

Thai Beverage PLC

No celebrations, yet



StocksBnB.com

SINGAPORE | CONSUMER | 1Q24 UPDATE

15 February 2024

- Results were within expectations. 1Q24 revenue and EBITDA were at 26%/27% of our FY24e forecasts. 1Q24 EBITDA rose 1.9% YoY to Bt13.8bn.
- 1Q24 beer revenue suffered a 14% YoY decline in revenue, consistent with the 15% drop in volumes. Spirits operations were stable with revenue largely flat YoY. Margins for both businesses rebounded on lower production costs and marketing spend.
- We maintain our FY24e forecasts. Our BUY recommendation and target price of S\$0.75 is unchanged. We peg our target price to 16x FY24e core earnings, the 3-year historical average. Listed associates are valued at market valuations. We remain positive on the recovery of volumes this year as economic conditions improve via government stimulus and a rebound in exports.

Results at a glance

THB bn	1Q24	1Q23	YoY	Comments
Revenue	76.1	81.0	-5.9%	
- Spirits	33.9	33.7	0.5%	Volume -1.4% YoY to 172.4mn litres.
- Beer	32.6	37.9	-14.0%	Volume -15.0% YoY to 581mn litres.
- Non-alcoholic beverages	4.7	4.6	1.6%	
- Food	5.0	4.7	5.9%	New stores, tiered pricing, new promos.
EBITDA	13.8	13.5	1.9%	
- Spirits	9.0	8.9	1.2%	
- Beer	3.8	3.7	1.8%	
- Non-alcoholic beverages	0.4	0.4	16.0%	
- Food	0.5	0.5	3.0%	
EBITDA margins	18.1%	16.7%	1.4%	
- Spirits	26.7%	26.5%	0.2%	
- Beer	11.5%	9.7%	1.8%	
- Non-alcoholic beverages	9.6%	8.4%	1.2%	
- Food	10.9%	11.2%	-0.3%	

Source: Company, PSR # Note - No analyst briefing and limited financials were provided in the 1Q24 update

The Positive

+ Margin improvement. There was margin improvement, especially in the beer segment. We believe the improvement came largely at Sabeco through a combination of lower production costs and more disciplined spending on advertising and printing. Spirits margins were stable as the product mix of higher-margin brown spirits rose.

The Negative

- Volumes still falling for beer. Beer volumes were down in the teens for the past four quarters with the sharpest decline in 1Q24. For calendar 2023, volumes were down 12% YoY, only 4% points lower than the 16% drop in pandemic hit 2020. The slowdown in macro conditions in Vietnam has hurt consumption spending and distributor confidence to stock up.

Outlook

Recovery in 2024 highly depends on the strength of Thailand's and Vietnam's economies. We believe there is room for optimism in Thailand with planned fiscal stimulus, a cut in excise tax for spirits (from 10% to 0%), and the possible removal of prohibited periods (2 pm-5 pm) to sell alcohol. We do expect a slower recovery in Sabeco. Tet sales in Vietnam appear to be sluggish, with dealers and supermarkets being more cautious in building up inventory. Competition in prices and giveaways remains intense.

Maintain BUY with unchanged TP of S\$0.67

Our target price is maintained at S\$0.67. Valuations are based on a 3-year historical average of 16x PE and listed associates are valued at a 20% discount to current market prices.

BUY (Maintained)

LAST CLOSE PRICE	SGD 0.480
FORECAST DIV	SGD 0.023
TARGET PRICE	SGD 0.670
TOTAL RETURN	44.4%

COMPANY DATA

BLOOMBERG CODE	THBEV SP
O/S SHARES (MN) :	25,128
MARKET CAP (USD mn / SGD mn) :	8948 / 12061
52 - WK HI/LO (SGD) :	0.68 / 0.48
3M Average Daily T/O (mn) :	23.71

MAJOR SHAREHOLDERS

Siriwana Co Ltd	45.3%
Siriwanan Co Ltd	13.5%
Maxtop Management Corp.	7.1%

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(4.4)	(3.5)	(2.5)
STTF	(1.3)	1.2	(2.9)

