

**SISB Pcl (SISB TB) - BUY, Price Bt18.70, TP Bt20.00****Results Comment**

Saksid Phadthanarak | Email: saksid.pha@thanachartsec.co.th

**Strong 3Q earnings in line**

- SISB posted 3Q22 normalized earnings of Bt93m, up 101% y-y and 19% q-q. The results were in line with what we had expected. Its strong earnings growth was mainly due to an increase in student number, higher food & after-school activity revenue due to full-scale onsite study, and economies of scale. 9M22 earnings make up 71% of our full-year forecast.
- We also expect SISB to report higher earnings in 4Q22F given its continued student growth and a full quarter effect of the tuition fee hike by 5%.
- We reiterate our BUY call on SISB given its strong earnings recovery this year with strong growth in 2023-24F, driven by a student growth, tuition fee hike, the opening of new schools, and economies of scale. We also like its fundamental with market share gain via expansions, net cash position, and high profitability of over 30% EBITDA margin.
- SISB's revenue grew 34% y-y in 3Q22 mainly due to its student growth of 34% y-y to 3,044 students, a tuition fee hike in September, and higher food and after-school activity revenue from full-scale onsite study.
- Given the operating leverage benefits, its gross margin increased to 49.7% in 3Q22 vs. 45.1% in 3Q21.
- Its SG&A expenses in 3Q22 also increased by 28% y-y following higher revenue.

| Income Statement         |            |            |            |            |            | Income Statement         |           |            |           |            |            |
|--------------------------|------------|------------|------------|------------|------------|--------------------------|-----------|------------|-----------|------------|------------|
| (consolidated)           |            |            |            |            |            | 9M as                    |           |            |           |            |            |
| Yr-end Dec (Bt m)        | 3Q21       | 4Q21       | 1Q22       | 2Q22       | 3Q22       | (Bt m)                   | q-q%      | y-y%       | % 2022F   | 2022F      | 2023F      |
| Revenue                  | 255        | 238        | 285        | 303        | 342        | Revenue                  | 13        | 34         | 74        | 1,256      | 1,604      |
| <b>Gross profit</b>      | <b>115</b> | <b>101</b> | <b>140</b> | <b>148</b> | <b>170</b> | <b>Gross profit</b>      | <b>14</b> | <b>47</b>  | <b>74</b> | <b>620</b> | <b>809</b> |
| SG&A                     | 62         | 78         | 75         | 70         | 79         | SG&A                     | 13        | 28         | 79        | 283        | 345        |
| Operating profit         | 53         | 23         | 65         | 78         | 91         | Operating profit         | 16        | 70         | 69        | 338        | 464        |
| <b>EBITDA</b>            | <b>92</b>  | <b>61</b>  | <b>102</b> | <b>118</b> | <b>133</b> | <b>EBITDA</b>            | <b>12</b> | <b>44</b>  | <b>71</b> | <b>498</b> | <b>647</b> |
| Other income             | 3          | 10         | 5          | 5          | 7          | Other income             | 46        | 126        | 85        | 20         | 25         |
| Other expense            | 4          | 0          | 0          | 0          | 0          | Other expense            |           |            |           |            |            |
| Interest expense         | 6          | 6          | 6          | 6          | 6          | Interest expense         | 2         | 1          | 79        | 24         | 21         |
| <b>Profit before tax</b> | <b>46</b>  | <b>26</b>  | <b>63</b>  | <b>77</b>  | <b>92</b>  | <b>Profit before tax</b> | <b>19</b> | <b>100</b> | <b>70</b> | <b>334</b> | <b>467</b> |
| Income tax               | 0          | 0          | 0          | 0          | 0          | Income tax               | 894       | 463        | 17        | 3          | 5          |
| Equity & invest. income  | 0          | (0)        | 0          | 1          | 2          | Equity & invest. income  | 29        | 666        | 151       | 2          | 2          |
| Minority interests       | 0          | 0          | 0          | 0          | 0          | Minority interests       |           |            |           |            |            |
| Extraordinary items      | 0          | 0          | 0          | 0          | 7          | Extraordinary items      |           |            |           |            |            |
| <b>Net profit</b>        | <b>46</b>  | <b>27</b>  | <b>63</b>  | <b>78</b>  | <b>99</b>  | <b>Net profit</b>        | <b>27</b> | <b>116</b> | <b>73</b> | <b>332</b> | <b>465</b> |
| <b>Normalized profit</b> | <b>46</b>  | <b>26</b>  | <b>63</b>  | <b>78</b>  | <b>93</b>  | <b>Normalized profit</b> | <b>19</b> | <b>101</b> | <b>71</b> | <b>332</b> | <b>465</b> |
| EPS (Bt)                 | 0.05       | 0.03       | 0.07       | 0.08       | 0.11       | EPS (Bt)                 | 27        | 116        | 73        | 0.35       | 0.49       |
| Normalized EPS (Bt)      | 0.05       | 0.03       | 0.07       | 0.08       | 0.10       | Normalized EPS (Bt)      | 19        | 101        | 71        | 0.35       | 0.49       |

