Carabao Group (CBG TB)

Domestic Growth Remains Strong; International Sales Rebound

Highlights

- We remain positive on CBG with 3Q26 earnings expected to return to yoy growth and increase qoq.
- 3Q26 top-line growth is expected to be supported by continued growth in domestic sales, which should increase both yoy and qoq.
- International sales are also expected to gradually recover, led by the Myanmar market, and should offset the absence of Cambodia sales, supporting an international sales return to yoy growth in 4Q26.
- Maintain BUY with a target price of Bt66.00.

Analysis

- The company held an analyst meeting following its 2Q26 results, with an overall positive tone.
- **Domestic sales to continue growing, with distribution sales remaining the key growth driver.** Management remains confident in 3Q26's top-line growth, driven by strong domestic sales. Domestic energy drink sales are expected to grow 8-10% yoy, while distribution sales are expected to increase 20-25% yoy, with continued growth in LOVEZA OEM sales.
- **OEM sales are expected to grow in 2H26, driven by increasing orders from LOVEZA.** LOVEZA OEM sales are gaining positive momentum, with volumes expected to increase from around 5m cans in 2Q26 to 15m cans in 3Q26 and 25m cans in 4Q26. Management also sees potential to expand OEM distribution into the traditional trade channel, providing an additional growth opportunity.
- **International sales recovery to offset the absence of Cambodia sales.** International sales are expected to remain flat in 3Q26 due to the absence of Cambodia sales. However, other markets, especially Myanmar and Vietnam, are expected to grow strongly by around 70-80% yoy and 10% yoy, respectively. CBG has no issues with import licences in Myanmar and has sufficient licences to cover shipments through 4Q26. Therefore, with a normalised Cambodia sales base in 4Q26, we expect international sales to return to yoy growth.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	20,964.5	22,041.8	23,320.7	25,098.8	27,032.2
EBITDA	4,390.0	3,885.5	4,519.6	4,901.4	5,292.3
Operating profit	3,572.2	3,087.9	3,709.0	4,013.0	4,331.1
Net profit (rep./act.)	2,842.7	2,319.6	2,803.5	3,025.7	3,260.8
Net profit (adj.)	2,842.7	2,837.2	2,803.5	3,025.7	3,260.8
EPS	2.8	2.8	2.8	3.0	3.3
PE (x)	13.4	13.4	13.6	12.6	11.6
P/B (x)	2.9	2.7	2.4	2.2	2.0
EV/EBITDA (x)	9.0	10.0	8.6	7.9	7.2
Dividend yield (%)	2.9	3.7	3.4	3.6	3.9
Net margin (%)	13.6	10.5	12.0	12.1	12.1
Net debt/(cash) to equity(%)	12.3	5.8	4.8	4.6	2.4
Interest cover (x)	31.4	51.1	71.2	66.0	64.2
ROE (%)	23.8	18.7	21.3	21.7	22.0
Consensus net profit	n.a	n.a	2,760.9	3,032.5	3,228.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: CARABAO GROUP, Bloomberg, UOB Kay Hian

Analyst(s)

Nichapa Ratchabandit
Nichapa@uobkh.co.th
+662 090 3366

BUY (Maintained)

Share Price	Bt57.00
Target Price	Bt66.00
Upside	15.79%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	CBG TB
Shares issued (m)	1,000.0
Market cap (Btm)	36,250.0
Market cap (US$m)	1,107.1
3-mth avg daily t'over (US$m)	5.3

Price Performance (%)

52-week high/low: Bt62.8/Bt34.2

1mth	3mth	6mth	1yr	YTD
(4.6)	(15.2)	(12.1)	(41.3)	(16.7)

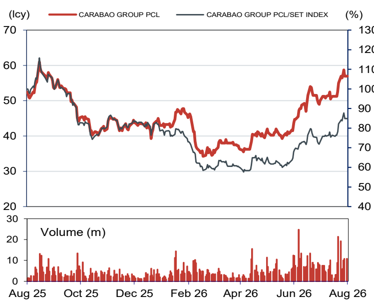
Major Shareholders (%)

Sathienthamholding Company	25.01
Miss Nutchamai Thanomboocharoen	21.00

Balance Sheet Metrics

FY26 NAV/Share (Bt)	15.6
FY26 Net Debt/Share (Bt)	0.8

Price Chart



Source: Bloomberg

Company Description

CBG operates a fully integrated business covering the production, marketing, and distribution management of energy drinks and other beverages, both domestically and internationally.

