Betagro (BTG TB)

2Q26: Earnings Sluggish As Expected; Strong Recovery Expected In 3Q26

Highlights

- BTG reported a 2Q26 core profit of Bt708m (-73% yoy and -26% qoq). The results are in line with our and the market's forecasts.
- We remain optimistic on BTG's 3Q26 earnings outlook and expect a strong qoq and yoy recovery, driven by higher profitability from the upward trend in domestic livestock prices. Maintain BUY with a target price of Bt24.80.

2Q26 Results

Year to 31 Dec (Btm)	2Q26	2Q25	1Q26	yoy%	qoq%	1H26	1H25	yoy%
Sales	29,348.2	31,481.6	28,302.1	-6.8%	3.7%	57,650.3	61,734.2	-6.6%
Gross Profit	4,140.1	6,184.8	4,222.0	-33.1%	-1.9%	8,362.1	11,547.5	-27.6%
SGA	3,241.7	2,889.1	3,122.3	12.2%	3.8%	6,239.2	6,363.9	-2.0%
Pre-tax Profit	1,038.2	2,875.5	1,220.2	-63.9%	-14.9%	2,258.4	5,128.4	-56.0%
Net Profit	598.4	2,594.0	1,003.0	-76.9%	-40.3%	1,601.4	4,491.8	-64.3%
Core Profit	708.3	2,618.1	959.4	-72.9%	-26.2%	1,667.7	4,454.5	-62.6%
EPS (Bt)	0.31	1.34	0.52	-76.9%	-40.3%	0.83	2.32	-64.3%
(%)	2Q26	1Q26	2Q25	yoy%	qoq%	1H26	1H25	yoy%
Gross Margin (%)	14.1%	19.6%	14.9%	-5.5%	-0.8%	14.5%	18.7%	-4.2%
SG&A/revenue (%)	10.7%	10.2%	10.7%	0.5%	0.0%	10.7%	10.2%	0.5%
Net Margin (%)	2.0%	8.2%	3.5%	-6.2%	-1.5%	2.8%	7.3%	-4.5%

Source: BTG, UOB Kay Hian

Analysis

- **Earnings in line.** Betagro (BTG) reported a 2Q26 net profit of Bt598m (-77% yoy and -40% qoq). Excluding one-off items and written-off tax credit in Cambodia of Bt128m, core profit for 2Q26 would have been Bt708m (-73% yoy and -26% qoq). The results are in line with our and the market's forecasts.
- **Gross profit declines on lower domestic livestock prices.** BTG's reported 2Q26 gross profit margin of 14.1% (vs 19.6% in 2Q25 and 14.9% in 1Q26) The decline in gross profit margin was mainly due to a weaker margin of the food business at 10.8% (vs 21.9% in 2Q25 and 14.0% in 1Q26) due to: a) lower domestic livestock prices, and b) higher average raw material costs. SG&A in 2Q26 reported at 10.8% (up yoy, flat qoq).
- **Revenue down yoy, pressured by food business.** BTG's 2Q26 revenue came in at Bt29b (-7% y, +4% qoq). The yoy decline was driven by lower food business sales, which came in at Bt14.5b (-14% yoy, flat qoq), due to weaker livestock prices yoy. However, we saw the improvement in international sales (+7% yoy, +13% qoq) and pet business (+29% yoy, +7% qoq).

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	5,546.6
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: BTG, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt21.00
Target Price	Bt24.80
Upside	18.10%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	BTG TB
Shares issued (m)	1,906.0
Market cap (Btm)	40,598.9
Market cap (US$m)	1,207.1
3-mth avg daily t'over (US$m)	3.2

Price Performance (%)

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

1mth	3mth	6mth	1yr	YTD
6.5	(8.2)	13.9	18.3	17.0

Major Shareholders (%)

Betagro Holding Co., Ltd	37.83
TAE HK Investment Limited	20.67

Balance Sheet Metrics

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

Price Chart

Source: Bloomberg

Company Description

BTG TB manufactures agricultural food products, animal feed, livestoc, animal health products, and offers meat products for human..

