

# Thai Beverage PLC

Rebound in volumes, beer less relevant



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## SINGAPORE | CONSUMER | 4Q24 RESULTS

25 November 2024

- Results were within expectations. FY24 revenue and PATMI (excl. NAB) were 98% /98% of our forecasts. Dividends in FY24 were raised 3.3% to THB0.62 (S\$0.023).
- Post-share swap, ThaiBev will avoid swings in earnings from Frasers Property fair value changes and lumpy development projects. In exchange, it will receive more stable beverage profits, including Vinamilk. Non-alcoholic beverages will account for 15% of PATMI, larger than beer's 10%.
- Our BUY recommendation is maintained. The target price is raised marginally to S\$0.64 (prev. S\$0.63). We peg ThaiBev's valuation at 14x PE FY25e and exclude associate market capitalisation. ThaiBev's valuation has been on a de-rating from 16x to 14x PE's 3-year historical average. We see better visibility of a volume recovery in FY25e from improving macro drivers such as tourism and reviving fiscal spending and exports.

### Results at a glance

| THB bn                | 4Q24  | 4Q23  | YoY   | Comments                            |
|-----------------------|-------|-------|-------|-------------------------------------|
| <b>Revenue</b>        |       |       |       |                                     |
| - Spirits             | 27.9  | 26.1  | 7.0%  | Volume +7.2% YoY to 585.6mn litres. |
| - Beer                | 32.5  | 30.1  | 8.0%  | Volume +8.2% YoY to 633.4mn litres. |
| <b>EBITDA</b>         |       |       |       |                                     |
| - Spirits             | 5.9   | 5.9   | -0.3% | Higher mix of white spirits.        |
| - Beer                | 3.6   | 3.8   | -3.6% | Tourism supported volumes.          |
| <b>EBITDA margins</b> |       |       |       |                                     |
| - Spirits             | 21.0% | 22.5% | -1.5% |                                     |
| - Beer                | 11.2% | 12.5% | -1.3% |                                     |

Source: Company, PSR # The company consolidated Fraser and Neave Ltd's (F&N) income statement for the complete 12 months despite only completing the share swap on 20 Sep 24. F&N was not equity accounted as an associate but consolidated. This resulted in a 71.69% no-controlling adjustment called Former shareholders before business restructuring, which ThaiBev does not own. It declines to 30.36% in FY25.

### The Positive

**+ Volume boost.** The beer volume jump was attributable to Thailand's tourism and sporting events. Improving macro conditions in Vietnam, led by export recovery and return in fiscal spending, aided consumer spending. Spirit volume growth was supported by growth in Myanmar and white spirits consumption in Thailand.

### The Negative

**- Rising interest expenses.** Net debt rose THB4.7bn to THB180.1bn (~S\$7bn) in FY24. Free cash flow was generally stable at THB2.9bn. However, interest expenses outpace earnings, accounting for 14% of operating profit (FY23: 13%). The cost of debt is expected to still rise in FY25e from the refinancing of maturing bonds. A Beerco public offering or stake sale can be EPS accretive by lowering group debt.

### Outlook

In FY25e, associate earnings will fall due to the absence of Frasers Property. This decline in earnings will be offset by lower non-controlling interest. PATMI will account for F&N as 69.63% subsidiary in FY25 instead of FY24 28.31%. Operationally, there are positive signs of a consumer spending recovery in Vietnam and Thailand. The planned cash handouts of THB10,000 to 4mn senior citizens by early February 2025 will be a positive consumption boost. Gross margins are also expected to improve in 2HFY25e as the recent molasses crop prices are 10-20% lower.

