

SISB Pcl (SISB TB) - BUY, Price Bt10.00, TP Bt12.00**Results Comment**

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3Q21 results in line

- SISB posted 3Q21 normalized earnings of Bt46m, up 60% y-y but down 30% q-q. The results were in line with what we had expected. Its earnings growth year on year was due to a 4.4% hike in tuition fee and no expenses from the liquidation of Ekkamai campus while the earnings fall quarter on quarter was due to the school closure for online study.
- Even though SISB's 9M21 results make up 103% of our full-year earnings forecast, we expect its earnings to break even in 4Q21 due to the continued school closure in October, 5-15% tuition fee discounts, and higher depreciation expenses from the opening of Thonburi campus's phase 2.
- We maintain a BUY on SISB as we expect its strong earnings turnaround in 2022F after the school reopening and no more tuition fee discounts. We also like its fundamental with market share gain from normal private schools and expansions. its profitability is high with over 30% EBITDA margin.
- SISB's revenue fell by 3% y-y in 3Q21 as the impacts from the school closure for online study causing a lack of revenue from food and after-school activities were partly offset by a hike in tuition fee by 4.4%.
- Its gross margin increased to 45% in 3Q21 from 36% in 3Q20 due to 1) a tuition fee hike, 2) no one-time expenses from the liquidation of Ekkamai campus and 3) operating leverage benefits.
- SG&A expenses in 3Q21 dropped by 5% y-y given the cost control.

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	262	288	292	269	255	Revenue	(5)	(3)	80	1,025	1,206
Gross profit	94	140	144	136	115	Gross profit	(15)	22	86	462	557
SG&A	65	72	73	66	62	SG&A	(6)	(5)	72	277	289
Operating profit	29	68	72	70	53	Operating profit	(24)	84	106	185	267
EBITDA	70	106	109	108	92	EBITDA	(15)	31	89	347	450
Other income	5	7	5	2	3	Other income	47	(36)	64	16	26
Other expense	0	0	0	0	4	Other expense	na	na	na	0	0
Interest expense	5	7	7	6	6	Interest expense	(1)	30	82	24	22
Profit before tax	29	68	70	66	46	Profit before tax	(30)	57	103	177	271
Income tax	0	(0)	0	0	0	Income tax	538	131	6	2	3
Equity & invest. income	(0)	(0)	0	0	0	Equity & invest. income	25	na	43	2	2
Minority interests	0	0	0	0	0	Minority interests					
Extraordinary items	0	0	0	(0)	0	Extraordinary items					
Net profit	29	68	71	65	46	Net profit	(30)	60	103	177	271
Normalized profit	29	68	71	66	46	Normalized profit	(30)	60	103	177	271
EPS (Bt)	0.03	0.07	0.08	0.07	0.05	EPS (Bt)	(30)	60	103	0.19	0.29
Normalized EPS (Bt)	0.03	0.07	0.08	0.07	0.05	Normalized EPS (Bt)	(30)	60	103	0.19	0.29

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	1,162	512	309	276	193	Sales grow th	(6.9)	(0.5)	5.6	21.6	(2.5)
A/C receivable	18	77	119	7	20	Operating profit grow th	(43.9)	19.1	26.8	286.8	84.0
Inventory	6	7	6	6	9	EBITDA grow th	(16.3)	18.6	13.7	94.7	30.7
Other current assets	8	502	710	545	660	Norm profit grow th	(52.4)	3.2	20.0	236.9	60.4
Investment	55	54	55	55	55	Norm EPS grow th	(52.4)	3.2	20.0	236.9	60.4
Fixed assets	1,400	1,556	1,605	1,805	1,875	Gross margin	35.9	48.7	49.4	50.5	45.1
Other assets	417	458	453	447	470	Operating margin	11.1	23.6	24.6	26.0	20.9
Total assets	3,066	3,166	3,241	3,100	3,236	EBITDA margin	26.8	36.8	37.5	40.0	36.0
S-T debt	522	535	530	261	437	Norm net margin	11.0	23.6	24.2	24.4	18.1
A/C payable	54	77	85	217	77	D/E (x)	0.3	0.3	0.3	0.2	0.2
Other current liabilities	13	14	15	15	16	Net D/E (x)	(0.3)	0.0	0.1	0.0	0.2
L-T debt	57	60	60	59	55	Interest coverage (x)	14.3	16.2	16.8	16.7	14.4
Other liabilities	605	604	602	605	664	Interest rate	3.0	4.5	4.4	5.7	6.3
Minority interest	0	0	0	0	0	Effective tax rate	0.1	(0.2)	0.0	0.0	0.2
Shareholders' equity	1,815	1,877	1,948	1,942	1,988	ROA	3.6	8.7	8.8	8.3	5.8
Working capital	(29)	7	40	(204)	(48)	ROE	6.4	14.7	14.8	13.5	9.4
Total debt	579	594	591	320	491						
Net debt	(583)	82	281	45	299						

Sources: Company data, Thanachart estimates

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