Thai Stanly Electric (STANLY TB) - BUY, Price Bt172, TP Bt270

Results Comment

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Decent 4QFY22 profit, in-line

- Excluding FX gain of Bt6m, STANLY's 4QFY22 (January – March 2022) normalized profit would be Bt468m, improving 19% q-q but still drop 16% y-y. This is in line with FY22 normalized profit accounting for 101% of our forecast.
- STANLY sold lamps to automotive at 70% of revenue and the rest to motorcycle. In 4QFY22, on a y-y basis, while revenue was flat y-y in-line with the industry, falling gross margin which we believe due to product mix and some impact from higher raw material cost was the profit dragger.
- Comparing to last quarter, revenue grew 9% q-q with operating profit margin expansion on falling SG&A expense. There was a slight drop in gross margin by 20bps to 18.8%.
- STANLY announced to pay Bt8.5/share dividend. XD day is 11 July and payment date is 27 July 2022.
- Reaffirm BUY as a laggard play.

Income Statement					(consolidated)
Yr-end Mar (Bt m)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Revenue	3,831	3,219	3,018	3,512	3,834
Gross profit	**913**	**621**	**482**	**667**	**719**
SG&A	325	242	246	274	262
Operating profit	588	379	236	394	457
EBITDA	**989**	**744**	**641**	**801**	**858**
Other income	30	20	47	23	33
Other expense	0	0	0	0	0
Interest expense	0	0	0	0	0
Profit before tax	**618**	**400**	**283**	**416**	**490**
Income tax	139	96	59	98	117
Equity & invest. income	76	72	41	74	95
Minority interests	0	0	0	0	0
Extraordinary items	6	8	2	5	6
Net profit	**561**	**383**	**267**	**397**	**473**
Normalized profit	**555**	**375**	**265**	**392**	**468**
EPS (Bt)	7.32	5.00	3.49	5.18	6.18
Normalized EPS (Bt)	7.24	4.90	3.46	5.12	6.10

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Revenue	9	0	101	13,582	15,777
Gross profit	**8**	**(21)**	**100**	**2,490**	**3,064**
SG&A	(4)	(19)	98	1,024	1,151
Operating profit	16	(22)	101	1,465	1,913
EBITDA	**7**	**(13)**	**100**	**3,039**	**3,618**
Other income	44	8	104	123	202
Other expense					
Interest expense					
Profit before tax	**18**	**(21)**	**101**	**1,588**	**2,115**
Income tax	19	(16)	109	369	457
Equity & invest. income	27	25	111	282	316
Minority interests					
Extraordinary items	25	(10)	na	20	0
Net profit	**19**	**(16)**	**103**	**1,521**	**1,974**
Normalized profit	**19**	**(16)**	**101**	**1,501**	**1,974**
EPS (Bt)	19	(16)	102	19.85	25.77
Normalized EPS (Bt)	19	(16)	101	19.59	25.77

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Cash & ST investment	4,921	5,654	5,335	5,618	6,139
A/C receivable	2,550	2,128	2,169	2,339	2,618
Inventory	477	607	766	782	718
Other current assets	52	77	75	71	65
Investment	1,733	1,640	1,796	1,835	1,909
Fixed assets	9,403	9,244	9,150	9,174	9,077
Other assets	2,406	2,499	2,524	2,515	2,532
Total assets	**21,543**	**21,849**	**21,816**	**22,334**	**23,057**
S-T debt	0	0	0	0	0
A/C payable	1,467	1,243	1,202	1,387	1,476
Other current liabilities	500	576	531	457	589
L-T debt	0	0	0	0	0
Other liabilities	857	863	924	950	965
Minority interest	0	0	0	0	0
Shareholders' equity	**18,718**	**19,167**	**19,159**	**19,540**	**20,027**
Working capital	1,560	1,492	1,733	1,734	1,859
Total debt	0	0	0	0	0
Net debt	**(4,921)**	**(5,654)**	**(5,335)**	**(5,618)**	**(6,139)**

Financial Ratios					
(%)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Sales growth	(2.7)	87.3	19.2	(3.7)	0.1
Operating profit growth	(9.5)	na	89.2	(5.4)	(22.2)
EBITDA growth	(1.8)	468.5	26.4	(4.0)	(13.2)
Norm profit growth	(8.5)	na	7.0	(7.4)	(15.6)
Norm EPS growth	(8.5)	na	7.0	(7.4)	(15.6)
Gross margin	23.8	19.3	16.0	19.0	18.8
Operating margin	15.3	11.8	7.8	11.2	11.9
EBITDA margin	25.8	23.1	21.2	22.8	22.4
Norm net margin	14.5	11.7	8.8	11.2	12.2
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Interest coverage (x)	na	na	na	na	na
Interest rate	na	na	na	na	na
Effective tax rate	22.5	24.0	20.7	23.6	23.8
ROA	10.5	6.9	4.9	7.1	8.2
ROE	12.1	7.9	5.5	8.1	9.5

Sources: Company data, Thanachart estimates

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