

Somboon Advance Tech. (SAT TB) - BUY, Price Bt21.1, TP Bt29.0**Results Comment**

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Weak 3Q21, a slight beat

- In an otherwise high industry season, SAT reported normalized earnings drop of 9% q-q (+160% y-y) to Bt214m in 3Q21. This was better than ours and streets' estimate by 6-7%.
- Due to auto supply-chain hiccups, sales dropped 1% q-q (+32% y-y). Higher steel costs knocked gross margin by 100bps q-q to 18.4%. Equity income also dropped by 64% q-q to only Bt8m in 3Q21.
- For 4Q21F, though we expect rising steel cost, we expect some improvement in normalized earnings q-q mainly on better sales and equity income along with industry's auto production recovery, but earnings should drop y-y. Note that there will be a one-off restructuring expense which the company guided at Bt50m in 4Q21F.

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	1,529	1,768	2,208	2,041	2,012	Revenue	(1)	32	72	8,682	9,794
Gross profit	230	366	466	396	371	Gross profit	(6)	61	76	1,624	1,837
SG&A	163	172	197	181	168	SG&A	(7)	3	70	779	825
Operating profit	67	194	269	215	203	Operating profit	(6)	202	81	844	1,012
EBITDA	221	349	414	362	348	EBITDA	(4)	58	76	1,472	1,663
Other income	48	40	34	30	28	Other income	(5)	(40)	72	128	145
Other expense	0	0	0	0	0	Other expense					
Interest expense	1	2	1	2	2	Interest expense	11	30	78	6	6
Profit before tax	113	232	302	243	229	Profit before tax	(6)	102	80	967	1,150
Income tax	14	13	34	27	24	Income tax	(10)	76	79	108	135
Equity & invest. income	(12)	27	47	21	8	Equity & invest. income	(64)	na	67	115	121
Minority interests	(5)	(5)	(0)	(2)	1	Minority interests	na	na	29	(7)	(7)
Extraordinary items	(1)	(1)	6	2	1	Extraordinary items	(46)	na	(16)	(58)	0
Net profit	81	240	321	237	215	Net profit	(10)	165	85	908	1,129
Normalized profit	82	241	314	235	214	Normalized profit	(9)	160	79	966	1,129
EPS (Bt)	0.19	0.57	0.75	0.56	0.50	EPS (Bt)	(10)	165	85	2.14	2.66
Normalized EPS (Bt)	0.19	0.57	0.74	0.55	0.50	Normalized EPS (Bt)	(9)	160	79	2.27	2.66
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	2,101	2,331	2,658	2,511	2,752	Sales growth	(23.4)	(6.3)	20.6	170.5	31.6
A/C receivable	1,042	1,206	1,533	1,451	1,403	Operating profit growth	(67.6)	27.9	53.5	na	201.5
Inventory	525	565	565	652	759	EBITDA growth	(39.9)	11.6	25.0	na	57.6
Other current assets	297	305	328	539	375	Norm profit growth	(63.7)	15.7	62.7	na	160.2
Investment	866	894	962	983	1,024	Norm EPS growth	(63.7)	15.7	62.7	na	160.2
Fixed assets	3,444	3,403	3,346	3,263	3,199	Gross margin	15.1	20.7	21.1	19.4	18.4
Other assets	277	252	244	252	262	Operating margin	4.4	11.0	12.2	10.5	10.1
Total assets	8,553	8,955	9,637	9,651	9,774	EBITDA margin	14.5	19.7	18.8	17.7	17.3
S-T debt	73	71	86	38	34	Norm net margin	5.4	13.7	14.2	11.5	10.6
A/C payable	748	974	1,141	1,165	1,161	D/E (x)	0.0	0.0	0.0	0.0	0.0
Other current liabilities	473	455	626	650	730	Net D/E (x)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)
L-T debt	71	59	44	6	5	Interest coverage (x)	151.5	179.0	327.3	211.3	183.1
Other liabilities	330	305	312	328	335	Interest rate	3.6	5.7	3.9	7.8	18.3
Minority interest	44	48	49	51	51	Effective tax rate	12.0	5.6	11.4	11.0	10.5
Shareholders' equity	6,813	7,042	7,380	7,413	7,458	ROA	3.9	11.0	13.5	9.8	8.8
Working capital	819	797	958	937	1,001	ROE	4.8	13.9	17.4	12.7	11.5
Total debt	144	130	130	44	39						
Net debt	(1,957)	(2,201)	(2,528)	(2,467)	(2,713)						

Sources: Company data, Thanachart estimates

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