### BUY (Maintained)

|                     |              |
|---------------------|--------------|
| LAST CLOSE PRICE    | SGD 0.525    |
| FORECAST DIV        | SGD 0.025    |
| TARGET PRICE        | SGD 0.640    |
| <b>TOTAL RETURN</b> | <b>26.7%</b> |

#### COMPANY DATA

|                                |              |
|--------------------------------|--------------|
| BLOOMBERG CODE                 | THBEV SP     |
| O/S SHARES (MN) :              | 25,128       |
| MARKET CAP (USD mn / SGD mn) : | 9710 / 13066 |
| 52 - WK HI/LO (SGD) :          | 0.55 / 0.43  |
| 3M Average Daily T/O (mn) :    | 25.25        |

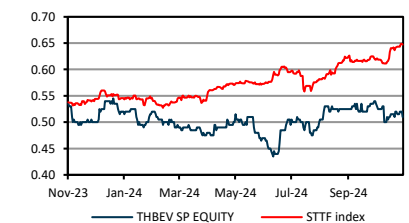
#### MAJOR SHAREHOLDERS

|                  |       |
|------------------|-------|
| Siriwana Co Ltd  | 45.2% |
| Siriwanan Co Ltd | 20.6% |
| MM Group Ltd     | 7.1%  |

#### TOTAL PERFORMANCE (%)

|         | 1MTH  | 3MTH | YTD  |
|---------|-------|------|------|
| COMPANY | (4.6) | 5.1  | 2.5  |
| STTF    | 4.0   | 11.5 | 21.0 |

#### PRICE VS STTF



Source: Bloomberg, PSR

#### KEY FINANCIALS

| Y/E Sep             | FY23  | FY24  | FY25e | FY26e |
|---------------------|-------|-------|-------|-------|
| Revenue (THB bn)    | 332.9 | 340.3 | 363.3 | 384.8 |
| EBITDA (THB bn)     | 39.6  | 45.0  | 47.6  | 50.8  |
| NPAT, adj. (THB bn) | 27.4  | 27.2  | 29.7  | 32.7  |
| EPS, adj. (THB)     | 1.09  | 1.08  | 1.18  | 1.30  |
| EPS, adj. (SCents)  | 4.25  | 4.01  | 4.55  | 5.01  |
| PER, adj. (x)       | 12.4  | 13.1  | 11.5  | 10.5  |
| P/BV, (x)           | 1.7   | 2.4   | 2.1   | 1.9   |
| DPS (THB)           | 0.60  | 0.58  | 0.59  | 0.65  |
| DPS (SCents)        | 2.33  | 2.17  | 2.28  | 2.50  |
| Div Yield           | 4.4%  | 4.1%  | 4.3%  | 4.8%  |
| ROE                 | 13.5% | 15.5% | 19.0% | 19.0% |

Source: Company, PSR

#### Valuation Method

14x PE FY25e

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### Maintain BUY with higher TP of S\$0.64 (prev. S\$0.63)

Valued at a 3-year historical average of 14x PE.

**Figure 1: PATMI contribution by segment**

| THB bn                  | FY24        | FY23        | YoY          | Comments                   |
|-------------------------|-------------|-------------|--------------|----------------------------|
| <b>PATMI</b>            |             |             |              |                            |
| Spirits                 | 20.8        | 22.0        | -5.8%        | 76% of PATMI from spirits. |
| Beer                    | 2.7         | 2.5         | 10.1%        | 10% of PATMI from beer.    |
| Non-alcoholic beverages | 1.5         | 1.2         | 21.7%        |                            |
| Food                    | 0.1         | 0.2         | -72.5%       |                            |
| Others (FPL/Printing)   | 2.2         | 1.5         | 48.5%        |                            |
|                         | <u>27.2</u> | <u>27.4</u> | <u>-0.8%</u> |                            |

