# Superior business model warrants IFBH's IPO success

- Strategic focus on asset-light model and marketing strategy using soft power and emotional branding are key success factors for IFBH
- IFBH's strategies on branding, product innovation, and global mindset to launch IPO in HKSE, have proved to be the right set of strategies
- Players in Thai beverage sector should follow suit on IFBH's strategic framework

## Asset-light, value-branding business model is IFBH's key success factor

Within just two months to obtain HKSE greenlight, on 30 Jun-25, IFBH (06603 HK), a Singapore-based, Thai firm operates coconut water drink brands "if" and "Innococo", debuts IPO of 41.7m shares with an opening price of HKD43.2 (+54.7% over HKD27.8 IPO). IFBH's IPO was a phenomenal success with 238,000 subscribers and 2,690x oversubscription and attracted 11 cornerstone investors worth HKD39.5m, including UBS AM and ICBC Wealth Management.

## A hefty 20% net profit margin

IFBH is the world's second largest coconut seller with revenue of USD158m (+80% y-y) and net profit of USD33.3m (+98% y-y) in 2024, driven by its dominating position in China market. Gross profit margin surged to 37.2% (+170bps y-y), thanks to its superb business model of asset-light, no production plants, outsourcing strategy. Revenue generated from the mainland China market was USD146m in 2024, accounting for 92.4% of revenue, while revenue from Hong Kong was USD7.2m (4.6% of revenue).

## Conquering Hong Kong and mainland China markets

IFBH, established in 2013 under General Beverage group to market "if" brand for the ready-to-drink coconut water, a natural electrolyte health product with low calories and a fresh, sweet taste. In 2022, IFBH was spun off. In 2015, IFBH entered Hong Kong market and has stayed at the top for 9 consecutive years. Then in 2017 IFBH entered China the mainland China market and has topped the market for five consecutive years with 34% market share in 2024, 7x+ larger than the second peer.

## Superb growth may be in challenges on price war and supply risk

Coconut water growth in China has seen a 5-year 60.8% CAGR in 2019-24, surpassing market value of USD1b in 2024 and is projected to surpass North America market to be the world's largest consumer market for coconut water by 2027, according to Insight Consulting. Global coconut water market grew from USD2.5b in 2019 to USD5.0b in 2024 (+14.7% CAGR). Yet IFBH's dominating position could be jeopardized given the entries of the world's largest coconut company Vita Coco, Coco Full Score, and other local players have triggered price war, with the price dropping to RMB9.9/liter of coconut water, down from RMB5.2/350 liter. Supply chain risk include the over-dependency on Thai suppliers who face weather and price fluctuations.

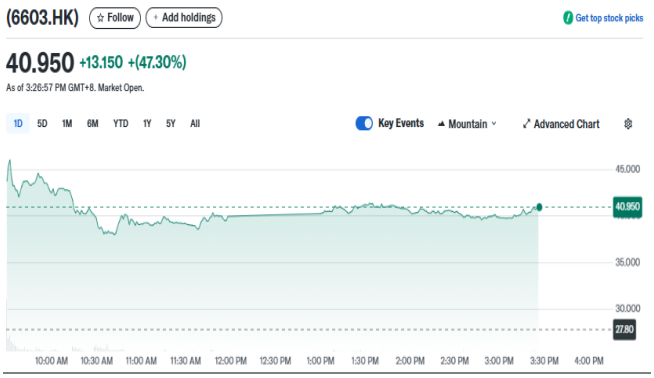
## Business model is key to global success

In Thai beverage sector, most players – Energy drink (OSP, CBG), Tea (ICHITAN), Functional drink (SAPPE), fruit juice (MALEE, TIPCO), and coconut water (COCOCO) – are asset-heavy, OEM-driven firms with no or little focus on branding and marketing strategies to enhance value propositions to customers. We think IFBH truly exemplifies a superb strategy to emphasize value creation via "branding" and "marketing".

**Analyst**

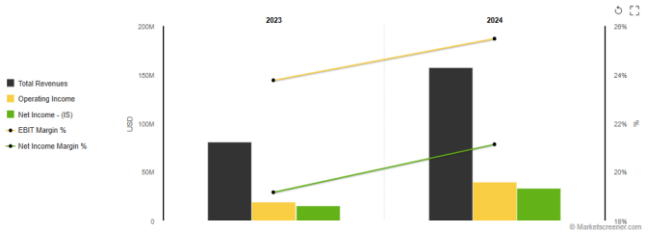
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## Exhibit 1: IFBH's share price




Sources: Yahoo Finance

## Exhibit 2: IFBH's revenue, operating income, net profit, EBIT margin, net profit margin for 2023-24




Sources: MarketScreener

## Exhibit 3: "if" coconut water products




Sources: IFBH

## Exhibit 4: Product opening booth of IFBH




Sources: South China Morning

## Exhibit 5: IFBH's owner Pongsakorn Pongsak



Sources: IFBH

## Exhibit 6: IFBH collaboration with PopMart




Sources: Forbes Thailand

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## Analyst Certification

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# RECOMMENDATION STRUCTURE

## Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

**BUY:** Expected return of 10% or more over the next 12 months.
**HOLD:** Expected return between -10% and 10% over the next 12 months.
**REDUCE:** Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

## Sector Recommendations

**Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
**Neutral:** The industry is expected to perform in line with the relevant primary market index over the next 12 months.
**Underweight:** The industry is expected to underperform the relevant primary market index over the next 12 months.

## Country (Strategy) Recommendations

**Overweight:** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral:** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight:** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.