  

| Balance Sheet               |              |              |              |              |              | Financial Ratios        |       |        |        |      |       |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|-------------------------|-------|--------|--------|------|-------|
| (consolidated)              |              |              |              |              |              | 9M as                   |       |        |        |      |       |
| Yr-end Dec (Bt m)           | 3Q21         | 4Q21         | 1Q22         | 2Q22         | 3Q22         | (%)                     | 3Q21  | 4Q21   | 1Q22   | 2Q22 | 3Q22  |
| Cash & ST investment        | 193          | 246          | 456          | 468          | 328          | Sales growth            | (2.5) | (17.3) | (2.6)  | 12.6 | 33.8  |
| A/C receivable              | 20           | 78           | 97           | 307          | 23           | Operating profit growth | 84.0  | (66.6) | (10.0) | 12.2 | 70.2  |
| Inventory                   | 9            | 8            | 7            | 6            | 6            | EBITDA growth           | 30.7  | (42.8) | (6.4)  | 9.8  | 44.4  |
| Other current assets        | 660          | 531          | 304          | 355          | 641          | Norm profit growth      | 60.4  | (61.3) | (10.5) | 19.1 | 101.4 |
| Investment                  | 55           | 55           | 55           | 57           | 58           | Norm EPS growth         | 60.4  | (61.3) | (10.5) | 19.1 | 101.4 |
| Fixed assets                | 1,875        | 1,999        | 2,014        | 2,072        | 2,218        | Gross margin            | 45.1  | 42.4   | 49.2   | 48.9 | 49.7  |
| Other assets                | 470          | 463          | 460          | 455          | 454          | Operating margin        | 20.9  | 9.5    | 22.7   | 25.9 | 26.6  |
| <b>Total assets</b>         | <b>3,236</b> | <b>3,334</b> | <b>3,412</b> | <b>3,730</b> | <b>3,759</b> | EBITDA margin           | 36.0  | 25.5   | 36.0   | 39.0 | 38.8  |
| S-T debt                    | 437          | 516          | 530          | 794          | 673          | Norm net margin         | 18.1  | 11.0   | 22.2   | 25.9 | 27.2  |
| A/C payable                 | 77           | 84           | 88           | 88           | 157          | D/E (x)                 | 0.2   | 0.3    | 0.3    | 0.4  | 0.3   |
| Other current liabilities   | 16           | 35           | 36           | 34           | 37           | Net D/E (x)             | 0.2   | 0.2    | 0.1    | 0.2  | 0.2   |
| L-T debt                    | 55           | 58           | 62           | 70           | 78           | Interest coverage (x)   | 14.4  | 9.9    | 16.5   | 18.5 | 20.5  |
| Other liabilities           | 664          | 626          | 618          | 681          | 652          | Interest rate           | 6.3   | 4.6    | 4.3    | 3.5  | 3.2   |
| Minority interest           | 0            | 0            | 0            | 0            | 0            | Effective tax rate      | 0.2   | 0.1    | 0.1    | 0.1  | 0.5   |
| <b>Shareholders' equity</b> | <b>1,988</b> | <b>2,014</b> | <b>2,078</b> | <b>2,062</b> | <b>2,161</b> | ROA                     | 5.8   | 3.2    | 7.5    | 8.8  | 9.9   |
| Working capital             | (48)         | 2            | 15           | 225          | (128)        | ROE                     | 9.4   | 5.3    | 12.4   | 15.1 | 17.6  |
| Total debt                  | 491          | 574          | 592          | 865          | 751          |                         |       |        |        |      |       |
| <b>Net debt</b>             | <b>299</b>   | <b>329</b>   | <b>137</b>   | <b>396</b>   | <b>423</b>   |                         |       |        |        |      |       |

