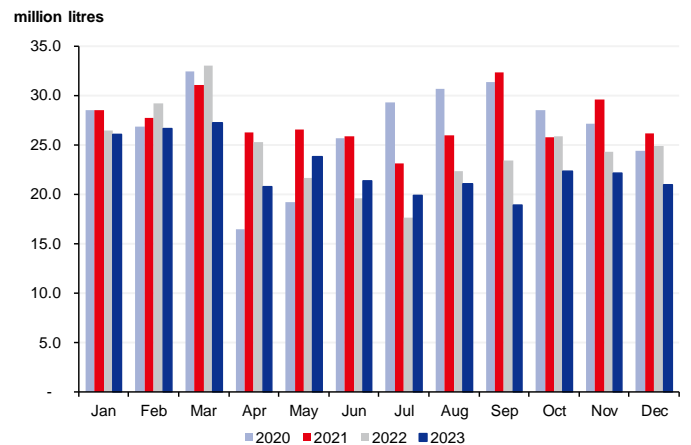


Figure 6: Thailand's domestic beer sales

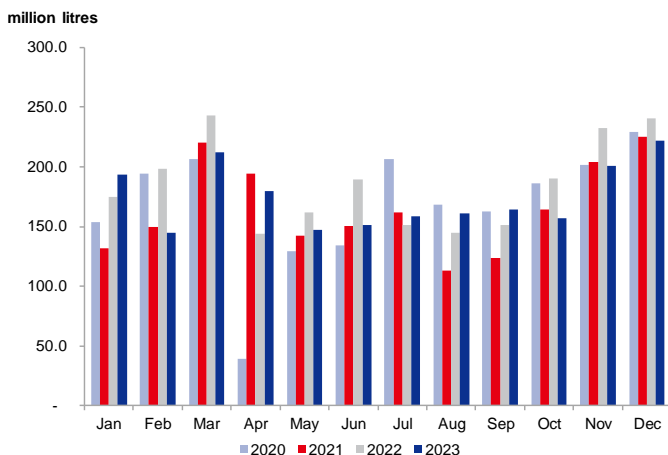


Figure 7: Thailand's beer production

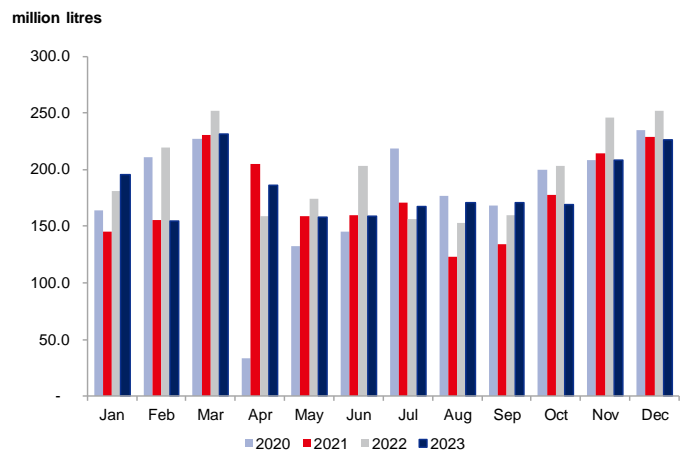


Figure 8: Vietnam beer production

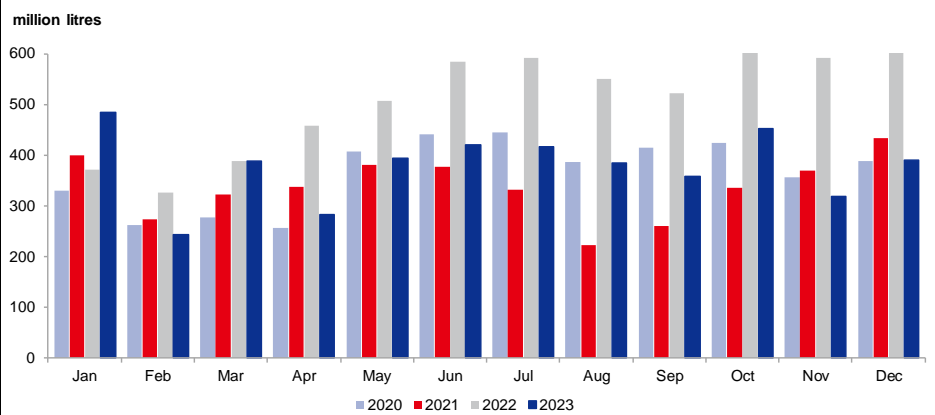


Figure 9: Earnings revision

| FYE Sep (THB bn) | New | | | Old | | | % change | | |
|------------------|-------|-------|-------|-------|-------|-------|----------|-------|-------|
| | FY24F | FY25F | FY26F | FY24F | FY25F | FY26F | FY24F | FY25F | FY26F |
| Revenue | 280.5 | 288.5 | 296.6 | 287.5 | 299.5 | 309.6 | -2.4% | -3.7% | -4.2% |
| Gross profit | 85.2 | 87.9 | 90.6 | 86.4 | 90.1 | 93.1 | -1.3% | -2.5% | -2.7% |
| EBITDA | 50.0 | 52.3 | 54.4 | 50.4 | 52.8 | 54.6 | -0.7% | -0.9% | -0.4% |
| Operating profit | 38.1 | 40.1 | 42.0 | 38.1 | 40.3 | 42.0 | -0.1% | -0.4% | 0.0% |
| Net profit | 28.6 | 30.2 | 31.8 | 29.1 | 30.8 | 32.0 | -1.8% | -1.7% | -0.6% |
| Core net profit | 28.6 | 30.2 | 31.8 | 29.1 | 30.8 | 32.0 | -1.8% | -1.7% | -0.6% |
| Core EPS (THB) | 1.1 | 1.2 | 1.3 | 1.2 | 1.2 | 1.3 | -1.9% | -1.8% | -0.6% |

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: THBEV's sum-of-parts (SOP) based valuation

| Parts | Basis | EBITDA CY25F (THB bn) | Multiple (x) | Value (THB bn) |
|--------------------------------------|----------------------------|-----------------------------|-----------------|-------------------|
| 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 |
| Consolidated businesses | | | | 479.2 |
| 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 |
| Equity value (THB bn) | | | | 320.0 |
| Shares outstanding (bn) | | | | 25.1 |
| Implied per share value (S\$) | | | | 0.50 |
| Implied CY24F P/E based on TP | | | | 11.1 |
| Implied CY25F P/E based on TP | | | | 10.5 |