Source: Company, PSR

## Financials

### Income Statement

| Y/E Sep, THB mn             | FY22           | FY23           | FY24           | FY25e          | FY26e          |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>              | <b>272,359</b> | <b>332,931</b> | <b>340,289</b> | <b>363,349</b> | <b>384,791</b> |
| Gross profit                | 80,456         | 98,687         | 103,208        | 108,748        | 114,510        |
| <b>EBITDA</b>               | <b>46,344</b>  | <b>49,549</b>  | <b>52,304</b>  | <b>55,501</b>  | <b>58,445</b>  |
| Depreciation & Amortisation | (7,761)        | (7,743)        | (11,338)       | (11,792)       | (12,428)       |
| <b>EBIT</b>                 | <b>38,583</b>  | <b>39,521</b>  | <b>42,103</b>  | <b>43,709</b>  | <b>46,017</b>  |
| Associates & JVs            | 5,044          | 4,994          | 5,576          | 2,850          | 3,000          |
| Other items                 | 979            | 1,843          | 1,395          | 1,090          | 1,154          |
| Net Finance Inc/(Exp)       | (4,665)        | (5,116)        | (6,058)        | (5,968)        | (5,398)        |
| <b>Profit Before Tax</b>    | <b>39,941</b>  | <b>41,242</b>  | <b>43,016</b>  | <b>41,680</b>  | <b>44,773</b>  |
| Taxation                    | (5,436)        | (6,179)        | (7,746)        | (7,502)        | (8,059)        |
| <b>Profit After Tax</b>     | <b>34,505</b>  | <b>35,063</b>  | <b>35,270</b>  | <b>34,178</b>  | <b>36,714</b>  |
| - Non-controlling interest  | 4,399          | 7,629          | 8,055          | 4,443          | 4,039          |
| <b>Net profit, reported</b> | <b>30,106</b>  | <b>27,434</b>  | <b>27,216</b>  | <b>29,735</b>  | <b>32,675</b>  |
| <b>Net profit, adj.</b>     | <b>30,106</b>  | <b>27,434</b>  | <b>27,216</b>  | <b>29,735</b>  | <b>32,675</b>  |

### Per share data (THB)

| Y/E Sep       | FY22 | FY23 | FY24 | FY25e | FY26e |
|---------------|------|------|------|-------|-------|
| EPS, reported | 1.20 | 1.09 | 1.08 | 1.18  | 1.30  |
| EPS, adj.     | 1.20 | 1.09 | 1.08 | 1.18  | 1.30  |
| DPS           | 0.60 | 0.60 | 0.62 | 0.65  | 0.72  |
| BVPS          | 8.19 | 8.00 | 5.94 | 6.47  | 7.06  |

### Per share data (SGD Cents)

| Y/E Sep       | FY22  | FY23  | FY24  | FY25e | FY26e |
|---------------|-------|-------|-------|-------|-------|
| EPS, reported | 4.66  | 4.25  | 4.01  | 4.55  | 5.00  |
| EPS, adj.     | 4.66  | 4.25  | 4.01  | 4.55  | 5.00  |
| DPS           | 2.33  | 2.33  | 2.30  | 2.50  | 2.75  |
| BVPS          | 31.87 | 31.14 | 21.99 | 24.89 | 27.14 |

### Cash Flow

| Y/E Sep, THB mn                  | FY22            | FY23            | FY24            | FY25e           | FY26e           |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>CFO</b>                       |                 |                 |                 |                 |                 |
| <b>EBIT</b>                      | <b>38,583</b>   | <b>39,521</b>   | <b>42,103</b>   | <b>43,709</b>   | <b>46,017</b>   |
| Depreciation & Amortisation      | 7,761           | 7,743           | 11,338          | 11,792          | 12,428          |
| WC changes                       | (7,902)         | (5,169)         | (7,902)         | (747)           | 2,264           |
| Tax paid                         | (7,563)         | (7,563)         | (8,006)         | (7,502)         | (8,059)         |
| Others                           | 1,394           | 2,286           | 1,685           | 1,090           | 1,154           |
| <b>Cashflow from ops</b>         | <b>32,272</b>   | <b>39,103</b>   | <b>38,079</b>   | <b>48,342</b>   | <b>53,804</b>   |
| <b>CFI</b>                       |                 |                 |                 |                 |                 |
| CAPEX, net                       | (3,356)         | (8,526)         | (9,088)         | (6,177)         | (6,541)         |
| Others                           | (7,116)         | 1,673           | 10,575          | 1,946           | 2,237           |
| <b>Cashflow from investments</b> | <b>(10,472)</b> | <b>(6,852)</b>  | <b>1,487</b>    | <b>(4,231)</b>  | <b>(4,305)</b>  |
| <b>CFF</b>                       |                 |                 |                 |                 |                 |
| Share issuance, net              | 0               | 0               | (18)            | 0               | 0               |
| Loans, net of repayments         | (14,466)        | (10,230)        | (7,493)         | (15,915)        | (15,635)        |
| Dividends                        | (14,674)        | (20,099)        | (21,106)        | (18,354)        | (19,971)        |
| Others                           | (1,530)         | (1,879)         | (3,121)         | 0               | 0               |
| <b>Cashflow from financing</b>   | <b>(30,671)</b> | <b>(32,208)</b> | <b>(31,738)</b> | <b>(34,269)</b> | <b>(35,606)</b> |
| <b>Net change in cash</b>        | <b>(8,871)</b>  | <b>42</b>       | <b>7,829</b>    | <b>9,842</b>    | <b>13,893</b>   |
| Effects of exchange rates        | (1,049)         | 906             | (2,247)         | 0               | 0               |
| <b>CCE, end</b>                  | <b>5,459</b>    | <b>26,415</b>   | <b>31,997</b>   | <b>41,839</b>   | <b>55,732</b>   |