PRICE VS STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Sep	FY22	FY23	FY24e	FY25e
Revenue (THB bn)	272.4	279.1	297.1	319.3
EBITDA (THB bn)	46.3	43.9	46.3	49.6
NPAT, adj. (THB bn)	30.1	27.4	29.0	31.8
EPS, adj. (THB)	1.20	1.09	1.15	1.26
EPS, adj. (SCents)	4.66	4.25	4.38	4.81
PER, adj. (x)	10.3	11.3	11.0	10.0
P/BV, (x)	1.5	1.5	1.5	1.4
DPS (THB)	0.60	0.60	0.62	0.63
DPS (SCents)	2.33	2.33	2.37	2.40
Div Yield	4.9%	4.9%	4.9%	5.0%
ROE	16.0%	13.5%	13.9%	14.3%

Source: Company, PSR

Valuation Method

16x PE FY24e + Market cap associates

Paul Chew (+65 6212 1851)

Head of Research

paulchewkl@phillip.com.sg

Financials

Income Statement

Y/E Sep, THB mn	FY21	FY22	FY23	FY24e	FY25e
Revenue	240,543	272,359	279,085	297,090	319,323
Gross profit	71,484	80,456	82,801	88,254	94,483
EBITDA	41,613	46,344	43,910	46,275	49,582
Depreciation & Amortisation	-7,831	-7,761	-7,743	-7,932	-8,426
EBIT	33,782	38,583	36,167	38,343	41,156
Associates & JVs	2,777	5,044	3,465	3,862	4,151
Other items	873	979	1,088	891	958
Net Finance Inc/(Exp)	-5,458	-4,665	-4,311	-4,810	-4,281
Profit Before Tax	31,973	39,941	36,410	38,286	41,985
Taxation	-4,634	-5,436	-5,682	-5,743	-6,298
Profit After Tax	27,339	34,505	30,727	32,543	35,687
- Non-controlling interest	2,694	4,399	3,293	3,580	3,926
Net profit, reported	24,645	30,106	27,434	28,964	31,761
Net profit, adj.	24,645	30,106	27,434	28,964	31,761

Per share data (THB)

Y/E Sep	FY21	FY22	FY23	FY24e	FY25e
EPS, reported	0.98	1.20	1.09	1.15	1.26
EPS, adj.	0.98	1.20	1.09	1.15	1.26
DPS	0.50	0.60	0.60	0.62	0.63
BVPS	6.81	8.19	8.01	8.54	9.18

Per share data (SGD Cents)

Y/E Sep	FY21	FY22	FY23	FY24e	FY25e
EPS, reported	4.00	4.66	4.25	4.38	4.81
EPS, adj.	4.00	4.66	4.25	4.38	4.81
DPS	2.04	2.33	2.33	2.37	2.40
BVPS	27.78	31.87	31.18	32.48	34.89

Cash Flow

Y/E Sep, THB mn	FY21	FY22	FY23	FY24e	FY25e
CFO					
EBIT	33,782	38,583	36,167	38,343	41,156
Depreciation & Amortisation	7,831	7,761	7,743	7,932	8,426
WC changes	-4,016	3,502	-7,000	1,664	-3,794
Tax paid	-6,758	-6,227	-6,650	-5,743	-6,298
Others	1,228	1,394	1,711	891	958
Cashflow from ops	32,067	45,013	31,971	43,088	40,449
CFI					
CAPEX, net	-3,455	-3,356	-4,804	-5,051	-5,428
Others	-8,201	-7,116	3,878	1,599	1,864
Cashflow from investments	-11,656	-10,472	-926	-3,452	-3,564
CFF					
Share issuance, net	0	0	0	0	0
Loans, net of repayments	-4,477	-14,466	-15,761	-14,409	-14,145
Dividends	-14,548	-14,674	-18,015	-17,640	-17,881
Others	-1,347	-1,530	-1,571	0	0
Cashflow from financing	-20,372	-30,671	-35,347	-32,049	-32,025
Net change in cash	39	3,870	-4,302	7,587	4,859
Effects of exchange rates	193	-1,049	937	0	0
CCE, end	15,379	18,199	14,834	22,421	27,280

