

Somboon Advance Tech. (SAT TB) - BUY, Price Bt21.3, TP Bt29.0**Results Comment**

Rata Limsuthiwanpoom | Email: rata.lim@thanachartsec.co.th

Mediocre 4Q21 as expected

- SAT reported normalized earnings of Bt219m, falling 9% y-y but up 3% q-q. This was in our number and street's.
- While revenue grew 32% y-y and 16% q-q, key profit dragger was higher steel cost, resulting in gross margin falling to 18.1% in 4Q21 vs. 18.9% in 4Q20 and 18.4% in 3Q21.
- Extra items were one-off restructuring expense of Bt28m and loss on disposal of investment in a subsidiary company of Bt12m.
- 2021's norm profit grew 165% and accounted for 102% of our full-year forecast.
- We expect improving earnings momentum into 1Q22F and reaffirm BUY.
- SAT announced to pay Bt1.1/share dividend (payout ratio 67%). XD and payment date is 7 March and 6 May 2022.

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	1,768	2,208	2,041	2,012	2,338	Revenue	16	32	99	8,598	9,794
Gross profit	334	466	396	371	423	Gross profit	14	27	102	1,655	1,837
SG&A	140	197	181	168	188	SG&A	12	34	94	737	825
Operating profit	194	269	215	203	235	Operating profit	16	21	109	918	1,012
EBITDA	349	414	362	348	369	EBITDA	6	6	101	1,490	1,663
Other income	40	34	30	28	27	Other income	(4)	(32)	93	120	145
Other expense	0	0	0	0	0	Other expense					
Interest expense	2	1	2	2	1	Interest expense	(52)	(53)	93	6	6
Profit before tax	232	302	243	229	261	Profit before tax	14	12	107	1,032	1,150
Income tax	13	34	27	24	49	Income tax	103	277	124	159	135
Equity & invest. income	27	47	21	8	8	Equity & invest. income	(1)	(72)	73	84	121
Minority interests	(5)	(0)	(2)	1	(1)	Minority interests	na	na	36	(3)	(7)
Extraordinary items	(1)	6	2	1	(39)	Extraordinary items	na	na	52	(2)	0
Net profit	240	321	237	215	180	Net profit	(16)	(25)	105	953	1,129
Normalized profit	241	314	235	214	219	Normalized profit	3	(9)	102	955	1,129
EPS (Bt)	0.57	0.75	0.56	0.50	0.42	EPS (Bt)	(16)	(25)	105	2.24	2.66
Normalized EPS (Bt)	0.57	0.74	0.55	0.50	0.52	Normalized EPS (Bt)	3	(9)	102	2.25	2.66
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	2,331	2,658	2,511	2,752	2,999	Sales growth	(6.3)	20.6	170.5	31.6	32.2
A/C receivable	1,206	1,533	1,451	1,403	1,531	Operating profit growth	27.9	53.5	na	201.5	20.9
Inventory	565	565	652	759	594	EBITDA growth	11.6	25.0	na	57.6	5.8
Other current assets	305	328	539	375	420	Norm profit growth	15.7	62.7	na	160.2	(9.2)
Investment	894	962	983	1,024	1,031	Norm EPS growth	15.7	62.7	na	160.2	(9.2)
Fixed assets	3,403	3,346	3,263	3,199	3,069	Gross margin	18.9	21.1	19.4	18.4	18.1
Other assets	252	244	252	262	187	Operating margin	11.0	12.2	10.5	10.1	10.0
Total assets	8,955	9,637	9,651	9,774	9,830	EBITDA margin	19.7	18.8	17.7	17.3	15.8
S-T debt	71	86	38	34	0	Norm net margin	13.7	14.2	11.5	10.6	9.4
A/C payable	974	1,141	1,165	1,161	1,228	D/E (x)	0.0	0.0	0.0	0.0	-
Other current liabilities	455	626	650	730	664	Net D/E (x)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
L-T debt	59	44	6	5	0	Interest coverage (x)	179.0	327.3	211.3	183.1	404.9
Other liabilities	305	312	328	335	296	Interest rate	5.7	3.9	7.8	18.3	18.8
Minority interest	48	49	51	51	0	Effective tax rate	5.6	11.4	11.0	10.5	18.7
Shareholders' equity	7,042	7,380	7,413	7,458	7,642	ROA	11.0	13.5	9.8	8.8	8.9
Working capital	797	958	937	1,001	897	ROE	13.9	17.4	12.7	11.5	11.6
Total debt	130	130	44	39	0						
Net debt	(2,201)	(2,528)	(2,467)	(2,713)	(2,999)						

Sources: Company data, Thanachart estimates

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