

Thai Beverage PLC

Beer turning fresh



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SINGAPORE | CONSUMER | 2Q24 RESULTS

16 May 2024

- Results were within expectations. 1H24 revenue and PATMI were at 50%/53% of our FY24e forecasts. Margins are ahead of expectations, but associate profit fell 83% YoY on weaker property sales and higher taxes.
- After four quarters of decline, beer volumes have started to rebound. 2Q24 volumes jumped 12.8% YoY to 532.7mn litres. Growth was in both Vietnam (+6.4%) and Thailand (+8.2% YoY). Beer volumes are still 20% below pre-pandemic.
- We lower our FY24e PATMI by 4% to THB27.8bn to account for lower associate earnings. Our BUY recommendation is maintained, but the target price has been cut to S\$0.63 (prev. S\$0.67). We revised our foreign exchange assumptions lower and accounted for the lower associate market capitalisation, which was unchanged. We peg our target price to 16x FY24e core earnings, the 3-year historical average. Listed associates are valued at market valuations with a 20% discount. We expect beer volumes to recover further as macro conditions and consumer spending rebound in Thailand and Vietnam. Aggressive government stimulus in Thailand will provide an added spurt in consumption.

Results at a glance

THB bn	2Q24	2Q23	YoY	Comments
Revenue	71.6	67.4	6.3%	
- Spirits	31.6	31.4	0.6%	Volume -1.1% YoY to 169.5mn litres.
- Beer	29.9	26.5	12.8%	Volume +7.1% YoY to 532.7mn litres.
Operating profit	10.1	9.1	11.2%	
- Spirits	7.3	6.9	6.2%	
- Beer	2.5	1.9	28.4%	
Operating profit margins	14.2%	13.5%	0.6%	
- Spirits	23.1%	21.9%	1.2%	Price increase to brown spirits.
- Beer	8.3%	7.3%	1.0%	
PATMI	7.0	7.4	-4.9%	
- Spirits	5.8	5.7	2.3%	Mid-single digit decline in brown spirits volume.
- Beer	0.8	0.6	35.1%	
- Non-alcoholic beverages	0.3	0.2	81.3%	
- Food	(0.0)	0.0	n.m.	
- F&N/FPL	0.2	0.9	-82.9%	Lower residential sales and jump in taxes.
DPS - Interim (Baht)	0.15	0.15	0.0%	

Source: Company, PSR

The Positive

+ Beer volume recovery. There was a significant turnaround in beer volumes. After four quarters of decline, beer volumes rebounded on market share gains, warmer weather, more marketing events, a higher number of tourists, and overall improvement in macro conditions.

The Negative

- Associate earnings collapse. Associate earnings are volatile due to the lumpiness in residential property project earnings and fair value changes. Fraser's property earnings were hurt by a reduction in residential revenue in Singapore and Thailand and higher taxes.

Outlook

We believe beer volumes are on a recovery path in Thailand and Vietnam. Economy beer is the fastest growing segment, ahead of the premium segment. The new beer entrant has yet to make a dent in Thailand, with a market share of less than 2%. Lower malt and packaging costs will support beer margins in the coming quarters. Spirits consumption is mature. We believe any significant growth in Thailand will depend on government support measures for consumption.

Maintain BUY with lower TP of S\$0.63 (prev. S\$0.67)

Core business valued at a 3-year historical average of 16x PE.

BUY (Maintained)

LAST CLOSE PRICE	SGD 0.495
FORECAST DIV	SGD 0.023
TARGET PRICE	SGD 0.630
TOTAL RETURN	32.0%

COMPANY DATA

BLOOMBERG CODE	THBEV SP
O/S SHARES (MN)	25,128
MARKET CAP (USD mn / SGD mn)	9262 / 12438
52 - WK HI/LO (SGD)	0.62 / 0.47
3M Average Daily T/O (mn)	40.99

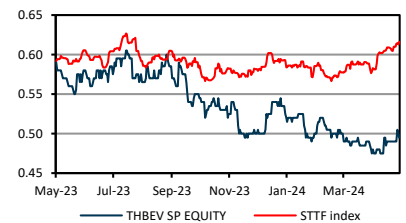
MAJOR SHAREHOLDERS

Siriwana Co Ltd	45.2%
Siriwanan Co Ltd	20.6%
Maxtop Management Corp.	7.1%

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	3.1	1.0	(1.6)
STTF	5.3	6.0	4.2

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	27.8	31.1
EPS, adj. (THB)	1.20	1.09	1.11	1.24
EPS, adj. (SCents)	4.66	4.25	4.10	4.58
PER, adj. (x)	10.6	11.7	12.1	10.8
P/BV, (x)	1.6	1.6	1.6	1.5
DPS (THB)	0.60	0.60	0.60	0.62
DPS (SCents)	2.33	2.33	2.22	2.29
Div Yield	4.7%	4.7%	4.5%	4.6%
ROE	16.0%	13.5%	13.4%	14.0%

Source: Company, PSR

Valuation Method

16x PE FY24e + Market cap associates (20% discount)

