Thai Stanly Electric (STANLY TB) - BUY, Price Bt176.5, TP Bt260

Results Comment

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Weak 2QFY22 as expected

- STANLY reported 2QFY22 (July – September 2021) normalized profit of Bt265m. Though the earnings were up 7% y-y, we consider it weak given a 29% drop q-q. This was as expected.
- STANLY sold lamps to automotive at 70% of revenue and the rest to motorcycle. The weak performance was due to hiccups in industry's cars (+3% y-y, -3% q-q) and motorcycle (-37% y-y, -44% q-q) productions hitting by country partial lockdown and supply chain issues amid Covid breakout in ASEAN.
- 6MFY22 accounted for 48% of our forecast. We expect improving earnings into next quarter along with industry's production recovery.
- Reaffirm BUY as a laggard play.

Income Statement					(consolidated)
Yr-end Mar (Bt m)	**2QFY21**	**3QFY21**	**4QFY21**	**1QFY22**	**2QFY22**
Revenue	2,532	3,646	3,831	3,219	3,018
Gross profit	**300**	**637**	**913**	**621**	**482**
SG&A	176	221	325	242	246
Operating profit	124	416	588	379	236
EBITDA	**507**	**820**	**991**	**761**	**629**
Other income	74	17	30	20	47
Other expense	0	0	0	0	0
Interest expense	0	0	0	0	0
Profit before tax	**198**	**433**	**618**	**400**	**283**
Income tax	12	94	139	96	59
Equity & invest. income	61	85	76	72	41
Minority interests	0	0	0	0	0
Extraordinary items	6	7	6	8	2
Net profit	**254**	**430**	**561**	**383**	**267**
Normalized profit	**248**	**424**	**555**	**375**	**265**
EPS (Bt)	3.32	5.62	7.32	5.00	3.49
Normalized EPS (Bt)	3.23	5.53	7.24	4.90	3.46

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2022F**	**2023F**
Revenue	(6)	19	48	12,914	14,845
Gross profit	**(22)**	**60**	**53**	**2,100**	**2,690**
SG&A	2	40	58	839	924
Operating profit	(38)	89	49	1,261	1,765
EBITDA	**(17)**	**24**	**47**	**2,934**	**3,483**
Other income	133	(36)	51	131	240
Other expense					
Interest expense					
Profit before tax	**(29)**	**42**	**49**	**1,392**	**2,005**
Income tax	(39)	398	51	301	433
Equity & invest. income	(43)	(33)	45	253	316
Minority interests					
Extraordinary items	(74)	(68)	na	0	0
Net profit	**(30)**	**5**	**48**	**1,344**	**1,888**
Normalized profit	**(29)**	**7**	**48**	**1,344**	**1,888**
EPS (Bt)	(30)	5	48	17.55	24.65
Normalized EPS (Bt)	(29)	7	48	17.55	24.65

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2QFY21**	**3QFY21**	**4QFY21**	**1QFY22**	**2QFY22**
Cash & ST investment	3,692	4,415	4,921	5,654	5,335
A/C receivable	1,815	2,148	2,550	2,128	2,169
Inventory	670	517	477	607	766
Other current assets	52	60	52	77	75
Investment	2,932	2,935	1,733	1,640	1,796
Fixed assets	9,692	9,599	9,403	9,244	9,150
Other assets	1,086	1,049	2,406	2,499	2,524
Total assets	**19,938**	**20,723**	**21,543**	**21,849**	**21,816**
S-T debt	0	0	0	0	0
A/C payable	1,066	1,354	1,467	1,243	1,202
Other current liabilities	328	447	500	576	531
L-T debt	0	0	0	0	0
Other liabilities	826	838	857	863	924
Minority interest	0	0	0	0	0
Shareholders' equity	**17,719**	**18,084**	**18,718**	**19,167**	**19,159**
Working capital	1,419	1,312	1,560	1,492	1,733
Total debt	0	0	0	0	0
Net debt	**(3,692)**	**(4,415)**	**(4,921)**	**(5,654)**	**(5,335)**

Financial Ratios					
(%)	**2QFY21**	**3QFY21**	**4QFY21**	**1QFY22**	**2QFY22**
Sales growth	(38.0)	(1.6)	(2.7)	87.3	19.2
Operating profit growth	(75.5)	(2.5)	(9.5)	na	89.2
EBITDA growth	(42.1)	1.9	(1.6)	481.4	24.0
Norm profit growth	(58.1)	(6.1)	(8.5)	na	7.0
Norm EPS growth	(58.1)	(6.1)	(8.5)	na	7.0
Gross margin	11.9	17.5	23.8	19.3	16.0
Operating margin	4.9	11.4	15.3	11.8	7.8
EBITDA margin	20.0	22.5	25.9	23.6	20.8
Norm net margin	9.8	11.6	14.5	11.7	8.8
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)
Interest coverage (x)	na	na	na	na	na
Interest rate	na	na	na	na	na
Effective tax rate	5.9	21.7	22.5	24.0	20.7
ROA	4.9	8.3	10.5	6.9	4.9
ROE	5.5	9.5	12.1	7.9	5.5

Sources: Company data, Thanachart estimates

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