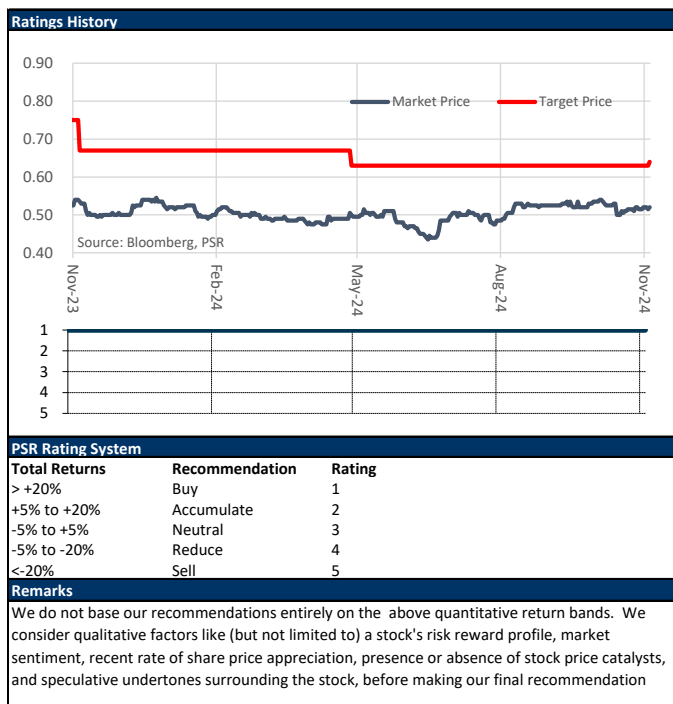
Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

