Thai Stanly Electric (STANLY TB) - BUY, Price Bt169.5, TP Bt220

Results Comment

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1QFY23 Weak as expected

- Excluding FX gain of Bt13m, STANLY's 1QFY23 (April - June 2022) normalized profit would be Bt304m, falling 19% y-y and 35% q-q but still drop 16% y-y. This is in line with FY23 normalized profit accounting for 21% of our forecast. 1Q is the normal low season period.
- STANLY sold lamps to automotive at 70% of revenue and the rest to motorcycle. In 4QFY22, on a y-y basis, while revenue was up 2% y-y, gross margin dropped 259bps due to mismatch of cost and revenue. STANLY's revenue growth was higher than industry growth of -0.6% which we attribute to STANLY has additional order for replacement market.
- Comparing to last quarter, revenue dropped 14% q-q on seasonality with falling gross margin and rising SG&A expense.
- Reaffirm BUY as a laggard play.

Income Statement					(consolidated)
Yr-end Mar (Bt m)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Revenue	3,219	3,018	3,512	3,834	3,283
Gross profit	**621**	**482**	**667**	**719**	**549**
SG&A	242	246	274	262	270
Operating profit	379	236	394	457	279
EBITDA	**744**	**641**	**801**	**858**	**660**
Other income	20	47	23	33	28
Other expense	0	0	0	0	0
Interest expense	0	0	0	0	0
Profit before tax	**400**	**283**	**416**	**490**	**306**
Income tax	96	59	98	117	79
Equity & invest. income	72	41	74	95	77
Minority interests	0	0	0	0	0
Extraordinary items	8	2	5	6	13
Net profit	**383**	**267**	**397**	**473**	**317**
Normalized profit	**375**	**265**	**392**	**468**	**304**
EPS (Bt)	5.00	3.49	5.18	6.18	4.14
Normalized EPS (Bt)	4.90	3.46	5.12	6.10	3.97

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	(14)	2	24	13,843	15,053
Gross profit	**(24)**	**(12)**	**23**	**2,431**	**2,905**
SG&A	3	12	26	1,040	1,111
Operating profit	(39)	(27)	20	1,391	1,794
EBITDA	**(23)**	**(11)**	**22**	**3,031**	**3,554**
Other income	(15)	37	22	125	180
Other expense					
Interest expense					
Profit before tax	**(37)**	**(23)**	**20**	**1,516**	**1,974**
Income tax	(32)	(17)	24	333	434
Equity & invest. income	(19)	7	27	285	290
Minority interests					
Extraordinary items	137	67	89	15	0
Net profit	**(33)**	**(17)**	**21**	**1,482**	**1,830**
Normalized profit	**(35)**	**(19)**	**21**	**1,467**	**1,830**
EPS (Bt)	(33)	(17)	21	19.35	23.89
Normalized EPS (Bt)	(35)	(19)	21	19.15	23.89

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Cash & ST investment	5,654	5,335	5,618	6,139	6,946
A/C receivable	2,128	2,169	2,339	2,618	2,110
Inventory	607	766	782	718	799
Other current assets	77	75	71	65	57
Investment	1,640	1,796	1,835	1,909	1,862
Fixed assets	9,244	9,150	9,174	9,077	8,898
Other assets	2,499	2,524	2,515	2,532	2,597
Total assets	**21,849**	**21,816**	**22,334**	**23,057**	**23,268**
S-T debt	0	0	0	0	0
A/C payable	1,243	1,202	1,387	1,476	1,218
Other current liabilities	576	531	457	589	591
L-T debt	0	0	0	0	0
Other liabilities	863	924	950	965	987
Minority interest	0	0	0	0	0
Shareholders' equity	**19,167**	**19,159**	**19,540**	**20,027**	**20,472**
Working capital	1,492	1,733	1,734	1,859	1,691
Total debt	0	0	0	0	0
Net debt	**(5,654)**	**(5,335)**	**(5,618)**	**(6,139)**	**(6,946)**

Financial Ratios					
(%)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Sales growth	87.3	19.2	(3.7)	0.1	2.0
Operating profit growth	na	89.2	(5.4)	(22.2)	(26.5)
EBITDA growth	468.5	26.4	(4.0)	(13.2)	(11.3)
Norm profit growth	na	7.0	(7.4)	(15.6)	(19.0)
Norm EPS growth	na	7.0	(7.4)	(15.6)	(19.0)
Gross margin	19.3	16.0	19.0	18.8	16.7
Operating margin	11.8	7.8	11.2	11.9	8.5
EBITDA margin	23.1	21.2	22.8	22.4	20.1
Norm net margin	11.7	8.8	11.2	12.2	9.3
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	24.0	20.7	23.6	23.8	25.8
ROA	6.9	4.9	7.1	8.2	5.2
ROE	7.9	5.5	8.1	9.5	6.0

Sources: Company data, Thanachart estimates

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