

COM7 Pcl. (COM7 TB) - BUY, Price Bt75.25, TP Bt87.00**Results Comment**

Pattadol Bunnak | Email: pattadol.bun@thanachartsec.co.th

Far-stronger-than-expected 3Q21

- COM7 posted normalized earnings in 3Q21 of Bt560m, +50% y-y but down 5% from the record 2Q21. Note that 3Q is normally the weakest quarter. The beat was on both sales and gross margin levels.
- Sales grew 12% y-y despite its 520 stores (52% of total stores) were closed partly in July and August 2021 while 3Q20 was a normal quarter. Key growth drivers were 1) very strong sales from the new 50 standalones stores opened during the lockdown and 2), strong sales post lockdown in early September amid pend-up demand for IT products.
- Gross margin increased to 15% from 12.7% in 3Q20 and 13.4% in 2Q21. We suspect it was due to a change in revenue mixed toward higher-margin IoT and accessories products.
- SG&A to sales was 8.8% vs. 8.0% in 3Q20 and 7.6% in 2Q21. An increased was from the investment to improves its inventory, logistic and online systems for future growth.
- 4Q is normally stronger than 3Q. We see upside to both our and consensus' numbers.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	8,974	12,444	11,963	11,535	10,069	Revenue	(13)	12	74	45,291	55,610
Gross profit	1,141	1,500	1,558	1,550	1,506	Gross profit	(3)	32	79	5,857	7,364
SG&A	715	843	885	875	852	SG&A	(3)	19	77	3,395	3,892
Operating profit	427	657	673	674	654	Operating profit	(3)	53	81	2,462	3,472
EBITDA	612	789	865	869	851	EBITDA	(2)	39	82	3,151	4,211
Other income	10	12	3	4	6	Other income	63	(34)	23	57	70
Other expense	0	0	0	0	0	Other expense					
Interest expense	12	10	9	12	14	Interest expense	13	13	67	52	53
Profit before tax	424	659	666	666	647	Profit before tax	(3)	52	80	2,467	3,489
Income tax	79	116	128	104	107	Income tax	4	36	72	471	667
Equity & invest. income	25	20	23	23	23	Equity & invest. income	(2)	(8)	69	100	102
Minority interests	3	(11)	0	2	(2)	Minority interests	na	na	7	(4)	(4)
Extraordinary items	(1)	4	4	(0)	10	Extraordinary items					
Net profit	372	556	566	587	571	Net profit	(3)	53	82	2,091	2,920
Normalized profit	373	552	562	587	560	Normalized profit	(5)	50	82	2,091	2,920
EPS (Bt)	0.31	0.46	0.47	0.49	0.48	EPS (Bt)	(3)	53	82	1.74	2.43
Normalized EPS (Bt)	0.31	0.46	0.47	0.49	0.47	Normalized EPS (Bt)	(5)	50	82	1.74	2.43
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	1,064	1,121	1,607	1,719	1,689	Sales grow th	17.8	19.9	46.9	48.9	12.2
A/C receivable	1,102	864	922	1,224	1,538	Operating profit grow th	22.2	37.8	111.7	109.1	53.3
Inventory	4,459	3,664	4,715	3,983	4,464	EBITDA grow th	53.6	48.4	71.5	93.4	39.1
Other current assets	134	211	248	319	435	Norm profit grow th	30.1	43.4	124.0	115.0	50.2
Investment	509	675	697	718	744	Norm EPS grow th	30.1	43.4	124.0	115.0	50.2
Fixed assets	615	506	529	542	583	Gross margin	12.7	12.1	13.0	13.4	15.0
Other assets	1,947	2,165	2,155	2,453	2,414	Operating margin	4.8	5.3	5.6	5.8	6.5
Total assets	9,830	9,207	10,873	10,957	11,866	EBITDA margin	6.8	6.3	7.2	7.5	8.4
S-T debt	2,347	1,283	1,712	2,230	3,336	Norm net margin	4.2	4.4	4.7	5.1	5.6
A/C payable	2,662	2,464	3,070	3,307	2,788	D/E (x)	0.7	0.3	0.4	0.6	0.8
Other current liabilities	692	683	786	754	551	Net D/E (x)	0.4	0.0	0.0	0.1	0.4
L-T debt	0	0	0	0	0	Interest coverage (x)	50.5	78.5	93.5	71.8	62.2
Other liabilities	826	906	870	837	786	Interest rate	2.6	2.2	2.5	2.5	2.0
Minority interest	1	19	18	28	30	Effective tax rate	18.5	17.6	19.2	15.5	16.6
Shareholders' equity	3,303	3,852	4,416	3,802	4,376	ROA	15.5	23.2	22.4	21.5	19.6
Working capital	2,899	2,064	2,568	1,900	3,214	ROE	47.9	61.7	54.3	57.2	54.8
Total debt	2,347	1,283	1,712	2,230	3,336						
Net debt	1,283	161	105	511	1,647						

Sources: Company data, Thanachart estimates

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