

Thai Beverage PLC

Bounce in beer and property



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SINGAPORE | CONSUMER | FY22 RESULTS

5 December 2022

- Earnings were above expectations due to higher associate earnings. FY22 revenue and PATMI at 101%/109% of our FY22e forecasts. Associate earnings almost doubled from a gain on disposal and reversal of write-down on properties held for sale.
- Beer volumes recovered strongly post-lockdown in Vietnam. Total volumes jumped 54% YoY with EBITDA doubling. Final dividend up 20% YoY to Bt0.60 (\$0.023).
- We maintain our BUY recommendation with an unchanged target price of S\$0.80. Our target is pegged at 18x FY23e earnings for the core operations, its 5-year average. And listed associates valued at market valuations. We expect FY23e to be a year of growth as the re-opening of borders and entertainment outlets resume; increased selling prices; and demand further spurred by multiple events including the World Cup and upcoming elections. Gross margins are expected to improve as commodity prices taper down but higher marketing spend will dampen the margin improvements.

BUY (Maintained)

LAST CLOSE PRICE	SGD 0.640
FORECAST DIV	SGD 0.024
TARGET PRICE	SGD 0.800
TOTAL RETURN	28.7%

COMPANY DATA

BLOOMBERG CODE	THBEV SP
O/S SHARES (MN)	25,121
MARKET CAP (USD mn / SGD mn)	11999 / 16077
52 - WK HI/LO (SGD)	0.72 / 0.56
3M Average Daily T/O (mn)	17.26

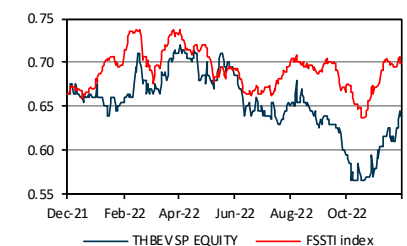
MAJOR SHAREHOLDERS

Siriwana Co Ltd	45.3%
Maxtop Management Corp	11.9%
Siriwanan Co Ltd	8.76%

PRICE PERFORMANCE (%)

	1M TH	3M TH	YTD
COMPANY	10.3	16	(0.1)
STIRETURN	4.1	2.1	8.6

PRICE VS. STI



Source: Bloomberg, PSR

Results at a glance

THB bn	4Q22	4Q21	YoY	Comments
Revenue	64.5	48.5	33.1%	
- Spirits	25.5	23.4	9.0%	Volume flat YoY to 139.9mn litres.
- Beer	29.9	18.9	58.4%	Volume rose 54% YoY to 573mn litres.
- Non-alcoholic beverages	4.6	3.5	31.0%	
- Food	4.4	2.6	68.9%	
EBITDA	10.5	7.6	38.7%	
- Spirits	5.7	5.2	11.0%	
- Beer	3.8	1.8	108.9%	
- Non-alcoholic beverages	0.4	0.4	-3.9%	
- Food	0.5	0.1	278.7%	
EBITDA margins	16.3%	15.6%	0.7%	
- Spirits	22.5%	22.0%	0.4%	
- Beer	12.8%	9.7%	3.1%	
- Non-alcoholic beverages	9.1%	12.4%	-3.3%	
- Food	11.6%	5.2%	6.4%	

Source: Company, PSR

The Positive

+ Surge in beer volume. Beer sales revenue rebounded with a 54% YoY jump in volumes following the lockdown in Vietnam. 4Q21 beer volumes were down almost 40% YoY. There were price increases in October 2022 for beer in Thailand and Vietnam; and longer drinking hours for the World Cup and 80% of on-trade premises re-opened will support sales in 1Q23. Distribution expenses will climb from increased marketing activities due to the return of more events.

The Negative

- Spirits volumes remain sluggish. Volumes in 4Q22 were flat at 139.9mn litres. Revenue improved from higher selling prices in white spirits. Brown spirit volumes are recovering from the re-opening of entertainment outlets and on-trade sales.

KEY FINANCIALS

Y/E Sep	FY21	FY22	FY23e	FY24e
Revenue (THB bn)	240.5	272.4	303.9	330.0
EBITDA (THB bn)	46.6	53.9	56.8	60.0
NPAT, adj. (THB bn)	24.6	30.1	31.0	34.9
EPS, adj. (THB)	0.98	1.20	1.23	1.39
EPS, adj. (SCents)	4.00	4.66	4.80	5.40
PER, adj. (x)	16.0	13.7	13.3	11.8
P/BV, (x)	2.3	2.0	1.9	1.7
DPS (THB)	0.50	0.60	0.62	0.69
DPS (SCents)	2.04	2.33	2.40	2.70
Div Yield	3.2%	3.6%	3.7%	4.2%
ROE	15.7%	16.0%	14.5%	15.2%

