Betagro (BTG TB)

Key Takeaways From Site Visit, Expect Sluggish 2Q26 Earnings QOQ And YOY

Highlights

- We have a positive view on BTG's food businesses, which support higher profitability and a broader product portfolio.
- We expect sluggish 2Q26 earnings, driven by lower domestic livestock prices and weaker export sales.
- Short-term catalysts remain limited and volatility of domestic swine prices remains a key overhang.
- Maintain HOLD with a target price of Bt21.00.

Analysis

- We visited Betagro's (BTG) Food Innovation Center (FIC) and Central Kitchen at Navanakorn Industrial Estate, Pathum Thani, on 26 Jun 26. Our key takeaways from the site visit are as follows:
  - **FIC overview.** FIC was established in Feb 17, and serves as the company's hub for food research and development. The centre develops high-quality, safe, and great-tasting products for both the domestic and export markets. Its core expertise spans food science, food engineering, food processing, packaging, and sensory science, enabling end-to-end product innovation.
  - **Central Kitchen overview.** Central Kitchen began operations in Nov 18, and serves as the company's integrated manufacturing facility for high-quality processed food products for both the domestic and international markets. The facility complies with international quality and food safety standards and offers end-to-end product development capabilities, enabling the company to deliver innovative products that meet evolving consumer preferences. With an annual production capacity of 7,060 tonnes (representing approximately 33% of the company's total processed food capacity), Central Kitchen plays a key role in supporting export growth, supplying products to customers across global markets.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	114,231.7	122,370.4	126,184.4	130,899.3	135,514.6
EBITDA	9,041.8	13,666.5	9,116.8	9,798.0	10,513.3
Operating profit	4,069.7	8,285.3	6,059.6	6,512.7	6,943.7
Net profit (rep./act.)	2,466.2	6,684.6	4,807.8	5,205.3	5,654.9
Net profit (adj.)	2,413.3	6,607.5	4,807.8	5,205.3	5,654.9
EPS	1.2	3.4	2.5	2.7	2.9
PE (x)	18.4	6.7	9.3	8.6	7.9
P/B (x)	1.6	1.4	1.3	1.1	1.0
EV/EBITDA (x)	7.2	4.4	6.3	5.6	4.9
Dividend yield (%)	2.2	6.5	3.2	3.5	3.5
Net margin (%)	2.2	5.5	3.8	4.0	4.2
Net debt/(cash) to equity(%)	70.5	38.9	31.9	21.0	12.6
Interest cover (x)	11.3	19.1	14.6	16.6	20.9
ROE (%)	8.9	22.0	15.1	15.4	15.8
Consensus net profit	n.a	n.a	4,779.0	5,413.6	5,531.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: BTG, Bloomberg, UOB Kay Hian

HOLD (Maintained)	
Share Price	Bt20.20
Target Price	Bt21.00
Upside	3.96%

Analyst(s)
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Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	BTG TB
Shares issued (m):	1,906.0
Market cap (Bt$m):	38,502.3
Market cap (US$m):	1,154.1
3-mth avg daily t'over (US$m):	4.3

Price Performance (%)

52-week high/low: Bt25.0/Bt15.5

1mth	3mth	6mth	1yr	YTD
0.5	(5.6)	11.6	8.6	11.0

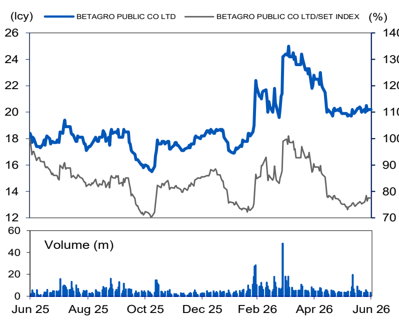
Major Shareholders

	%
Betagro Holding Co., Ltd	37.83
TAE HK Investment Limited	20.67
Thai NVDR Company Limited	3.82

Balance Sheet Metrics

FY26 NAV/Share (Bt)	18.2
FY26 Net Debt/Share (Bt)	5.8

Price Chart



Source: Bloomberg

Company Description

BTG manufactures agricultural food products, animal feed, livestock, animal health products, and offers meat products for humans.