- **Positive tone from analyst meeting.**
  a) The company expects livestock prices (swine, chicken, and eggs) to recover in 2H26, supported by: a) stronger domestic consumption demand in 2H26, and b) a slight decline in supply following herd reductions implemented since the beginning of the year and disease outbreaks during 2Q26. Domestic swine supply in 2H26 is expected to decline to below 20m heads, compared with 20m–21m heads at the beginning of 2026. As a result, it should provide further support to livestock prices and sustain the upward pricing trend into 2H26.
  b) Feed costs update: Corn prices are projected to decline qoq following the harvest season, while soybean meal and wheat prices are expected to increase qoq. Overall, BTG expects raw material costs to increase by 1.0–1.5% qoq in 3Q26.
  c) US corn import update: Thailand has an import quota of 1m tonnes for 2026, with imports expected to begin in 4Q26. In the initial phase, BTG expects to import 40,000–60,000 tonnes of US corn in 2026. US corn prices are around Bt9.80/kg, (compared with Bt11.90/kg for domestic corn). Although domestic corn prices are trending downward, there remains a benefit price gap between US and domestic corn.
  d) Export momentum remains positive, due to strong demand from EU, the UK, and Japan markets. The company expects export volumes to rise hoh in 2H26.
- **Brighter outlook for 3Q26.** We are more positive on the 3Q26 earnings outlook, supported by the upward trend in livestock prices, in line with our assumption that domestic livestock prices will be higher in 2H26 than in 1H26. We expect earnings to show a stronger recovery in 3Q26, both yoy and qoq. While feed costs are expected to increase slightly qoq in 3Q26, we believe the higher livestock prices should more than offset the cost pressure. In addition, the resumption of US corn imports should help reduce feed costs going forward.
- **Update on livestock prices.** In Aug 26, livestock prices are rising due to higher demand brought about by the government's stimulus programmes. Domestic swine prices increased to Bt70–72/kg (+9% mom and +9% vs the 2Q26 average). Chicken prices remained at Bt43–44/kg (flat mom and +10% vs the 2Q26 average).

Valuation/Recommendation

- **Maintain BUY with a target price of Bt24.80.** Using the PE valuation method, we value BTG at mean to its five-year PE band, implying a multiple of 10x. We expect BTG's earnings to bottom out in 2Q26 and recover in 3Q26 and 4Q26, supported by the upward trend in domestic swine prices and its ability to pass on higher raw material costs.

Share Price Catalyst

- Increase in domestic swine and poultry selling prices, decreasing costs of animal feed production, demand-side stimulus measures.

Environment, 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).

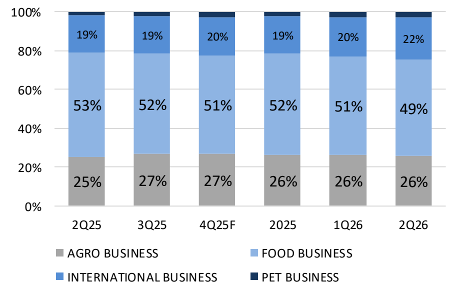
Social

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

Governance

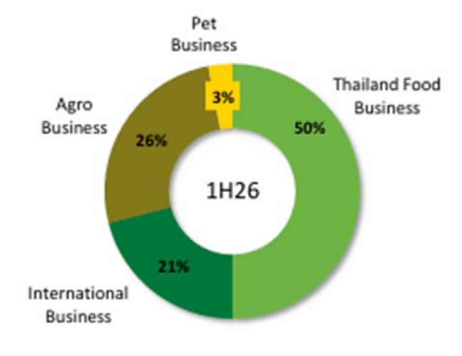
- Good governance practice. BTG is committed to operating its business in accordance with good corporate governance policy and management excellence. BTG received the Collective Action Against Corruption (CAC) declaration in 2023 and was elevated to 3-star status, certified by the Thailand Private Sector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

Sales Contribution



Source: BTG, UOB Kay Hian

1H26 Revenue By Business

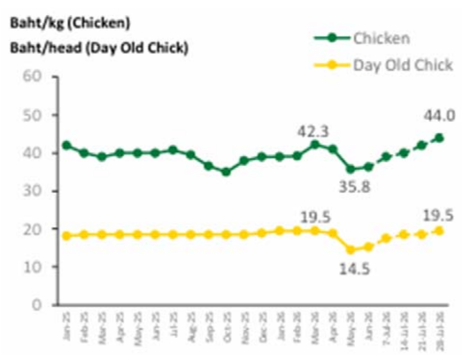


Source: BTG

Domestic Swine Prices Trend

Source: BTG

Domestic Chicken Prices Trend



Source: BTG

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 Metric

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