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS


Figure 11: Peer comparison

| Company | Bloomberg Ticker | Recom. | Price (lcl curr) | Target Price (lcl curr) | Market Cap (US\$ m) | Core P/E (x) | | 2-year EPS CAGR (%) | P/BV (x) | | Recurring ROE (%) | | EV/EBITDA (x) | | Dividend Yield (%) | |
|--|------------------|-------------|------------------|-------------------------|---------------------|--------------|-------------|---------------------|-------------|-------------|-------------------|--------------|---------------|-------------|--------------------|-------------|
| | | | | | | CY24F | CY25F | | CY24F | CY25F | CY24F | CY25F | CY24F | CY25F | CY24F | CY25F |
| Thai Beverage | THBEV SP | Hold | 0.50 | 0.50 | 9,218 | 11.5 | 10.9 | 3.9% | 1.53 | 1.43 | 13.7% | 13.6% | 7.9 | 7.2 | 4.6% | 4.9% |
| Beer | | | | | | | | | | | | | | | | |
| Tsingtao Brewery | 168 HK | Add | 47.65 | 113.14 | 11,694 | 11.6 | 10.7 | 10.1% | 2.1 | 1.9 | 18.4% | 18.6% | 5.0 | 4.3 | 5.4% | 5.9% |
| Carlsberg Brewery (M) | CAB MK | Add | 19.48 | 26.8 | 1,244 | 16.0 | 14.7 | 6.3% | 27.1 | 24.8 | 185.3% | 176.4% | 11.0 | 10.2 | 5.6% | 6.5% |
| Heineken Malaysia Bhd | HEIM MK | Add | 24.6 | 29.75 | 1,553 | 17.7 | 16.5 | 5.7% | 15.2 | 15.2 | 87.3% | 92.3% | 11.6 | 11.0 | 5.7% | 6.1% |
| Anheuser-Busch InBev SA/NV | ABI BB | NR | 58.51 | NA | 126,440 | 18.2 | 16.0 | 14.4% | 1.5 | 1.4 | 8.7% | 9.4% | 9.9 | 9.3 | 2.2% | 2.6% |
| Heineken NV | HEIA NA | NR | 88.92 | NA | 54,814 | 16.3 | 14.6 | 21.8% | 2.3 | 2.1 | 14.4% | 14.9% | 10.0 | 9.1 | 2.2% | 2.4% |
| Ambev SA | ABEV3 BZ | NR | 12.95 | NA | 41,180 | 13.8 | 13.2 | 3.4% | 2.3 | 2.2 | 16.8% | 16.4% | 6.8 | 6.3 | 5.7% | 5.7% |
| Budweiser Brewing Co APAC Ltd | 1876 HK | NR | 12.90 | NA | 21,851 | 15.5 | 13.6 | 30.5% | 1.8 | 1.7 | 9.8% | 10.6% | 8.6 | 7.9 | 2.4% | 2.8% |
| Asahi Group Holdings Ltd | 2502 JP | NR | 5,416 | NA | 18,239 | 14.6 | 13.4 | 11.7% | 1.2 | 1.1 | 8.5% | 8.8% | 9.7 | 9.2 | 2.6% | 2.8% |
| Kirin Holdings Co Ltd | 2503 JP | NR | 2,207 | NA | 13,396 | 13.7 | 12.6 | 12.0% | 1.6 | 1.5 | 12.0% | 12.6% | 9.9 | 9.4 | 3.4% | 3.7% |