Sources: Company data, Thanachart estimates

**General Disclaimers And Disclosures:**

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 88 Derivative Warrants which are ADVANC16C2211A, ADVANC16C2301A, ADVANC16C2302A, AMATA16C2212A, AOT16C2212A, AOT16C2302A, BANPU16C2212A, BANPU16C2302A, BBL16C2212A, BCH16C2211A, BGRIM16C2212A, BGRIM16C2301A, BGRIM16C2302A, BH16C2212A, BH16C2212B, BLA16C2212A, BLA16C2302A, BTS16C2301A, CBG16C2301A, CBG16C2301B, CBG16C2302A, COM716C2211A, COM716C2211B, COM716C2211C, COM716C2302A, CPALL16C2211A, CPN16C2301A, CRC16C2303A, DOHOME16C2301A, DOHOME16C2303A, DTAC16C2212A, EA16C2211A, EA16C2303A, ESSO16C2302A, FORTH16C2211A, GPSC16C2301A, GPSC16C2302A, GULF16C2301A, GULF16C2302A, GULF16C2302B, GUNKUL16C2301A, GUNKUL16C2302A, HANA16C2211A, HANA16C2301A, HANA16C2303A, IVL16C2211A, IVL16C2212A, IVL16C2301A, JMART16C2211A, JMART16C2303A, JMT16C2211A, JMT16C2302A, KBANK16C2211A, KBANK16C2301A, KBANK16C2302A, KCE16C2211A, KCE16C2301A, KCE16C2301B, KCE16C2302A, KTB16C2303A, KTC16C2211A, MINT16C2211A, MINT16C2301A, MINT16C2302A, MTC16C2212A, MTC16C2301A, PSL16C2212A, PTG16C2211A, PTTEP16C2212A, PTTEP16C2303A, SAWAD16C2211A, SAWAD16C2302A, SCB16C2211A, SCB16C2301A, SCGP16C2212A, SCGP16C2303A, SET5016C2212A, SET5016C2212B, SET5016C2212C, SET5016P2212A, SET5016P2212B, SINGER16C2212A, SPRC16C2212A, TIDLOR16C2212A, TOP16C2211A, TRUE16C2212A, TTA16C2211A, VGI16C2301A (underlying securities are (ADVANC, AMATA, AOT, BANPU, BBL, BCH, BGRIM, BH, BLA, BTS, CBG, COM7, CPALL, CPN, CRC, DOHOME, DTAC, EA, ESSO, FORTH, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTB, KTC, MINT, MTC, PSL, PTG, PTTEP, SAWAD, SCB, SCGP, SET50, SINGER, SPRC, TIDLOR, TOP, TTA, VGI, TRUE). before making investment decisions.

**Note:** Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.33% of the shareholding in TMBThanachart Bank Pcl.

**Note:** Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

**Disclosure of Interest of Thanachart Securities****Investment Banking Relationship**

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: The One Enterprise Pcl. (ONEE TB)