Source: Company, PSR

Valuation Method

18x PE FY23x + Market cap associates

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Figure 1: Bulk of PATMI from spirits

THB bn	FY22	FY21	YoY	Comments
PATMI (excl. non recurring costs)				
Spirits	21.5	21.8	-1.2%	71% of PATMI from spirits.
Beer	3.8	0.9	315.2%	13% of PATMI from beer.
Non-alcoholic beverages	0.4	0.3	60.8%	
Food	0.4	(0.4)	<i>n.m.</i>	
F&N/FPL	4.0	2.1	91.5%	
	<u>30.1</u>	<u>24.6</u>	<u>22.2%</u>	

Source: Company, PSR

Outlook

We expect revenue in FY23e to remain healthy driven by improving economic conditions, re-opening of borders and entertainment outlets, favourable impact from elections in Thailand next year and higher selling prices. Gross margins should also creep up with softening raw material prices. However, marketing expenses will accelerate as more promotional activities take place due to the resumption of events.

Maintain BUY with an unchanged TP of S\$0.80

Our target price is maintained at S\$0.80, based on 18x FY23e earnings, its 5-year average and market valuation of listed associates.

Financials

Income Statement

Y/E Sep, THB mn	FY20	FY21	FY22	FY23e	FY24e
Revenue	253,481	240,543	272,359	303,873	330,019
Gross profit	74,860	71,484	80,456	90,864	97,944
EBITDA	47,036	46,629	53,928	56,776	59,991
Depreciation & Amortisation	-6,565	-7,831	-7,761	-8,957	-9,840
EBIT	37,208	36,202	42,899	45,818	48,450
Associates & JVs	3,256	2,777	5,044	3,950	4,290
Other items	-1,906	-1,548	-3,337	-3,574	-1,659
Net Finance Inc/(Exp)	-5,627	-5,458	-4,665	-4,795	-4,432
Profit Before Tax	32,931	31,973	39,941	41,399	46,649
Taxation	-6,866	-4,634	-5,436	-6,210	-6,997
Profit After Tax	26,065	27,339	34,505	35,189	39,652
- Non-controlling interest	3,313	2,694	4,399	4,223	4,758
Net profit, reported	22,752	24,645	30,106	30,967	34,894
Net profit, adj.	23,244	24,645	30,106	30,967	34,894

Per share data (THB)

Y/E Sep	FY20	FY21	FY22	FY23e	FY24e
EPS, reported	0.91	0.98	1.20	1.23	1.39
EPS, adj.	0.88	0.98	1.20	1.23	1.39
DPS	0.46	0.50	0.60	0.62	0.69
BVPS	5.68	6.81	8.19	8.81	9.50

Per share data (SGD Cents)

Y/E Sep	FY20	FY21	FY22	FY23e	FY24e
EPS, reported	3.99	4.00	4.66	4.80	5.40
EPS, adj.	3.86	4.00	4.66	4.80	5.40
DPS	2.03	2.04	2.33	2.40	2.70
BVPS	25.01	27.78	31.87	34.27	36.97

Cash Flow

Y/E Sep, THB mn	FY20	FY21	FY22	FY23e	FY24e
CFO					
EBIT	37,208	36,202	42,899	45,818	48,450
Depreciation & Amortisation	6,565	7,831	7,761	8,957	9,840
WC changes	177	-4,016	3,502	-6,406	-4,745
Tax paid	-5,113	-6,758	-6,227	-6,210	-6,997
Others	-1,572	-1,192	-2,922	-3,574	-1,659
Cashflow from ops	37,265	32,067	45,013	38,585	44,888
CFI					
CAPEX, net	-4,566	-3,455	-3,356	-5,470	-5,940
Others	-2,957	-8,201	-7,116	1,815	1,915
Cashflow from investments	-7,523	-11,656	-10,472	-3,654	-4,026
CFF					
Share issuance, net	0	0	0	0	0
Loans, net of repayments	-11,937	-4,477	-14,466	-14,610	-14,346
Dividends	-13,004	-14,548	-14,674	-17,483	-19,447
Others	-11	-1,347	-1,530	0	0
Cashflow from financing	-24,951	-20,372	-30,671	-32,094	-33,793
Net change in cash	4,790	39	3,870	2,837	7,069
Effects of exchange rates	726	193	-1,049	0	0
CCE, end	15,147	15,379	18,199	21,036	28,106

