Thai Stanly Electric (STANLY TB) - BUY, Price Bt168, TP Bt260

Results Comment

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Decent 1QFY22 earnings

- STANLY reported 1QFY22 (April – June 2021) normalized profit of Bt375m, turning from loss Bt189m in 1QFY20 but falling 32% q-q on seasonality impact.
- The result was better than expect due to better sales and operating margin. We believe the good margin was due to higher mix of auto lamp for replacement market. Note that the drop in revenue q-q was in line with the industry's.
- 1QFY22 accounted for 28% of our forecast. But we would leave our number as is to cushion against potential risk of weak domestic auto sales amid severe Covid outbreak. Reaffirm BUY as a laggard play.

Income Statement					(consolidated)
Yr-end Mar (Bt m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Revenue	1,719	2,532	3,646	3,831	3,219
Gross profit	**(74)**	**300**	**637**	**913**	**621**
SG&A	161	176	221	325	242
Operating profit	(236)	124	416	588	379
EBITDA	**131**	**507**	**820**	**991**	**761**
Other income	17	74	17	30	20
Other expense	0	0	0	0	0
Interest expense	0	0	0	0	0
Profit before tax	**(219)**	**198**	**433**	**618**	**400**
Income tax	(10)	12	94	139	96
Equity & invest. income	20	61	85	76	72
Minority interests	0	0	0	0	0
Extraordinary items	5	6	7	6	8
Net profit	**(184)**	**254**	**430**	**561**	**383**
Normalized profit	**(189)**	**248**	**424**	**555**	**375**
EPS (Bt)	(2.40)	3.32	5.62	7.32	5.00
Normalized EPS (Bt)	(2.46)	3.23	5.53	7.24	4.90

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2021F	2022F	2023F
Revenue	(16)	87	25	12,914	14,845
Gross profit	**(32)**	**na**	**30**	**2,100**	**2,690**
SG&A	(26)	50	29	839	924
Operating profit	(35)	na	30	1,261	1,765
EBITDA	**(23)**	**481**	**26**	**2,934**	**3,483**
Other income	(34)	20	15	131	240
Other expense					
Interest expense					
Profit before tax	**(35)**	**na**	**29**	**1,392**	**2,005**
Income tax	(31)	na	32	301	433
Equity & invest. income	(5)	256	28	253	316
Minority interests					
Extraordinary items	28	70	na	0	0
Net profit	**(32)**	**na**	**29**	**1,344**	**1,888**
Normalized profit	**(32)**	**na**	**28**	**1,344**	**1,888**
EPS (Bt)	(32)	na	29	17.55	24.65
Normalized EPS (Bt)	(32)	na	28	17.55	24.65

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Cash & ST investment	4,362	3,692	4,415	4,921	5,654
A/C receivable	1,414	1,815	2,148	2,550	2,128
Inventory	901	670	517	477	607
Other current assets	47	52	60	52	77
Investment	2,815	2,932	2,935	1,733	1,640
Fixed assets	9,675	9,692	9,599	9,403	9,244
Other assets	1,082	1,086	1,049	2,406	2,499
Total assets	**20,296**	**19,938**	**20,723**	**21,543**	**21,849**
S-T debt	0	0	0	0	0
A/C payable	969	1,066	1,354	1,467	1,243
Other current liabilities	482	328	447	500	576
L-T debt	0	0	0	0	0
Other liabilities	793	826	838	857	863
Minority interest	0	0	0	0	0
Shareholders' equity	**18,052**	**17,719**	**18,084**	**18,718**	**19,167**
Working capital	1,346	1,419	1,312	1,560	1,492
Total debt	0	0	0	0	0
Net debt	**(4,362)**	**(3,692)**	**(4,415)**	**(4,921)**	**(5,654)**

Financial Ratios					
(%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Sales growth	(49.7)	(38.0)	(1.6)	(2.7)	87.3
Operating profit growth	na	(75.5)	(2.5)	(9.5)	na
EBITDA growth	(78.9)	(42.1)	1.9	(1.6)	481.4
Norm profit growth	na	(58.1)	(6.1)	(8.5)	na
Norm EPS growth	na	(58.1)	(6.1)	(8.5)	na
Gross margin	(4.3)	11.9	17.5	23.8	19.3
Operating margin	(13.7)	4.9	11.4	15.3	11.8
EBITDA margin	7.6	20.0	22.5	25.9	23.6
Norm net margin	(11.0)	9.8	11.6	14.5	11.7
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)
Interest coverage (x)	na	na	na	na	na
Interest rate	na	na	na	na	na
Effective tax rate	4.5	5.9	21.7	22.5	24.0
ROA	(3.7)	4.9	8.3	10.5	6.9
ROE	(4.3)	5.5	9.5	12.1	7.9

Sources: Company data, Thanachart estimates

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