- **Positive on long-term focus for international and higher-margin products.** We view this business as a key long-term growth driver, supporting international expansion through global brands, food service customers, and the growing airline catering segment. Moreover, it should facilitate a portfolio shift toward higher-margin products and sales channels, enhancing the company's profitability over the long term.
- **Expect sluggish 2Q26 earnings yoy and qoq.** We expect 2Q26 earnings to soften both yoy and qoq, more than we had previously forecasted, due to lower profitability, mainly driven by: a) lower domestic livestock prices amid weak demand and an oversupplied domestic chicken market, b) weaker export sales, and c) higher raw material costs. Although livestock prices began to recover in mid-Jun 26, domestic swine prices remain volatile and continue to trade at relatively low levels, (below Bt70/kg). Swine price volatility remains a key overhang on our earnings forecast as well as market expectation.

Valuation/Recommendation

- **Maintain HOLD with a target price of Bt21.00** based on 2026 EPS. We peg its PE target to its three-year PE, at -1SD of 8.5x. We maintain our HOLD recommendation, as we expect weaker 2Q26 earnings both yoy and qoq to weigh on the share price in the near term. Also, swine prices currently remain at a relatively low level. The volatility in domestic livestock prices is likely to remain an overhang on livestock players' share prices.

Earnings Revision/Risk

- **Earnings revision:** None.

Share Price Catalyst

- Increase in swine and poultry selling prices.
- Decreasing costs of animal feed production.
- Demand-side stimulus measures.

Environmental, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

Environmental

- Net zero. BTG aims to be a net-zero company by 2050 and plans to reduce its greenhouse gas emissions by 20% in 2030 from the baseline in 2022.
- Sustainable packaging. BTG plans to achieve 100% eco-friendly packaging by 2030 (reusable, recyclable, and compostable).

Social

- BTG's S-Pure product is the first brand in the world to receive a Raised Without Antibiotics RWA certification from NSF International.

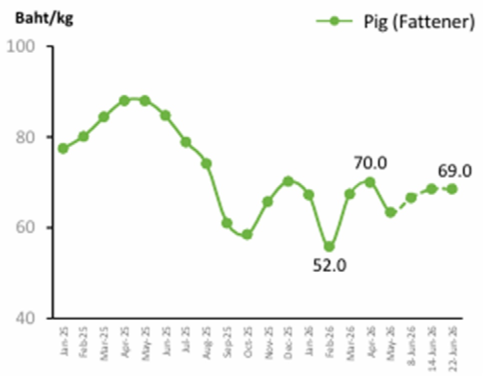
Governance

- Good governance practice. BTG is committed to operating its business in accordance with good corporate governance policy and management excellence. BTG received the Collective Action Against Corruption (CAC) declaration in 2023 and was elevated to 3-star status, certified by the Thailand Private Sector CAC in 1Q25.

FIC Overview

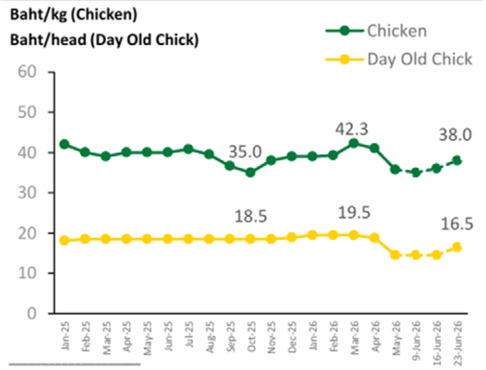
Source: BTG

Domestic Swine Prices



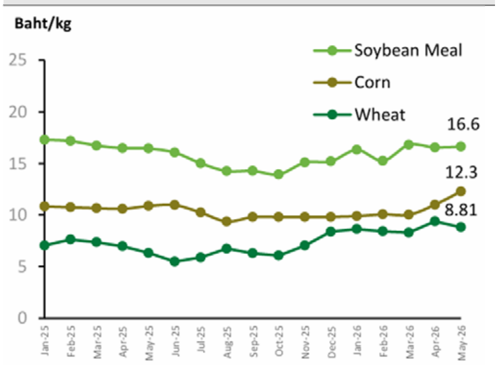
Source: BTG, The Swine Raisers Association of Thailand