| Saigon Beer Alcohol Beverage C | SAB VN | NR | 57,800 | NA | 3,036 | 17.5 | 16.6 | 5.4% | 3.4 | 3.1 | 19.6% | 19.4% | 10.0 | 9.2 | 5.7% | 5.8% |
| Sapporo Holdings Ltd | 2501 JP | NR | 7,441 | NA | 3,894 | 45.2 | 40.6 | 28.0% | 3.3 | 3.1 | 7.3% | 7.9% | 19.9 | 18.9 | 0.6% | 0.7% |
| Simple average (Beer) | | | | | | 18.2 | 16.6 | 14% | 5.6 | 5.3 | 35.3% | 35.2% | 10.2 | 9.5 | 3.8% | 4.1% |
| Spirits | | | | | | | | | | | | | | | | |
| Kweichow Moutai | 600519 CH | Add | 1706 | 2266 | 297,914 | 24.9 | 21.7 | 15.1% | 7.5 | 6.3 | 32.9% | 31.5% | 16.2 | 13.8 | 2.1% | 2.4% |
| Wuliangye Yibin | 000858 CH | Add | 133.59 | 214 | 72,084 | 15.2 | 13.5 | 12.8% | 3.6 | 3.2 | 25.2% | 25.4% | 8.4 | 7.1 | 3.6% | 4.1% |
| Jiangsu Yanghe Brewery | 002304 CH | Add | 98.5 | 184 | 20,627 | 12.1 | 10.4 | 15.8% | 2.5 | 2.3 | 22.2% | 23.0% | 6.1 | 4.9 | 4.9% | 5.7% |
| Luzhou Laojiao | 000568 CH | Add | 153.66 | 290 | 31,443 | 14.8 | 12.7 | 16.7% | 5.0 | 4.3 | 36.0% | 36.3% | 9.3 | 7.7 | 4.0% | 4.7% |
| Shanxi Xinghuacun Fen Wine | 600809 CH | Add | 225.2 | 350 | 38,192 | 22.0 | 18.1 | 21.6% | 7.9 | 6.3 | 40.1% | 38.6% | 15.3 | 12.2 | 2.3% | 2.8% |
| Jiangsu King's Luck Brewery | 603369 CH | Add | 51.35 | 77 | 8,955 | 16.8 | 13.9 | 22.0% | 4.0 | 3.3 | 26.1% | 26.3% | 11.1 | 8.6 | 2.2% | 2.6% |
| Diageo PLC | DGE LN | NR | 2848.5 | NA | 79,903 | 19.0 | 17.6 | 2.7% | 6.9 | 6.1 | 40.4% | 37.2% | 13.1 | 12.5 | 2.8% | 2.8% |
| Pernod Ricard SA | RI FP | NR | 155 | NA | 42,404 | 17.9 | 16.6 | 5.7% | 2.4 | 2.3 | 13.7% | 14.2% | 13.7 | 12.6 | 3.3% | 3.6% |
| Brown-Forman Corp | BF/B US | NR | 56.69 | NA | 27,200 | 27.1 | 25.6 | 9.0% | 6.8 | 6.0 | 26.8% | 25.5% | 20.0 | 19.0 | 1.6% | 1.7% |
| Davide Campari-Milano NV | CPR IM | NR | 9,704 | NA | 12,787 | 24.7 | 21.5 | 14.7% | 3.1 | 2.8 | 14.4% | 14.2% | 16.7 | 14.7 | 0.7% | 0.8% |
| Remy Cointreau SA | RCO FP | NR | 97.5 | NA | 5,348 | 24.4 | 21.0 | 3.4% | 2.6 | 2.4 | 10.7% | 11.5% | 13.8 | 13.6 | 2.2% | 2.4% |
| Simple average (Spirits) | | | | | | 19.9 | 17.5 | 12.7% | 4.8 | 4.1 | 26.2% | 25.8% | 13.1 | 11.5 | 2.7% | 3.0% |
| Simple average (All ex-THBEV) - incld not covered | | | | | | 19.0 | 17.1 | 13.1% | 5.2 | 4.7 | 30.8% | 30.5% | 11.6 | 10.5 | 3.2% | 3.6% |

