Betagro (BTG TB)

2Q26 Results Preview: Earnings To Drop yoy And qoq

BUY (Maintained)	
Share Price	Bt21.20
Target Price	Bt24.80
Upside	16.98%

Highlights

- We expect BTG's 2Q26 core profit to decline to Bt741m (-71.7% yoy and -22.8% qoq).
- The key pressure on 2Q26 earnings is lower profitability due to softer broiler prices and the lack of recovery in domestic swine prices.
- Looking ahead, we expect BTG's earnings to bottom out in 2Q26 and recover qoq in 3Q26, supported by the recovery in both domestic swine and broiler prices starting from Jul 26.
- Maintain BUY with a target price of Bt24.80.

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Analysis

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q26F	2Q25	1Q26	yoy(%)	qoq(%)
Sales	29,434.2	31,481.6	28,302.1	-6.5%	4.0%
Gross Profit	4,179.7	6,184.8	4,222.0	-32.4%	-1.0%
SGA	3,241.7	2,889.1	3,122.3	12.2%	3.8%
Pre-tax Profit	1,029.6	2,875.5	1,220.2	-64.2%	-15.6%
Net Profit	609.5	2,594.0	1,003.0	-76.5%	-39.2%
Core Profit	741.1	2,618.1	959.4	-71.7%	-22.8%
EPS (Bt)	0.32	1.34	0.52	-76.5%	-39.2%
Gross Margin (%)	14.2%	19.6%	14.9%	-5.4%	-0.7%
%SG&A/revenue	-10.8%	-10.2%	-10.7%	-0.5%	0.0%
Net Margin (%)	2.1%	8.2%	3.5%	-6.2%	-1.5%

Source: BTG, Bloomberg, UOB Kay Hian

- **2Q26 earnings to drop yoy and qoq.** We forecast Betagro's (BTG) 2Q26 net profit at Bt609m (-76.5% yoy and -39.2% qoq). Excluding the one-off expenses related to the write-off of tax credit from the Cambodia business, we expect 2Q26 core profit to decline to Bt741m (-71.7% yoy and -22.8% qoq). The results should come in below our previous expectations due to: a) the slower-than-expected recovery in domestic swine prices, and b) the Newcastle disease outbreak in chicken, which led to an oversupply in the domestic market and put pressure on domestic chicken prices during May-Jun 26.

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

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

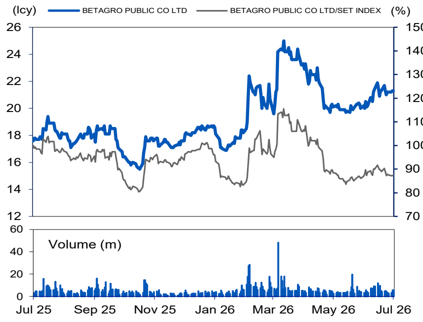
1mth	3mth	6mth	1yr	YTD
0.5	(5.6)	11.6	8.6	11.0

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

- **Lower profitability yoy and qoq.** Gross profit margin is projected at 14.2% (down from 19.6% in 2Q25 and 14.9% in 1Q26). Although domestic swine prices are expected to remain relatively stable qoq, this is likely to be offset by lower broiler prices due to the oversupply situation. Raw material costs also increased due to the off-season of corn prices as well as an increase of soybean meal prices. However, the company has adjusted its feed formulation by substituting alternative ingredients. In addition, BTG has locked in raw material prices through forward contracts.
- **Better 3Q26 earnings outlook.** We expect BTG's 3Q26 earnings to improve qoq, following the recovery of both swine and boiler livestock prices starting from Jul 26. We are more positive on BTG as we expect livestock ASPs to rise qoq, supported by: a) demand-side stimulus arising from the Thai Chuay Thai Plus co-payment scheme, b) cost pass-through from the higher feed cost, c) export season in 3Q.
- **Domestic livestock price upcycle.** In Jul 26 thus far, domestic swine prices have risen to Bt65-66/kg (+5% mtd). Domestic broiler prices in Jul 26 stand at Bt43-44/kg (+13% mtd). In addition, easing tensions in the Middle East are expected to reduce energy and packaging costs qoq. We expect the upward momentum to continue into 2H26.

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.

Earnings Revision/Risk

- None.

Share Price Catalyst

- Increase in domestic swine and poultry selling prices.
- Decreasing costs of animal feed production.
- Demand-side stimulus measures.
- Higher portion of premium products.

Environmental, Social, Governance (ESG)

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).

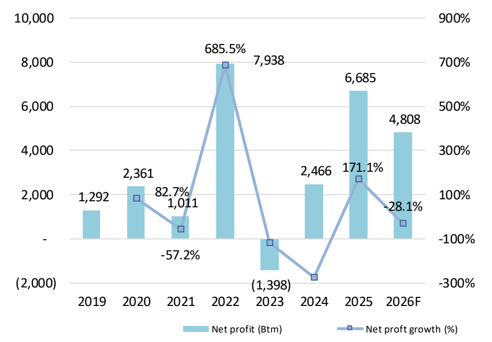
Social

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

Governance

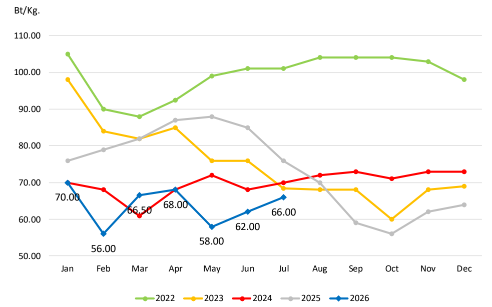
- Good governance practice. BTG is committed to operating its business in accordance with good corporate governance policy and management excellence. BTG received the Collective Action Against Corruption (CAC) declaration in 2023 and was elevated to 3-star status, certified by the Thailand Private Sector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

NET Profit And Profitability



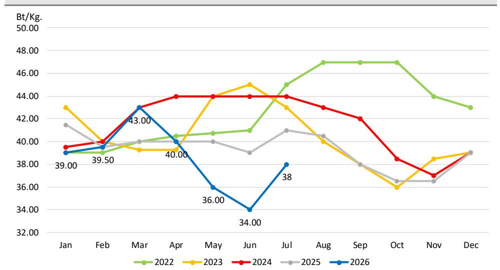
Source: BTG, UOB Kay Hian

Domestic Swine Prices



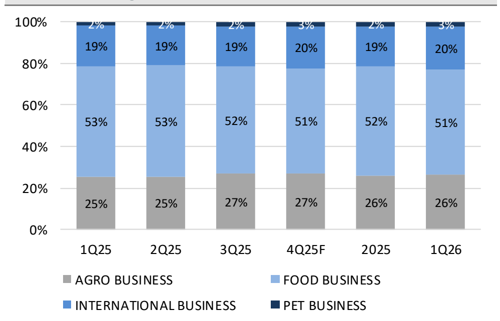
Source: CPF, Thai Swine Association of Thailand, UOB Kay Hian

Domestic Chicken Prices



Source: CPF, DIT, UOB Kay Hian

Revenue By Business



Source: BTG, UOB Kay Hian

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