- **3Q26 gross profit margin to decline qoq, with recovery expected in 4Q26.** 3Q26 gross profit margin is expected to decline qoq due to higher raw material costs. However, management expects gross profit margin to recover in 4Q26, supported by easing raw material costs.
- **Third furnace to expand capacity and improve production efficiency.** Based on the current capacity outlook, Carabao Group (CBG) plans to install a third furnace to expand production capacity and introduce new technology to reduce bottle weight. The project is expected to be completed in 4Q27, adding production capacity of around 400m bottles per year. CBG will use its internal cash flow to fund the project.
- **CBG still plans on launching energy drinks in the Bt12/bottle segment.** CBG is designing a new energy drink in the Bt12/bottle segment. Meanwhile, the main energy drinks in the Bt10/bottle segment will remain unchanged, with no price adjustment. However, the company did not provide a specific timeline.
- **3Q26 earnings expected to recover yoy and qoq.** Overall, we remain positive on CBG, with 3Q26 earnings expected to return to yoy growth and increase qoq, driven by continued growth in domestic energy drink sales and seasonal strength in third-party distribution sales. In addition, international sales are expected to gradually recover, supported by strong growth in Myanmar market, which should offset the absence of Cambodia sales in 4Q26. We also expect gross profit margin to improve, as raw material costs are likely to ease and stronger sales should provide greater economies of scale.

Valuation/Recommendation

- **Maintain BUY with target price of B66.00 based on 2027 EPS.** We peg the stock at -1SD to its five-year historical PE band, equivalent to 22x. We remain positive on CBG, supported by strong domestic sales in 1H26 across both the energy drink and third-party distribution businesses.
- Looking ahead, we expect domestic sales to continue growing in 2H26 hoh and yoy, while seasonal strength in third-party distribution should drive economies of scale and improve profitability. International sales, particularly in Myanmar, should maintain strong momentum and help offset the absence of Cambodia sales. We therefore expect international sales to return to yoy growth in 4Q26.

Share Price Catalyst

- Lower raw material costs; increase in CBG's share of the domestic energy drink market; improved stability in Cambodia's market; positive development of third-party distribution sales.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

Environmental

- Carbon neutral. CBG has committed to achieving carbon neutrality by 2050.

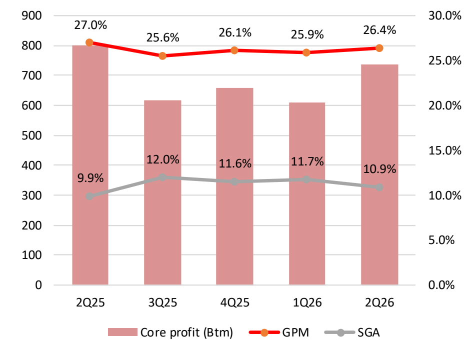
Social

- Social responsibility. The company places a strong emphasis on human capital development, as well as the health of consumers and the well-being of communities.

Governance

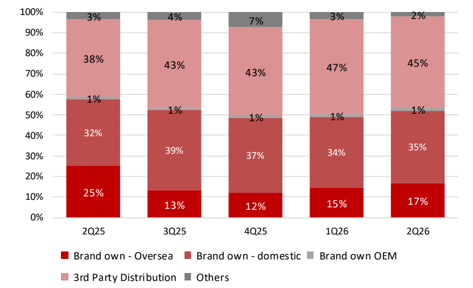
- Good governance. The company is committed to sustainability and operates in accordance with best practices in corporate governance, as established by the Stock Exchange of Thailand and the Institute of Directors of Thailand.

