Sabina Pcl (SABINA TB) - BUY, Price Bt22.50, TP Bt27.00

Results Comment

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Strong 1Q22, slightly miss

- SABINA reported Bt102m net profit in 1Q22, up 30% y-y and 4% q-q. This was slightly below our expectation due to its lower-than-expected sales, but it was in line with the market's expectation.
- SABINA's sales increased by 8% y-y but declined by 10% q-q to Bt721m in 1Q22. Its offline sales increased by 6% y-y but dropped by 16% q-q in 1Q22. Meanwhile, online sales increased by 17% y-y and 15% q-q, Sabina export decreased by 66% y-y and 11% q-q and OEM increased by 44% y-y but declined by 15% q-q in 1Q22.
- SABINA's gross margin increased to 49% in 1Q22 from 47.6% in 1Q21 and 48.4% in 4Q21 due to rising sales mix in high-margin products. Sales portion of product sourcing increased to 45.5% in 1Q22 from 43% in 1Q21.
- Operation margin was at 16.8% in 1Q22 vs. 14% in 1Q21 and 14.9% in 4Q21. The improving operating margin resulted from falling advertising and marketing expenses.
- 3M22 earnings accounted for 27% of our full-year forecast. With improving COVID situation and Thailand's reopening, we see SABINA's operation should be stronger in following quarters. We maintain BUY.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	665	626	541	799	721
Gross profit	**317**	**309**	**273**	**387**	**353**
SG&A	224	237	208	268	232
Operating profit	93	72	65	119	121
EBITDA	**114**	**93**	**83**	**141**	**284**
Other income	7	7	6	4	3
Other expense	0	0	0	0	0
Interest expense	1	1	1	1	1
Profit before tax	**99**	**78**	**70**	**121**	**123**
Income tax	20	15	15	23	22
Equity & invest. income	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Net profit	**78**	**63**	**55**	**98**	**102**
Normalized profit	**78**	**63**	**55**	**98**	**102**
EPS (Bt)	0.23	0.18	0.16	0.28	0.29
Normalized EPS (Bt)	0.23	0.18	0.16	0.28	0.29

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	(10)	8	24	3,001	3,354
Gross profit	**(9)**	**11**	**24**	**1,476**	**1,659**
SG&A	(14)	4	22	1,035	1,121
Operating profit	2	30	27	441	538
EBITDA	**102**	**150**	**57**	**499**	**588**
Other income	(7)	(53)	12	28	30
Other expense			na	0	0
Interest expense	(10)	(23)	25	4	6
Profit before tax	**2**	**25**	**27**	**464**	**562**
Income tax	(7)	7	24	93	112
Equity & invest. income			na	0	0
Minority interests			na	0	0
Extraordinary items			na	0	0
Net profit	**4**	**30**	**27**	**371**	**450**
Normalized profit	**4**	**30**	**27**	**371**	**450**
EPS (Bt)	4	30	27	1.07	1.30
Normalized EPS (Bt)	4	30	27	1.07	1.30

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	49	52	70	80	122
A/C receivable	423	399	372	445	444
Inventory	1,331	1,337	1,367	1,260	1,192
Other current assets	304	306	217	359	423
Investment	0	0	0	0	0
Fixed assets	261	259	246	244	241
Other assets	348	320	328	315	319
Total assets	**2,716**	**2,673**	**2,600**	**2,703**	**2,740**
S-T debt	456	470	480	395	403
A/C payable	160	174	157	252	149
Other current liabilities	52	45	70	65	71
L-T debt	0	0	0	0	0
Other liabilities	161	166	177	163	194
Minority interest	0	0	0	0	0
Shareholders' equity	**1,886**	**1,818**	**1,717**	**1,829**	**1,923**
Working capital	1,593	1,562	1,582	1,454	1,486
Total debt	456	470	480	395	403
Net debt	**407**	**417**	**409**	**315**	**281**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	(1.1)	(5.0)	(33.1)	5.5	8.3
Operating profit growth	13.3	10.7	(37.0)	33.6	30.2
EBITDA growth	0.4	4.9	(33.0)	20.9	150.0
Norm profit growth	11.3	24.3	(35.7)	39.6	29.6
Norm EPS growth	11.3	24.3	(35.7)	39.6	29.6
Gross margin	47.6	49.3	50.4	48.4	49.0
Operating margin	14.0	11.5	12.0	14.9	16.8
EBITDA margin	17.1	14.9	15.3	17.6	39.5
Norm net margin	11.8	10.0	10.2	12.3	14.1
D/E (x)	0.2	0.3	0.3	0.2	0.2
Net D/E (x)	0.2	0.2	0.2	0.2	0.1
Interest coverage (x)	82.1	81.5	68.7	119.1	268.0
Interest rate	1.1	1.0	1.0	1.1	1.1
Effective tax rate	20.7	19.6	21.1	19.3	17.7
ROA	11.4	9.3	8.4	14.8	14.9
ROE	17.0	13.5	12.5	22.1	21.7

Sources: Company data, Thanachart estimates

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