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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	2,377	3,193
Other items	873	979	1,088	891	958
Net Finance Inc/(Exp)	-5,458	-4,665	-4,311	-4,810	-4,252
Profit Before Tax	31,973	39,941	36,410	36,801	41,056
Taxation	-4,634	-5,436	-5,682	-5,520	-6,158
Profit After Tax	27,339	34,505	30,727	31,281	34,897
- Non-controlling interest	2,694	4,399	3,293	3,441	3,839
Net profit, reported	24,645	30,106	27,434	27,840	31,059
Net profit, adj.	24,645	30,106	27,434	27,840	31,059

Per share data (THB)

Y/E Sep	FY21	FY22	FY23	FY24e	FY25e
EPS, reported	0.98	1.20	1.09	1.11	1.24
EPS, adj.	0.98	1.20	1.09	1.11	1.24
DPS	0.50	0.60	0.60	0.60	0.62
BVPS	6.81	8.19	8.01	8.52	9.14

Per share data (SGD Cents)

Y/E Sep	FY21	FY22	FY23	FY24e	FY25e
EPS, reported	4.00	4.66	4.25	4.10	4.58
EPS, adj.	4.00	4.66	4.25	4.10	4.58
DPS	2.04	2.33	2.33	2.22	2.29
BVPS	27.78	31.87	31.18	31.57	33.85

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	-5,520	-6,158
Others	1,228	1,394	1,711	891	958
Cashflow from ops	32,067	45,013	31,971	43,311	40,588
CFI					
CAPEX, net	-3,455	-3,356	-4,804	-5,051	-5,428
Others	-8,201	-7,116	3,878	1,599	1,893
Cashflow from investments	-11,656	-10,472	-926	-3,452	-3,535
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	-17,034	-17,529
Others	-1,347	-1,530	-1,571	0	0
Cashflow from financing	-20,372	-30,671	-35,347	-31,442	-31,674
Net change in cash	39	3,870	-4,302	8,416	5,379
Effects of exchange rates	193	-1,049	937	0	0
CCE, end	15,379	18,199	14,834	23,250	28,629

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	112,978	116,171
Others	18,691	19,460	20,905	20,905	20,905
Total non-current assets	377,319	397,096	385,399	384,894	385,090
Accounts receivables	6,201	6,719	7,770	7,249	7,614
Cash	38,293	51,867	45,672	54,089	59,468
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	116,455	126,146
Total Assets	472,585	507,789	494,549	501,349	511,235
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	41,641	43,480
Shareholder Equity	170,963	205,748	201,322	214,128	229,658

Valuation Ratios

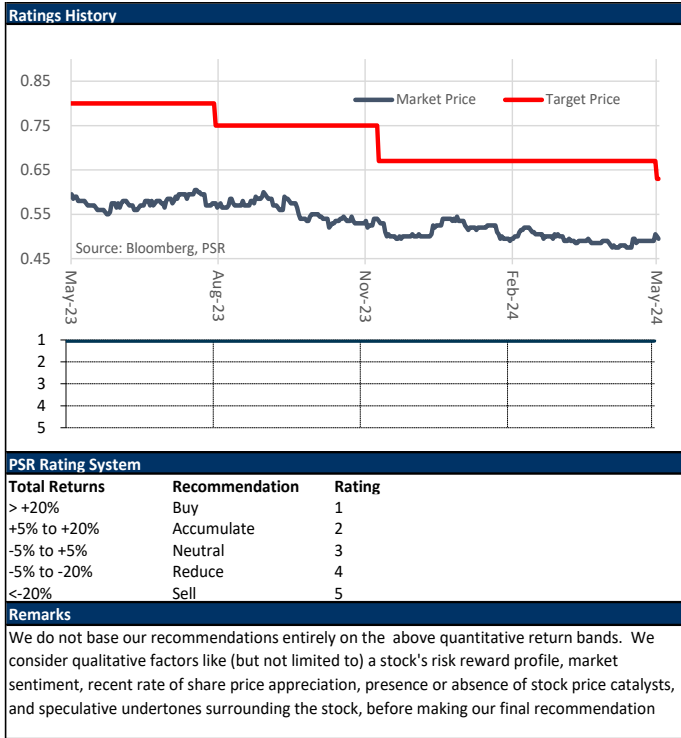
Y/E Sep	FY21	FY22	FY23	FY24e	FY25e
P/E (X), adj.	12.4	10.6	11.7	12.1	10.8
P/B (X)	1.8	1.6	1.6	1.6	1.5
EV/EBITDA (X), adj.	5.3	4.4	4.6	4.0	3.5
Dividend Yield	4.1%	4.7%	4.7%	4.5%	4.6%

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%	1.5%	11.6%
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%	9.4%	9.7%

Key Ratios

	FY21	FY22	FY23	FY24e	FY25e
ROE	15.7%	16.0%	13.5%	13.4%	14.0%
ROA	5.4%	6.1%	5.5%	5.6%	6.1%
Net Debt/(Cash)	182,713	158,271	159,600	143,184	129,805
Net Gearing	86.9%	63.5%	66.1%	56.0%	47.5%



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