

BG Container Glass Pcl (BGC TB) - BUY, Price Bt10.30, TP Bt12.7

Results Comment

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Weak 4Q21 earnings

- BGC reported weak 4Q21 net profit at Bt87m, down 28% y-y and 31% q-q. This was below our expectation due to its weaker-than-expected top line and margin.
- The y-y earnings drop resulted from weak operation in its solar power business in Vietnam due to seasonally reduced light intensity and limiting the amount of electricity purchase (Curtailment) of Vietnam.
- The q-q earnings drop was mainly due to falling gross margin from 19.1% in 3Q21 to 13.9% in 4Q21 due to rising energy costs and raw material costs in packaging business.
- Including 4Q21 results, BGC reported net profit of Bt523m, flat y-y.
- Looking into this year, we see BGC's earnings still have pressure from energy price hike. We will revisit our numbers.
- The company announced dividend payment of Bt0.12/share. The XD date is 10 May 2022 and dividend payment date is 27 May 2022.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	2,982	3,381	3,150	2,774	3,081	Revenue	11	3	95	12,387	13,212
Gross profit	373	584	549	531	428	Gross profit	(19)	15	94	2,092	2,244
SG&A	394	319	343	359	343	SG&A	(5)	(13)	103	1,368	1,312
Operating profit	(21)	265	206	172	86	Operating profit	(50)	na	82	724	932
EBITDA	444	669	658	601	528	EBITDA	(12)	19	92	2,452	2,702
Other income	101	21	39	33	13	Other income	(60)	(87)	108	160	128
Other expense	25	21	10	1	(3)	Other expense	na	na	57	23	50
Interest expense	(25)	59	65	72	(14)	Interest expense	na	na	73	182	243
Profit before tax	80	206	170	131	116	Profit before tax	(12)	44	91	678	767
Income tax	(46)	12	21	10	36	Income tax	267	na	132	79	90
Equity & invest. income	0	4	1	1	0	Equity & invest. income			92	0	7
Minority interests	(6)	(22)	(36)	(25)	8	Minority interests	na	na	70	(76)	(100)
Extraordinary items	0	14	8	28	0	Extraordinary items			172	0	0
Net profit	120	189	122	126	87	Net profit	(31)	(28)	95	523	584
Normalized profit	120	175	114	98	87	Normalized profit	(11)	(28)	90	523	584
EPS (Bt)	0.17	0.27	0.18	0.18	0.13	EPS (Bt)	(31)	(28)	95	0.75	0.84
Normalized EPS (Bt)	0.17	0.25	0.16	0.14	0.13	Normalized EPS (Bt)	(11)	(28)	90	0.75	0.84

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	420	397	457	495	141	Sales growth	(3.9)	0.2	27.5	(8.2)	3.3
A/C receivable	1,584	1,570	1,383	1,276	1,358	Operating profit growth	na	(8.8)	1.9	(33.7)	na
Inventory	2,327	2,104	2,489	2,999	2,811	EBITDA growth	(27.3)	(4.2)	(1.2)	(14.8)	19.1
Other current assets	814	372	349	245	4,375	Norm profit growth	(35.7)	5.4	61.2	(31.9)	(27.5)
Investment	144	147	148	149	150	Norm EPS growth	(35.7)	5.4	61.2	(31.9)	(27.5)
Fixed assets	12,503	11,859	12,168	12,241	9,278	Gross margin	12.5	17.3	17.4	19.1	13.9
Other assets	1,566	1,542	1,600	1,574	595	Operating margin	(0.7)	7.8	6.5	6.2	2.8
Total assets	19,359	17,991	18,593	18,979	18,708	EBITDA margin	14.9	19.8	20.9	21.7	17.2
S-T debt	7,006	6,385	6,056	6,731	6,906	Norm net margin	4.0	5.2	3.6	3.5	2.8
A/C payable	1,259	1,190	1,389	1,382	1,259	D/E (x)	1.5	1.4	2.0	2.0	1.6
Other current liabilities	184	187	183	160	2,111	Net D/E (x)	1.4	1.4	1.9	1.9	1.6
L-T debt	3,118	2,860	4,554	4,116	2,032	Interest coverage (x)	(17.8)	11.4	10.1	8.3	(37.7)
Other liabilities	1,008	959	1,026	1,038	911	Interest rate	(1.0)	2.4	2.6	2.7	(0.6)
Minority interest	1,675	1,082	1,085	1,143	1,104	Effective tax rate	(57.5)	6.0	12.1	7.5	31.2
Shareholders' equity	5,109	5,329	4,300	4,410	4,385	ROA	2.6	3.7	2.5	2.1	1.8
Working capital	2,652	2,484	2,483	2,894	2,909	ROE	9.4	13.4	9.5	9.0	7.9
Total debt	10,124	9,245	10,610	10,847	8,938						
Net debt	9,704	8,848	10,153	10,352	8,797						

Sources: Company data, Thanachart estimates

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