Chicken Prices



Source: BTG, Thai Boiler Processing Association

Raw Material Prices



Source: BTG, Thai Feed Mill Association (TFMA)

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	122,370	126,184	130,899	135,515
EBITDA	13,666	9,117	9,798	10,513
Deprec. & amort.	5,381	3,057	3,285	3,570
EBIT	8,285	6,060	6,513	6,944
Total other non-operating income	0	0	0	0
Associate contributions	192	192	192	202
Net interest income/(expense)	(714)	(627)	(590)	(503)
Pre-tax profit	7,763	5,625	6,114	6,643
Tax	(1,028)	(739)	(803)	(872)
Minorities	(116)	(79)	(106)	(115)
Preferred dividends	0	0	0	0
Net profit	6,685	4,808	5,205	5,655
Net profit (adj.)	6,607	4,808	5,205	5,655

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	22,472	25,533	26,080	27,170
Other LT assets	12,056	11,426	11,485	11,543
Cash/ST investment	1,270	1,574	2,889	2,935
Other current assets	31,122	32,818	33,634	34,457
Total assets	66,920	71,351	74,087	76,105
ST debt	7,814	7,315	7,315	7,315
Other current liabilities	11,735	10,828	10,758	11,147
LT debt	5,990	5,490	3,790	1,090
Other LT liabilities	6,322	10,468	11,031	11,077
Shareholders' equity	32,245	35,245	39,114	43,323
Minority interest	868	0	0	0
Total liabilities & equity	66,920	71,351	74,087	76,105

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	14,114	5,908	7,937	9,049
Pre-tax profit	6,801	5,625	6,114	6,643
Tax	1,028	739	803	872
Deprec. & amort.	5,381	3,057	3,285	3,570
Associates	0	0	0	0
Working capital changes	222	(3,086)	(1,711)	(1,295)
Non-cash items	0	0	0	0
Other operating cashflows	682	(427)	(555)	(741)
Investing	(4,373)	(2,053)	(3,490)	(4,288)
Capex (growth)	(2,437)	(2,731)	(3,490)	(4,288)
Capex (maintenance)	0	0	0	0
Investments	(2,032)	0	0	0
Proceeds from sale of assets	62	0	0	0
Others	34	678	0	0
Financing	(11,407)	(3,552)	(3,133)	(4,714)
Dividend payments	(967)	(2,902)	(1,442)	(1,562)
Issue of shares	0	0	0	0
Proceeds from borrowings	(8,767)	(1,171)	(2,100)	(3,150)
Loan repayment	0	0	0	0
Others/interest paid	(1,673)	521	410	(3)
Net cash inflow (outflow)	(1,666)	304	1,315	46
Beginning cash & cash equivalent	2,882	1,270	1,574	2,889
Ending cash & cash equivalent	1,217	1,574	2,889	2,935

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	11.2	7.2	7.5	7.8
Pre-tax margin	6.3	4.5	4.7	4.9
Net margin	5.5	3.8	4.0	4.2
ROA	10.1	7.0	7.5	8.0
ROE	22.0	15.1	15.4	15.8
Growth				
Turnover	7.1	3.1	3.7	3.5
EBITDA	51.2	(33.3)	7.5	7.3
Pre-tax profit	126.7	(27.5)	8.7	8.6
Net profit	171.0	(28.1)	8.3	8.6
Net profit (adj.)	173.8	(27.2)	8.3	8.6
EPS	173.8	(27.2)	8.3	8.6
Leverage				
Debt to total capital	41.7	36.3	28.4	19.4
Debt to equity	42.8	36.3	28.4	19.4
Net debt/(cash) to equity	38.9	31.9	21.0	12.6
Interest cover	19.1	14.6	16.6	20.9

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