AS OF 14 FEB 2024

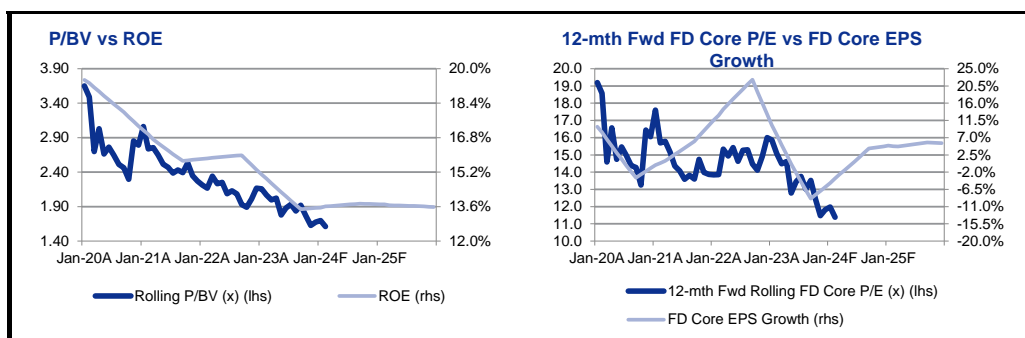
SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG

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

| ESG in a nutshell | | Refinitiv ESG Scores | | | | | |
|--|---|------------------------|--------------------------------------|---------------------------------|---|-------------------------------------|--|
|  | | B+ ESG Score | A+ ESG Controversies Score | B+ ESG Combined Score | B+ ESG Environment Pillar Score | B ESG Social Pillar Score | B+ ESG Government Pillar Score |
| <p>We believe THBEV fares well in terms of ESG. It scored a B+ on its ESG Combined Score by Refinitiv in 2023. 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>Keep your eye on</p> <p>THBEV reused 1,365m glass bottles in FY9/23, representing 97% of its products sold in Thailand. Its goals 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>Implications</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>ESG highlights</p> <p>In 2020, THBEV was selected for the DSJI 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>Implications</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>Trends</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>Implications</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: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

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

Cash Flow

| (THBm) | Sep-22A | Sep-23A | Sep-24F | Sep-25F | Sep-26F |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| EBITDA | 49,612 | 48,182 | 50,038 | 52,305 | 54,397 |
| 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) |
| Cashflow From Operations | 45,013 | 31,971 | 41,142 | 42,747 | 44,674 |
| 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 |
| Cash Flow From Investing | (10,472) | (926) | (9,900) | (9,900) | (9,900) |
| 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) |
| Cash Flow From Financing | (30,671) | (35,347) | (29,774) | (30,831) | (30,831) |
| Total Cash Generated | 3,870 | (4,302) | 1,467 | 2,016 | 3,944 |
| Free Cashflow To Equity | 26,235 | 26,115 | 26,242 | 27,847 | 29,774 |
| Free Cashflow To Firm | 40,696 | 37,416 | 38,242 | 39,847 | 41,774 |