| Y/E Sep, THB mn                      | FY22           | FY23           | FY24           | FY25e          | FY26e          |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>ASSETS</b>                        |                |                |                |                |                |
| PPE                                  | 59,176         | 83,891         | 83,264         | 77,648         | 71,762         |
| Intangibles                          | 205,830        | 222,116        | 198,519        | 198,519        | 198,519        |
| Investments in Assoc/JV              | 112,630        | 139,966        | 73,134         | 75,984         | 78,984         |
| Others                               | 19,460         | 26,036         | 27,539         | 27,539         | 27,539         |
| <b>Total non-current assets</b>      | <b>397,096</b> | <b>472,009</b> | <b>382,457</b> | <b>379,691</b> | <b>376,805</b> |
| Accounts receivables                 | 6,719          | 18,023         | 19,290         | 20,638         | 12,032         |
| Cash                                 | 51,867         | 57,253         | 54,065         | 63,907         | 77,800         |
| Inventories                          | 46,073         | 61,021         | 63,003         | 62,778         | 66,645         |
| Others                               | 6,035          | 4,088          | 8,778          | 8,778          | 8,778          |
| <b>Total current assets</b>          | <b>110,693</b> | <b>140,386</b> | <b>145,136</b> | <b>156,102</b> | <b>165,255</b> |
| <b>Total Assets</b>                  | <b>507,789</b> | <b>612,395</b> | <b>527,593</b> | <b>535,794</b> | <b>542,060</b> |
| <b>LIABILITIES</b>                   |                |                |                |                |                |
| Accounts payables                    | 24,126         | 34,806         | 35,124         | 35,501         | 33,025         |
| Short term loans                     | 57,122         | 73,590         | 64,420         | 56,420         | 48,420         |
| Others                               | 7,882          | 11,829         | 9,237          | 9,237          | 9,237          |
| <b>Total current liabilities</b>     | <b>89,129</b>  | <b>120,224</b> | <b>108,781</b> | <b>101,157</b> | <b>90,681</b>  |
| Long term loans                      | 153,017        | 161,675        | 172,019        | 172,019        | 172,019        |
| Others                               | 16,254         | 17,459         | 17,739         | 17,739         | 17,739         |
| <b>Total non-current liabilities</b> | <b>169,271</b> | <b>179,134</b> | <b>189,757</b> | <b>189,757</b> | <b>189,757</b> |
| <b>Total Liabilities</b>             | <b>258,400</b> | <b>299,358</b> | <b>298,538</b> | <b>290,915</b> | <b>280,438</b> |
| <b>EQUITY</b>                        |                |                |                |                |                |
| Non-controlling interests            | 43,640         | 111,938        | 79,847         | 82,290         | 84,328         |
| <b>Shareholder Equity</b>            | <b>205,748</b> | <b>201,099</b> | <b>149,208</b> | <b>162,589</b> | <b>177,293</b> |

### Valuation Ratios

| Y/E Sep                     | FY22    | FY23    | FY24    | FY25e   | FY26e   |
|-----------------------------|---------|---------|---------|---------|---------|
| P/E (X), adj.               | 11.3    | 12.4    | 13.1    | 11.5    | 10.5    |
| P/B (X)                     | 1.6     | 1.7     | 2.4     | 2.1     | 1.9     |
| EV/EBITDA (X), adj.         | 4.4     | 5.9     | 5.0     | 4.4     | 3.9     |
| Dividend Yield              | 4.4%    | 4.4%    | 4.4%    | 4.8%    | 5.2%    |
| <b>Growth &amp; Margins</b> |         |         |         |         |         |
| <b>Growth</b>               |         |         |         |         |         |
| Revenue                     | 13.2%   | 22.2%   | 2.2%    | 6.8%    | 5.9%    |
| EBITDA                      | 11.4%   | 6.9%    | 5.6%    | 6.1%    | 5.3%    |
| EBIT                        | 14.2%   | 2.4%    | 6.5%    | 3.8%    | 5.3%    |
| Net profit, adj.            | 22.2%   | -8.9%   | -0.8%   | 9.3%    | 9.9%    |
| <b>Margins</b>              |         |         |         |         |         |
| Gross margin                | 29.5%   | 29.6%   | 30.3%   | 29.9%   | 29.8%   |
| EBITDA margin               | 17.0%   | 14.9%   | 15.4%   | 15.3%   | 15.2%   |
| EBIT margin                 | 14.2%   | 11.9%   | 12.4%   | 12.0%   | 12.0%   |
| Net profit margin           | 11.1%   | 8.2%    | 8.0%    | 8.2%    | 8.5%    |
| <b>Key Ratios</b>           |         |         |         |         |         |
| ROE                         | 16.0%   | 13.5%   | 15.5%   | 19.1%   | 19.2%   |
| ROA                         | 6.1%    | 4.9%    | 4.8%    | 5.6%    | 6.1%    |
| Net Debt/(Cash)             | 158,271 | 178,012 | 182,373 | 164,531 | 142,638 |
| Net Gearing                 | 63.5%   | 56.9%   | 79.6%   | 67.2%   | 54.5%   |



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