

HLIB Retail Research

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CARLSBG: More booze in 4Q22



Collection range: RM21.60-21.89-22.20

Upside targets: RM23.78-24.37-25.70

Cut loss: RM21.09

Technical snapshots

	CARLSBG/283
Stock code	6
Last price (RM)	22.20
52Wk High/ Low (RM)	24.30/19.32
Outlook (2-4 weeks)	Pending for new wave
Volume (m)	0.08
Average Volumes 20D (m)	0.05
*Upside reward (%)	12.4%
*Downside risk (%)	-3.6%
HLIB Research TP (RM)	28.36
Bloomberg TP (RM)	26.95

Source: HLIB, Bloomberg

Note:

- Upside reward calculation: Mid-point upside (RM24.61) / mid-point collection (RM21.89)
- Downside risk: Cut loss (RM21.09) / Mid-point collection (RM21.89)

Earnings summary					
FYE 30 Dec	FY20	FY21	FY22f	FY23f	FY24f
Revenue (RM'm)	1785.0	1772.8	2372.0	2418.7	2504.1
Core PATMI (RM'm)	162.2	201.0	314.3	317.6	335.6
Issued Share (RM'm)	305.7	305.7	305.7	305.7	305.7
EPS (sen)	53.1	65.8	102.8	103.9	109.8
Dividend (sen)	40.0	56.0	97.7	103.9	109.8
P/E (x)	41.8	33.8	21.6	21.4	20.2
Yield (%)	1.8%	2.5%	4.4%	4.7%	4.9%

Source: HLIB

Technical Risk Profile



Prominent brewer. Being one of the only two brewers listed on Bursa Malaysia, CARLSBG is mainly engaged in brewing and marketing beers for both the local and export markets. Brands under CARLSBG's portfolio include Carlsberg Danish Pilsner, 1664 Blanc, Asahi Super Dry, Somersby Cider, Connor's Stout Porter etc. Bulk of the group revenue is derived from Malaysia (~71% in FY21) while the Singapore market accounted for the rest. CARLSBG also holds 25% stake in Lion Brewery (Ceylon) PLC –a Sri Lanka-based brewer.

Higher ASPs, steady foreign tourist arrivals and FIFA22. We expect the upcoming FIFA22 (scheduled from 21 Nov – 18 Dec 2022 in Qatar) to bode well for higher beer sales in 4Q22. Taking FIFA14 and FIFA18 as references, CARLSBG's sales grew c.16% YoY in both periods, as supporters flock to neighboring pubs and coffee shops to watch the matches, thus driving on-trade sales. Coupled with higher beer ASPs effectively in July together with stronger foreign tourist arrivals anticipated during the year-end holiday season, we are sanguine that brewers will record an exciting 4Q22 results. Reiterate Overweight on brewers.

Higher raw material costs? Notwithstanding the barley price still trading at a buoyant level, we reckon the impact on CARLSBG will be manageable, considering the raw material and packaging costs were only equivalent to 8.3% of the group FY21 revenue and 80% of the group's annual requirement has hedged using fixed price contracts. Though the weak ringgit against USD could pose further pressure on raw material costs as barley purchases are the group's largest exposure to USD appreciation, CARLSBG's export sales which are denominated in SGD (appreciating against ringgit) and USD, will serve as a natural hedge.

Trading near support area. After correcting 8.6% from a 52-week high of RM24.30 to RM22.00 last Friday, CARLSBG is trading near the strong support area of RM21.60-22.00. A successful breakout above RM22.82 hurdle could spur the price toward RM23.78-24.37-25.70 levels, creating a new upleg. Cut lost at RM21.09.

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