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Sep, THB mn	FY21	FY22	FY23	FY24e	FY25e
ASSETS					
PPE	60,717	59,176	57,528	54,646	51,648
Intangibles	195,497	205,830	196,365	196,365	196,365
Investments in Assoc/JV	102,414	112,630	110,601	114,463	118,614
Others	18,691	19,460	20,905	20,905	20,905
Total non-current assets	377,319	397,096	385,399	386,380	387,533
Accounts receivables	6,201	6,719	7,770	7,249	7,614
Cash	38,293	51,867	45,672	53,259	58,118
Inventories	45,739	46,073	52,084	51,494	55,440
Others	5,033	6,035	3,624	3,624	3,624
Total current assets	95,266	110,693	109,150	115,625	124,796
Total Assets	472,585	507,789	494,549	502,005	512,330
LIABILITIES					
Accounts payables	19,943	24,126	23,768	24,321	24,839
Short term loans	69,206	57,122	64,983	56,983	48,983
Others	6,294	7,882	9,331	9,331	9,331
Total current liabilities	95,442	89,129	98,082	90,635	83,153
Long term loans	151,800	153,017	140,290	140,290	140,290
Others	15,166	16,254	14,655	14,655	14,655
Total non-current liabilities	166,966	169,271	154,945	154,945	154,945
Total Liabilities	262,409	258,400	253,027	245,580	238,098
EQUITY					
Non-controlling interests	39,213	43,640	40,200	41,780	43,705
Shareholder Equity	170,963	205,748	201,322	214,645	230,526

Valuation Ratios

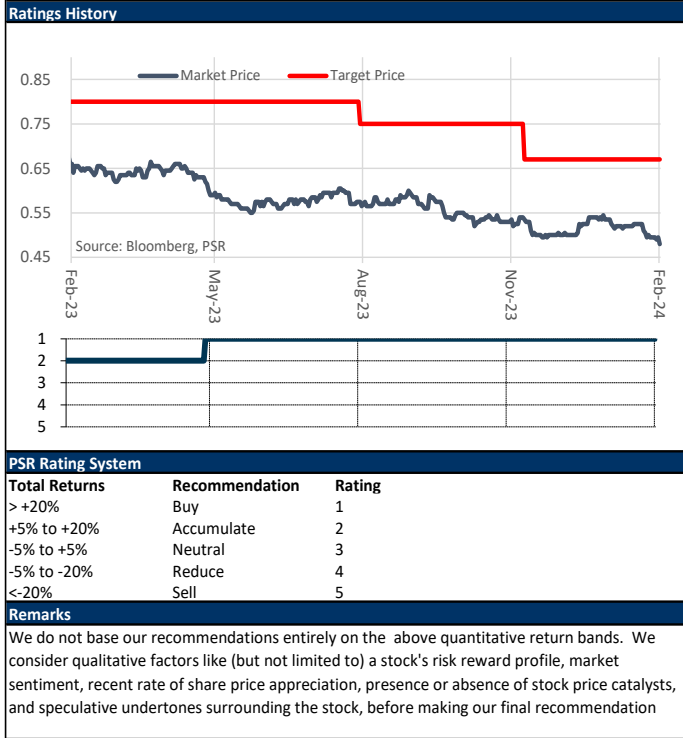
Y/E Sep	FY21	FY22	FY23	FY24e	FY25e
P/E (X), adj.	12.0	10.3	11.3	11.0	10.0
P/B (X)	1.7	1.5	1.5	1.5	1.4
EV/EBITDA (X), adj.	5.3	4.4	4.6	4.0	3.5
Dividend Yield	4.3%	4.9%	4.9%	4.9%	5.0%

Growth & Margins

	FY21	FY22	FY23	FY24e	FY25e
Growth					
Revenue	-5.1%	13.2%	2.5%	6.5%	7.5%
EBITDA	1.2%	11.4%	-5.3%	5.4%	7.1%
EBIT	-2.2%	14.2%	-6.3%	6.0%	7.3%
Net profit, adj.	6.0%	22.2%	-8.9%	5.6%	9.7%
Margins					
Gross margin	29.7%	29.5%	29.7%	29.7%	29.6%
EBITDA margin	17.3%	17.0%	15.7%	15.6%	15.5%
EBIT margin	14.0%	14.2%	13.0%	12.9%	12.9%
Net profit margin	10.2%	11.1%	9.8%	9.7%	9.9%

Key Ratios

	FY21	FY22	FY23	FY24e	FY25e
ROE	15.7%	16.0%	13.5%	13.9%	14.3%
ROA	5.4%	6.1%	5.5%	5.8%	6.3%
Net Debt/(Cash)	182,713	158,271	159,600	144,014	131,155
Net Gearing	86.9%	63.5%	66.1%	56.2%	47.8%



Contact Information (Singapore Research Team)
Head of Research

 Paul Chew – paulchewkl@phillip.com.sg
Research Admin

 Qystina Azli - gystina@phillip.com.sg
Technical Analyst

 Zane Aw – zaneawyx@phillip.com.sg
Property | REITs

 Darren Chan – darrenchanrx@phillip.com.sg
Banking & Finance

 Glenn Thum – glennthumjc@phillip.com.sg
Credit Analyst

 Shawn Sng – shawnsngkh@phillip.com.sg
Property | REITs

 Liu Miaomiao – liumm@phillip.com.sg
Conglomerate | Transport

 Peggy Mak – peggymak@phillip.com.sg
US Tech Analyst (Software/Services)