Core Earnings and Growth



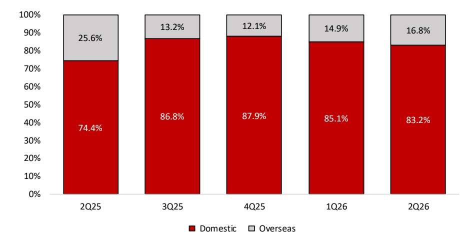
Source: CBG, UOB Kay Hian

Sales By Product



Source: UOB Kay Hian

Beverage By Market



Source: CBG, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	22,042	23,321	25,099	27,032
EBITDA	3,885	4,520	4,901	5,292
Deprec. & amort.	798	811	888	961
EBIT	3,088	3,709	4,013	4,331
Total other non-operating income	0	0	0	0
Associate contributions	15	15	15	15
Net interest income/(expense)	(76)	(63)	(74)	(82)
Pre-tax profit	3,027	3,661	3,954	4,264
Tax	(736)	(886)	(957)	(1,032)
Minorities	29	29	29	29
Net profit	2,320	2,804	3,026	3,261
Net profit (adj.)	2,837	2,804	3,026	3,261

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	12,389	13,578	14,690	15,728
Other LT assets	1,268	1,279	1,290	1,302
Cash/ST investment	1,483	1,949	2,113	2,690
Other current assets	3,906	4,105	4,643	4,989
Total assets	19,046	20,911	22,737	24,709
ST debt	1,166	1,141	1,322	1,506
Other current liabilities	2,361	2,335	2,324	2,315
LT debt	1,139	1,556	1,591	1,643
Other LT liabilities	16	16	16	16
Shareholders' equity	14,103	15,622	17,261	19,028
Minority interest	(36)	(65)	(94)	(123)
Total liabilities & equity	19,046	20,911	22,737	24,709

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	3,004	3,370	3,345	3,847
Pre-tax profit	3,027	3,661	3,954	4,264
Tax	(736)	(928)	(995)	(1,066)
Deprec. & amort.	798	811	888	961
Associates	0	0	0	0
Working capital changes	(78)	(173)	(502)	(311)
Non-cash items	(11)	0	0	0
Other operating cashflows	5	0	0	0
Investing	(1,080)	(2,010)	(2,011)	(2,012)
Capex (growth)	(1,064)	(2,010)	(2,011)	(2,012)
Capex (maintenance)	0	0	0	0
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(16)	0	0	0
Financing	(2,512)	(893)	(1,170)	(1,259)
Dividend payments	(1,400)	(1,285)	(1,386)	(1,494)
Issue of shares	0	0	0	0
Proceeds from borrowings	1,789	(542)	0	0
Loan repayment	(2,910)	933	217	235
Others/interest paid	9	0	0	0
Net cash inflow (outflow)	(588)	466	164	576
Beginning cash & cash equivalent	1,384	1,483	1,949	2,113
Changes due to forex impact	8	0	0	0
Ending cash & cash equivalent	804	1,949	2,113	2,690

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.6	19.4	19.5	19.6
Pre-tax margin	13.7	15.7	15.8	15.8
Net margin	10.5	12.0	12.1	12.1
ROA	11.9	13.7	14.2	14.6
ROE	18.7	21.3	21.7	22.0
Growth				
Turnover	5.1	5.8	7.6	7.7
EBITDA	(11.5)	16.3	8.4	8.0
Pre-tax profit	(12.2)	20.9	8.0	7.8
Net profit	(18.4)	20.9	7.9	7.8
Net profit (adj.)	(0.2)	(1.2)	7.9	7.8
EPS	(0.2)	(1.2)	7.9	7.8
Leverage				
Debt to total capital	16.4	17.3	17.0	16.6
Debt to equity	16.3	17.3	16.9	16.6
Net debt/(cash) to equity	5.8	4.8	4.6	2.4
Interest cover	51.1	71.2	66.0	64.2