Siam Global House (GLOBAL TB) - BUY, Price Bt21.7, TP Bt30.0

Results Comment

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1Q22 a beat on gross margin

- GLOBAL's 1Q22 net profit was a beat to Bt1,157m, up 20% y-y and 55% q-q, 13% above consensus on higher-than-expected gross margin and overseas profit.
- Sales came in strong as expected. Sales grew by 11% y-y and 17% q-q on a 7.4% SSSG and an increase in store number by three branches y-y to 76 domestic stores as of 1Q22.
- Gross margin rose by 66bp y-y and 65bp q-q to 26.12% despite falling gross margin on steel. Margin driver was rising private-label sales mix to 23.5% vs 23.0% in 4Q21 and 21.0% in 1Q21.
- SG&A/sales stayed flat y-y at 12.9%.
- Equity income from JV that invests in home improvement stores in Myanmar, Laos and Indonesia (started contributing profit from Feb) also beats to Bt39m (34% of our 2022F), increasing from Bt10m in 1Q21 and Bt33m in 4Q21. The company guides for continuing momentum in 2Q-4Q22 and can use 1Q22 profit contribution to get annualized number.
- 1Q22 net profit made up 30% of our full-year forecast. Maintain BUY as one of top retail picks to Bt30 TP.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	8,679	8,888	7,685	8,246	9,634
Gross profit	**2,210**	**2,301**	**1,819**	**2,100**	**2,517**
SG&A	1,121	1,250	1,192	1,243	1,244
Operating profit	1,089	1,052	627	857	1,273
EBITDA	**1,394**	**1,370**	**950**	**1,175**	**1,604**
Other income	150	180	213	75	171
Other expense	3	0	(0)	(2)	0
Interest expense	48	46	42	45	45
Profit before tax	**1,187**	**1,185**	**799**	**890**	**1,399**
Income tax	226	232	153	173	275
Equity & invest. income	10	20	17	33	39
Minority interests	(6)	(2)	(4)	(3)	(7)
Extraordinary items	0	0	(0)	(0)	0
Net profit	**966**	**972**	**659**	**746**	**1,157**
Normalized profit	**966**	**972**	**659**	**747**	**1,156**
EPS (Bt)	0.20	0.20	0.14	0.16	0.24
Normalized EPS (Bt)	0.20	0.20	0.14	0.16	0.24

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	17	11	26	36,894	41,077
Gross profit	**20**	**14**	**27**	**9,363**	**10,614**
SG&A	0	11	24	5,239	5,545
Operating profit	48	17	31	4,124	5,069
EBITDA	**37**	**15**	**29**	**5,448**	**6,530**
Other income	127	15	23	738	863
Other expense			na	0	0
Interest expense	1	(7)	24	187	204
Profit before tax	**57**	**18**	**30**	**4,675**	**5,727**
Income tax	59	22	31	888	1,117
Equity & invest. income	19	289	34	116	131
Minority interests	na	na	33	(20)	(25)
Extraordinary items	na	570	na	0	0
Net profit	**55**	**20**	**30**	**3,882**	**4,717**
Normalized profit	**55**	**20**	**30**	**3,882**	**4,717**
EPS (Bt)	55	20	30	0.81	0.98
Normalized EPS (Bt)	55	20	30	0.81	0.98

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	1,887	1,141	622	1,694	1,377
A/C receivable	620	585	629	674	701
Inventory	14,159	13,951	15,434	16,186	17,473
Other current assets	11	13	25	78	67
Investment	898	919	936	1,607	1,945
Fixed assets	17,214	17,087	16,946	17,099	17,098
Other assets	1,912	1,913	1,930	1,937	1,928
Total assets	**36,700**	**35,608**	**36,523**	**39,275**	**40,588**
S-T debt	10,860	10,114	11,278	13,111	12,453
A/C payable	3,619	2,968	2,848	2,543	3,257
Other current liabilities	950	1,002	152	358	615
L-T debt	1,803	1,861	1,861	2,139	1,975
Other liabilities	1,260	1,283	1,306	1,289	1,291
Minority interest	249	257	276	275	281
Shareholders' equity	**17,960**	**18,124**	**18,802**	**19,561**	**20,716**
Working capital	11,160	11,568	13,215	14,317	14,917
Total debt	12,663	11,975	13,139	15,249	14,428
Net debt	**10,776**	**10,833**	**12,517**	**13,555**	**13,051**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	19.3	42.9	19.3	20.0	11.0
Operating profit growth	51.0	78.9	24.3	198.2	16.9
EBITDA growth	40.1	56.0	18.5	99.1	15.1
Norm profit growth	56.8	92.0	43.6	130.9	19.7
Norm EPS growth	56.8	92.0	43.6	130.9	19.7
Gross margin	25.5	25.9	23.7	25.5	26.1
Operating margin	12.5	11.8	8.2	10.4	13.2
EBITDA margin	16.1	15.4	12.4	14.3	16.7
Norm net margin	11.1	10.9	8.6	9.1	12.0
D/E (x)	0.7	0.7	0.7	0.8	0.7
Net D/E (x)	0.6	0.6	0.7	0.7	0.6
Interest coverage (x)	28.9	29.9	22.8	26.3	35.6
Interest rate	1.4	1.5	1.3	1.3	1.2
Effective tax rate	19.0	19.5	19.1	19.5	19.7
ROA	11.2	11.3	7.8	8.4	12.1
ROE	22.1	21.6	14.3	15.6	23.0

Sources: Company data, Thanachart estimates

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