

SISB Pcl (SISB TB) - BUY

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Analyst Meeting**Key takeaways from the analyst meeting**

- **Bt40m more one-time expenses will be booked in 3Q23F.**
- **It expects an earnings recovery to a record high in 4Q23F.**
- **Its capacity will increase by 10% next year and 9% in 2025F.**
- **SISB's long-term fundamental is still solid in our view. BUY.**

We joined SISB's analyst meeting yesterday and the key takeaways are as the following.

- In 3Q23F, SISB expects to book Bt40m more pre-opening expenses from the new Nonthaburi and Rayong campuses. However, this is one-time expense and there will be no more in 4Q23F as both Nonthaburi and Rayong campuses have already opened in August 2023.
- The management conservatively expects the new Nonthaburi campus's earnings to turn to a profit by end 2025 (its student break-even level of 350 students vs 260 at present) and the new Rayong campus in 2027 (its student break-even level of 300 students vs 99 at present).
- However, those pre-opening expenses and losses from the new campuses will be offset by continued strong profits of the existing campuses which will be driven by their student growth and 5% tuition fee hike). The management revises up its total student target to 4,100 students at end 2023 from 3,700 previously (vs our forecast of 4,010 students).
- Thus, in 4Q23F, the management expects its earnings recovery to a historical high.
- SISB's existing campuses are reaching their full capacity, so the management plans the expansions in 2024-25. With the capex of around Bt200-250m, its total seat capacity will increase from 6,675 seats at end this year to 7,350 seats next year and 8,000 seats in 2025.
- Even though we see a downside risk to our earnings forecast, we still like SISB as;
 - 1) despite loss contribution from its new campuses, we still expect SISB's strong earnings growth in 2023-25F.
 - 2) its long-term fundamental remains solid with 2.1) the trend of new generation families sending their kids to international schools, 2.2) Chinese families relocating to other Asian countries, including Thailand, where international education is accessible and affordable, 2.3) its strong brand recognition, 2.4) its growth strategies offering affordable tuition fees and expanding to outer Bangkok locations, and 2.5) its strong financial status with a net cash position.
- We thus reiterate our BUY call on SISB.

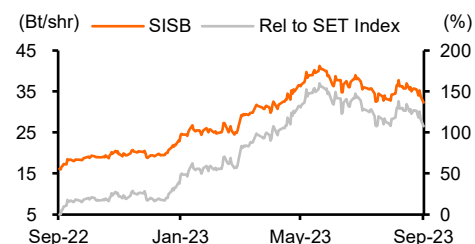
Key Valuations

Y/E Dec (Bt m)	2022	2023F	2024F	2025F
Revenue	1,319	1,924	2,470	2,935
Net profit	369	674	938	1,206
Norm net profit	369	674	938	1,206
Norm EPS (Bt)	0.4	0.7	1.0	1.3
Norm EPS gr (%)	76.9	82.6	39.1	28.7
Norm PE (x)	82.1	45.0	32.3	25.1
EV/EBITDA (x)	56.3	35.6	26.0	20.2
P/BV (x)	13.2	11.1	9.2	7.5
Div. yield (%)	0.5	1.0	1.4	1.8
ROE (%)	17.2	26.9	31.1	32.9
Net D/E (%)	(30.5)	(23.1)	(31.3)	(41.5)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	32.25
Target price (Bt)	43.00
Market cap (US\$ m)	839.0
Avg daily turnover (US\$ m)	2.7
12M H/L price (Bt)	41.25/16.00

Price Performance

Source: Bloomberg

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