

The Siam Cement Pcl (SCC TB) - BUY, Price Bt382.00, TP Bt490.00 | Results Comment

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Weak 4Q21, in line

- SCC reported 4Q21 net profit of Bt8.31bn (EPS Bt6.92/sh). Excluding non-operating items, normalized profit was Bt7.81bn (norm EPS Bt6.51/sh), -14% q-q and -8% y-y. The result was in line with expectation. BUY.
- Cement & building materials (CBM):** CBM reported a net profit of Bt1.39bn, increasing by about 16% q-q (excluding impact of impairment in 3Q21). Thailand's cement demand improved to a 5% y-y decline pace vs 12% y-y decline in 3Q21. Average grey cement sales price increased to Bt1,750-1,850/ton, up about Bt50-100/ton q-q. Demand for housing products still contracted 2% y-y (vs 7% y-y contraction in 3Q21) while ceramic tiles sales volume grew 3% y-y and ASP increased by 8% y-y. These improvements were due to economic re-openings across ASEAN.
- Chemical:** Reported chemical profit was Bt4.5bn, down 23% y-y and 14% q-q despite improving spreads across its main products (PE, PP, PVC). We attribute the weakness to sharply lower co-product spreads (BD-naphtah in negative territory), lower volume (-2% q-q for PE & PP, -6% q-q for PVC) and higher cash cost (higher energy price).
- Packaging:** Packaging profit grew 42% y-y and 19% q-q on asset consolidation, start-ups of new plants and partially offset by lower margins.
- Strategic direction:** SCC will go ahead with IPO of its chemical business (25% floats). The proceeds will be used to expand its footprints in Vietnam and Indonesia, strengthen its PVC position, grow green polymer platforms and increase HVA portfolios to capture new megatrends.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	97,250	122,066	133,555	131,825	142,665	Revenue	8	47	112	530,112	474,865
Gross profit	21,116	30,374	32,243	25,893	22,356	Gross profit	(14)	6	107	109,112	101,007
SG&A	13,361	15,040	15,716	15,864	16,177	SG&A	2	21	106	62,797	59,699
Operating profit	7,755	15,334	16,527	10,029	6,180	Operating profit	(38)	(20)	108	46,315	41,308
EBITDA	14,644	22,196	23,633	17,480	13,596	EBITDA	(22)	(7)	103	75,150	71,294
Other income	1,583	1,562	2,861	3,229	2,942	Other income	(9)	86	116	10,594	9,770
Other expense	(515)	304	75	3,790	(111)	Other expense	na	na	na	4,058	0
Interest expense	1,299	1,691	1,694	1,681	1,691	Interest expense	1	30	88	6,757	7,088
Profit before tax	8,554	14,901	17,619	7,786	7,543	Profit before tax	(3)	(12)	104	46,093	43,990
Income tax	2,058	2,322	2,929	1,893	1,757	Income tax	(7)	(15)	162	8,900	5,719
Equity & invest. income	3,465	5,697	5,708	3,890	2,248	Equity & invest. income	(42)	(35)	121	17,543	13,960
Minority interests	(1,514)	(3,363)	(3,261)	(717)	(221)	Minority interests	na	na	136	(7,562)	(4,458)
Extraordinary items	(400)	0	0	(2,249)	494	Extraordinary items	na	na	na	0	0
Net profit	8,047	14,914	17,136	6,817	8,307	Net profit	22	3	96	47,174	47,773
Normalized profit	8,447	14,914	17,136	9,066	7,813	Normalized profit	(14)	(8)	99	48,929	47,773
EPS (Bt)	6.71	12.43	14.28	5.68	6.92	EPS (Bt)	22	3	96	39.31	39.81
Normalized EPS (Bt)	7.04	12.43	14.28	7.56	6.51	Normalized EPS (Bt)	(14)	(8)	99	39.31	39.81

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	102,981	106,530	88,173	64,696	67,610	Sales grow th	(8.4)	15.4	39.1	30.6	46.7
A/C receivable	54,842	68,788	74,771	75,890	78,951	Operating profit grow th	34.1	98.5	64.5	(11.6)	(20.3)
Inventory	54,654	58,721	68,825	78,908	83,121	EBITDA grow th	22.3	53.1	40.1	(4.1)	(7.2)
Other current assets	1,540	1,174	3,822	4,596	3,334	Norm profit grow th	(0.6)	80.2	71.1	(16.2)	(7.5)
Investment	114,808	123,076	122,625	141,730	137,579	Norm EPS grow th	(0.6)	80.2	71.1	(16.2)	(7.5)
Fixed assets	363,425	377,251	387,670	406,773	410,708	Gross margin	21.7	24.9	24.1	19.6	15.7
Other assets	57,130	65,393	66,165	77,745	79,799	Operating margin	8.0	12.6	12.4	7.6	4.3
Total assets	749,381	800,932	812,051	850,339	861,101	EBITDA margin	15.1	18.2	17.7	13.3	9.5
S-T debt	88,092	93,443	93,755	92,169	83,812	Norm net margin	8.7	12.2	12.8	6.9	5.5
A/C payable	65,273	72,579	74,831	79,469	75,026	D/E (x)	0.6	0.6	0.6	0.6	0.6
Other current liabilities	8,055	22,976	11,031	11,649	9,549	Net D/E (x)	0.4	0.4	0.4	0.5	0.5
L-T debt	160,553	167,156	166,381	187,940	206,291	Interest coverage (x)	11.3	13.1	13.9	10.4	8.0
Other liabilities	31,281	33,214	33,946	35,924	36,415	Interest rate	2.0	2.7	2.6	2.5	2.4
Minority interest	75,154	79,159	80,129	84,159	84,318	Effective tax rate	24.1	15.6	16.6	24.3	23.3
Shareholders' equity	320,972	332,406	351,978	359,030	365,691	ROA	4.6	7.7	8.5	4.4	3.7
Working capital	44,223	54,930	68,765	75,330	87,047	ROE	10.8	18.3	20.0	10.2	8.6
Total debt	248,645	260,598	260,136	280,109	290,103						
Net debt	145,664	154,068	171,962	215,413	222,493						

Sources: Company data, Thanachart estimates

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