

**Sabina Pcl (SABINA TB) - BUY, Price Bt21.2, TP Bt27.0****Results Comment**

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**3Q24 earnings - slightly miss**

- SABINA reported Bt110m net profit in 3Q24, down 7% y-y and 7% q-q. This was slightly below ours and the market's expectation due to its weaker-than-expected sales and margin.
- The company's y-y earnings drop was due to falling gross margin and rising SG&A to sales. The q-q earnings drop was due to falling revenue and rising SG&A to sales.
- SABINA's sales in 3Q24 were at Bt875m, up 3% y-y but down 3% q-q. The y-y sales growth was driven by improving sales in online and offline channels. Meanwhile, the q-q sales drop resulted from falling sales in offline channel.
- Online sales grew by 9% y-y and 6% q-q to Bt322m in 3Q24. Offline sales grew by 1% y-y but declined by 11% q-q to Bt507m in 3Q24. OEM export dropped by 13% y-y but increased by 74% q-q to Bt46m in 3Q24.
- SABINA's gross margin was at 49.6% in 3Q24 vs. 50.8% in 3Q23 and 49.0% in 2Q24. Operating margin declined to 15.4% in 3Q24 from 17.5% in 3Q23 and 15.8% in 2Q24 due to rising marketing expenses.
- 9M24 earnings accounted for 72% of our full-year forecast. We see a bit of downside risk to our numbers. We expect its 4Q24 earnings to grow both y-y and q-q driven by improving sales and margin. We maintain BUY on SABINA.

Income Statement	(consolidated)					
	Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24
Revenue		850	874	900	898	875
<b>Gross profit</b>		<b>431</b>	<b>444</b>	<b>446</b>	<b>440</b>	<b>434</b>
SG&A		283	294	293	298	299
Operating profit		149	150	152	142	135
<b>EBITDA</b>		<b>170</b>	<b>171</b>	<b>171</b>	<b>161</b>	<b>155</b>
Other income		3	(7)	6	8	6
Other expense		0	0	0	0	0
Interest expense		2	3	3	3	3
<b>Profit before tax</b>		<b>149</b>	<b>140</b>	<b>156</b>	<b>147</b>	<b>138</b>
Income tax		30	27	33	29	28
Equity & invest. income		0	0	0	0	0
Minority interests		(0)	(0)	(0)	0	0
Extraordinary items		0	0	0	0	0
<b>Net profit</b>		<b>119</b>	<b>113</b>	<b>123</b>	<b>118</b>	<b>110</b>
<b>Normalized profit</b>		<b>119</b>	<b>113</b>	<b>123</b>	<b>118</b>	<b>110</b>
EPS (Bt)		0.34	0.33	0.35	0.34	0.32
Normalized EPS (Bt)		0.34	0.33	0.35	0.34	0.32

Balance Sheet	(consolidated)					
	Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment		114	105	111	102	87
A/C receivable		453	382	374	352	367
Inventory		1,303	1,380	1,409	1,414	1,377
Other current assets		279	418	433	378	207
Investment		0	0	0	0	0
Fixed assets		252	250	259	257	259
Other assets		346	346	315	291	268
<b>Total assets</b>		<b>2,746</b>	<b>2,880</b>	<b>2,901</b>	<b>2,794</b>	<b>2,565</b>
S-T debt		331	373	340	424	307
A/C payable		249	269	195	200	187
Other current liabilities		168	136	143	73	102
L-T debt		0	0	0	0	0
Other liabilities		230	227	225	226	231
Minority interest		8	8	8	8	8
<b>Shareholders' equity</b>		<b>1,760</b>	<b>1,867</b>	<b>1,989</b>	<b>1,862</b>	<b>1,729</b>
Working capital		1,508	1,493	1,588	1,566	1,558
Total debt		331	373	340	424	307
<b>Net debt</b>		<b>217</b>	<b>269</b>	<b>230</b>	<b>322</b>	<b>221</b>

Sources: Company data, Thanachart estimates

Income Statement	9M as					
	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue		(3)	3	73	3,663	3,930
<b>Gross profit</b>		<b>(1)</b>	<b>1</b>	<b>72</b>	<b>1,821</b>	<b>1,966</b>
SG&A		0	6	73	1,218	1,304
Operating profit		(5)	(9)	71	603	663
<b>EBITDA</b>		<b>(4)</b>	<b>(9)</b>	<b>73</b>	<b>668</b>	<b>715</b>
Other income		(23)	108	105	19	20
Other expense					0	0
Interest expense		(4)	17	78	10	11
<b>Profit before tax</b>		<b>(6)</b>	<b>(7)</b>	<b>72</b>	<b>612</b>	<b>672</b>
Income tax		(4)	(7)	73	122	134
Equity & invest. income					0	0
Minority interests		69	na	na	(1)	(2)
Extraordinary items					0	0
<b>Net profit</b>		<b>(7)</b>	<b>(7)</b>	<b>72</b>	<b>488</b>	<b>536</b>
<b>Normalized profit</b>		<b>(7)</b>	<b>(7)</b>	<b>72</b>	<b>488</b>	<b>536</b>
EPS (Bt)		(7)	(7)	72	1.41	1.54
Normalized EPS (Bt)		(7)	(7)	72	1.41	1.54

Financial Ratios	9M as					
	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Sales grow th		9.8	4.6	3.6	7.1	2.9
Operating profit grow th		25.3	11.4	4.9	15.4	(9.2)
EBITDA grow th		25.2	12.0	4.6	12.3	(8.7)
Norm profit grow th		18.6	6.6	4.7	4.1	(7.3)
Norm EPS grow th		18.6	6.6	4.7	4.1	(7.3)
Gross margin		50.8	50.8	49.5	49.0	49.6
Operating margin		17.5	17.2	16.9	15.8	15.4
EBITDA margin		20.0	19.6	19.0	17.9	17.7
Norm net margin		14.0	12.9	13.6	13.1	12.6
D/E (x)		0.2	0.2	0.2	0.2	0.2
Net D/E (x)		0.1	0.1	0.1	0.2	0.1
Interest coverage (x)		75.4	62.3	61.4	59.1	59.0
Interest rate		2.8	3.1	3.1	2.9	2.9
Effective tax rate		20.2	19.1	21.0	19.8	20.2
ROA		17.3	16.1	17.0	16.6	16.4
ROE		26.1	25.0	25.5	24.5	24.5

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