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

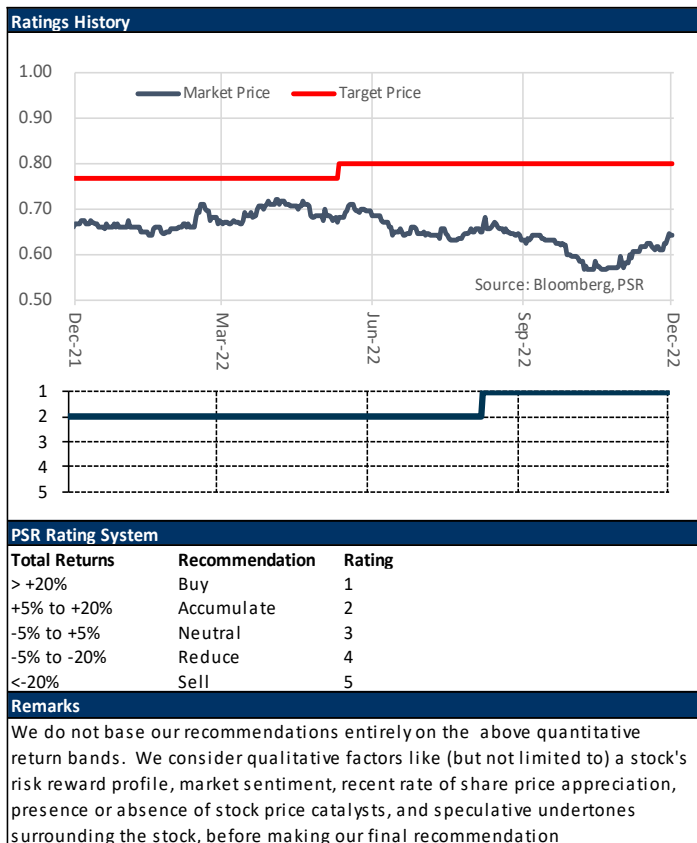
Y/E Sep, THB mn	FY20	FY21	FY22	FY23e	FY24e
ASSETS					
PPE	61,347	60,717	59,176	55,689	51,790
Intangibles	193,475	195,497	205,830	205,830	205,830
Investments in Assoc/JV	85,605	102,414	112,630	116,580	120,871
Others	6,777	18,691	19,460	19,460	19,460
Total non-current assets	347,205	377,319	397,096	397,559	397,950
Accounts receivables	6,777	6,201	6,719	6,731	7,161
Cash	34,695	38,293	51,867	54,704	61,774
Inventories	41,655	45,739	46,073	52,523	57,224
Others	3,187	5,033	6,035	6,035	6,035
Total current assets	86,315	95,266	110,693	119,993	132,193
Total Assets	433,520	472,585	507,789	517,552	530,143
LIABILITIES					
Accounts payables	19,306	19,943	24,126	24,183	24,569
Short term loans	64,850	69,206	57,122	49,122	41,122
Others	6,596	6,294	7,882	7,882	7,882
Total current liabilities	90,752	95,442	89,129	81,187	73,573
Long term loans	152,214	151,800	153,017	153,017	153,017
Others	11,148	15,166	16,254	16,254	16,254
Total non-current liabilities	163,363	166,966	169,271	169,271	169,271
Total Liabilities	254,115	262,409	258,400	250,457	242,843
EQUITY					
Non-controlling interests	36,808	39,213	43,640	45,863	48,621
Shareholder Equity	142,596	170,963	205,748	221,232	238,679

Valuation Ratios

Y/E Sep	FY20	FY21	FY22	FY23e	FY24e
P/E (X), adj.	16.6	16.0	13.7	13.3	11.8
P/B (X)	2.6	2.3	2.0	1.9	1.7
EV/EBITDA (X), adj.	12.4	4.8	3.7	3.4	3.0
Dividend Yield	3.2%	3.2%	3.6%	3.7%	4.2%

Growth & Margins

	FY20	FY21	FY22	FY23e	FY24e
Growth					
Revenue	-5.2%	-5.1%	13.2%	11.6%	8.6%
EBITDA	4.3%	-0.9%	15.7%	5.3%	5.7%
EBIT	8.5%	-2.7%	18.5%	6.8%	5.7%
Net profit, adj.	-0.1%	6.0%	22.2%	2.9%	12.7%
Margins					
Gross margin	29.5%	29.7%	29.5%	29.9%	29.7%
EBITDA margin	18.6%	19.4%	19.8%	18.7%	18.2%
EBIT margin	14.7%	15.1%	15.8%	15.1%	14.7%
Net profit margin	9.2%	10.2%	11.1%	10.2%	10.6%
Key Ratios					
ROE	18.0%	15.7%	16.0%	14.5%	15.2%
ROA	5.5%	5.4%	6.1%	6.0%	6.7%
Net Debt/(Cash)	182,370	182,713	158,271	147,434	132,364
Net Gearing	101.7%	86.9%	63.5%	55.2%	46.1%



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