 Ambrish Shah – amshah@phillipventuresifsc.in
US Tech Analyst (Digital Entertainment/Semicons)

 Jonathan Woo – jonathanwookj@phillip.com.sg
US Tech Analyst (Hardware/E-commerce/ETF)

 Helena Wang – helenawang@phillip.com.sg
Contact Information (Regional Member Companies)
SINGAPORE

Phillip Securities Pte Ltd
Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel +65 6533 6001
Fax +65 6535 6631
Website: www.poems.com.sg

JAPAN

Phillip Securities Japan, Ltd.
4-2 Nihonbashi Kabuto-cho Chuo-ku,
Tokyo 103-0026
Tel +81-3 3666 2101
Fax +81-3 3666 6090
Website: www.phillip.co.jp

THAILAND

Phillip Securities (Thailand) Public Co. Ltd
15th Floor, Vorawat Building,
849 Silom Road, Silom, Bangkok,
Bangkok 10500 Thailand
Tel +66-2 6351700 / 22680999
Fax +66-2 22680921
Website www.phillip.co.th

UNITED STATES

Phillip Capital Inc
141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel +1-312 356 9000
Fax +1-312 356 9005
Website: www.phillipusa.com

INDIA

PhillipCapital (India) Private Limited
No.1, 18th Floor, Urmi Estate
95, Ganpatrao Kadam Marg
Lower Parel West, Mumbai 400-013
Maharashtra, India
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969
Website: www.phillipcapital.in

MALAYSIA

Phillip Capital Management Sdn Bhd
B-3-6 Block B Level 3 Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur
Tel +603 2162 8841
Fax +603 2166 5099
Website: www.poems.com.my

INDONESIA

PT Phillip Securities Indonesia
ANZ Tower Level 23B,
Jl Jend Sudirman Kav 33A
Jakarta 10220 – Indonesia
Tel +62-21 5790 0800
Fax +62-21 5790 0809
Website: www.phillip.co.id

FRANCE

King & Shaxson Capital Limited
3rd Floor, 35 Rue de la Bienfaisance 75008
Paris France
Tel +33-1 45633100
Fax +33-1 45636017
Website: www.kingandshaxson.com

AUSTRALIA

Phillip Capital Limited
Level 10, 330 Collins Street
Melbourne, Victoria 3000, Australia
Tel +61-03 8633 9803
Fax +61-03 8633 9899
Website: www.phillipcapital.com.au

TURKEY

PhillipCapital Menkul Degerler
Dr. Cemil Bengü Cad. Hak Is Merkezi
No. 2 Kat. 6A Caglayan
34403 Istanbul, Turkey
Tel: 0212 296 84 84
Fax: 0212 233 69 29
Website: www.phillipcapital.com.tr

HONG KONG

Phillip Securities (HK) Ltd
11/F United Centre 95 Queensway
Hong Kong
Tel +852 2277 6600
Fax +852 2868 5307
Websites: www.phillip.com.hk

CHINA

Phillip Financial Advisory (Shanghai) Co Ltd
No 550 Yan An East Road,
Ocean Tower Unit 2318,
Postal code 200001
Tel +86-21 5169 9200
Fax +86-21 6351 2940
Website: www.phillip.com.cn

UNITED KINGDOM

King & Shaxson Capital Limited
6th Floor, Candlewick House,
120 Cannon Street,
London, EC4N 6AS
Tel +44-20 7426 5950
Fax +44-20 7626 1757
Website: www.kingandshaxson.com

CAMBODIA

Phillip Bank Plc
Ground Floor of B-Office Centre,#61-64,
Norodom Blvd Corner Street 306,Sangkat
Boeung Keng Kang 1, Khan Chamkamorn,
Phnom Penh, Cambodia
Tel: 855 (0) 7796 6151/855 (0) 1620 0769
Website: www.phillipbank.com.kh

DUBAI

Phillip Futures DMCC
Member of the Dubai Gold and
Commodities Exchange (DGCX)
Unit No 601, Plot No 58, White Crown Bldg,
Sheikh Zayed Road, P.O.Box 212291
Dubai-UAE
Tel: +971-4-3325052 / Fax: + 971-4-3328895

Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.