SOURCES: CGS-CIMB RESEARCH, 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 |
| Total Current Assets | 110,693 | 109,150 | 109,475 | 111,794 | 115,947 |
| 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 |
| Total Non-current Assets | 397,096 | 385,399 | 393,745 | 401,986 | 410,145 |
| 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 |
| Total Current Liabilities | 89,129 | 98,082 | 97,246 | 97,521 | 97,840 |
| 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 |
| Total Non-current Liabilities | 169,271 | 154,945 | 149,945 | 144,945 | 139,945 |
| Total Provisions | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 258,400 | 253,027 | 247,191 | 242,466 | 237,785 |
| Shareholders' Equity | 205,748 | 201,322 | 214,830 | 228,719 | 244,212 |
| Minority Interests | 43,640 | 40,200 | 41,200 | 42,595 | 44,095 |
| Total Equity | 249,389 | 241,522 | 256,030 | 271,314 | 288,307 |

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: CGS-CIMB RESEARCH, COMPANY REPORTS

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| | | | | | |
|---------------------|-----------|-----------|---------|----------|------------------|
| Score Range: | 90 - 100 | 80 – 89 | 70 - 79 | Below 70 | No Survey Result |
| Description: | Excellent | Very Good | Good | N/A | N/A |

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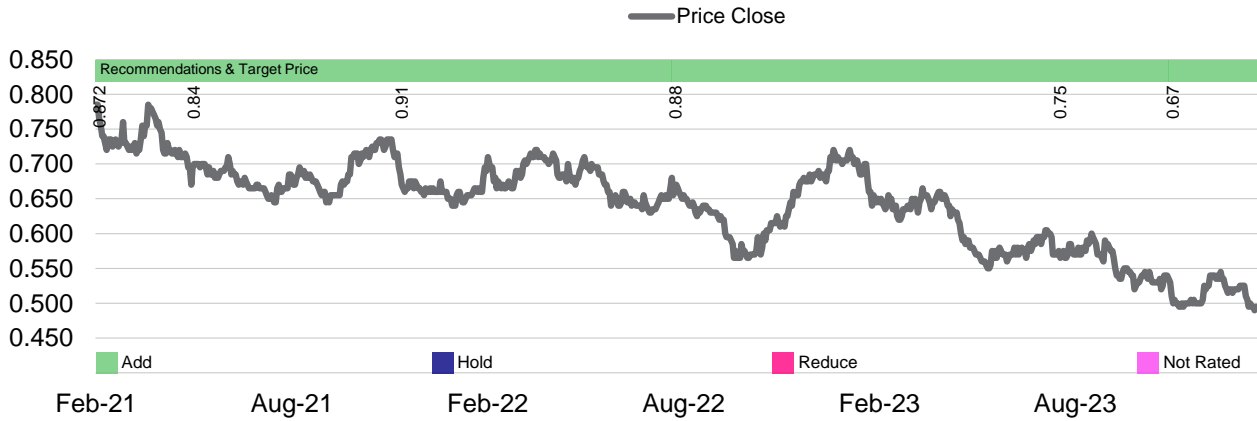
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|--|-------------------------|--------------------------------|
| Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2023 | | |
| 636 companies under coverage for quarter ended on 31 December 2023 | | |
| | Rating Distribution (%) | Investment Banking clients (%) |
| Add | 67.5% | 1.3% |
| Hold | 22.5% | 0.0% |
| Reduce | 10.1% | 0.2% |

Spitzer Chart for stock being researched (2 year data)

Thai Beverage (THBEV SP)



Recommendation Framework

Stock Ratings

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

Sector Ratings

- Overweight** Definition: An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** Definition: A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** Definition: An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

- Overweight** Definition: An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** Definition: A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** Definition: An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.