

**SISB Pcl (SISB TB) - BUY, Price Bt31.75, TP Bt48.00****Results Comment**

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

**Strong 3Q24 earnings in line**

- SISB posted a 3Q24 normalized profit of Bt218m, up 70% y-y and 4% q-q. The results were in line with what we had expected. Its earnings growth was mainly due to a rise in its revenue from higher student number and tuition fee, lower loss contribution from its Rayong campus, and operating leverage benefits.
- We expect SISB to report record high earnings in 4Q24F due to the full-quarter effect of the tuition fee hike by 5% for the new school term starting in September.
- We maintain our BUY call on SISB given its 33% three-year earnings CAGR in 2024-26F, net cash position, and high profitability of over 40% EBITDA margin and over 30% ROE.
- SISB's revenue grew by 25% y-y in 3Q24, driven by its student growth (4,587 students in 3Q24 vs. 4,125 in 3Q23 and 4,357 in 2Q24), a one-month effect of the 5% tuition fee hike, and higher food and after-school activity revenue.
- Its gross margin improved to 52% in 3Q24 vs. 44% in 3Q23 due to its operating leverage effect and a lower loss contribution from the Rayong campus which opened in September 2023.
- Its SG&A expenses in 3Q24 increased by 8% y-y following higher revenue.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	478	563	561	559	596	Revenue	7	25	70	2,454	2,908
<b>Gross profit</b>	<b>211</b>	<b>302</b>	<b>309</b>	<b>312</b>	<b>309</b>	<b>Gross profit</b>	<b>(1)</b>	<b>46</b>	<b>69</b>	<b>1,342</b>	<b>1,687</b>
SG&A	99	104	111	115	107	SG&A	(7)	8	71	466	538
Operating profit	113	198	198	197	203	Operating profit	3	80	68	876	1,149
<b>EBITDA</b>	<b>169</b>	<b>253</b>	<b>254</b>	<b>251</b>	<b>259</b>	<b>EBITDA</b>	<b>3</b>	<b>54</b>	<b>68</b>	<b>1,117</b>	<b>1,416</b>
Other income	17	13	16	15	17	Other income	18	(1)	95	50	50
Other expense	0	0	0	0	0	Other expense					
Interest expense	7	6	7	8	7	Interest expense	(11)	8	85	27	23
<b>Profit before tax</b>	<b>123</b>	<b>205</b>	<b>207</b>	<b>203</b>	<b>213</b>	<b>Profit before tax</b>	<b>5</b>	<b>72</b>	<b>69</b>	<b>899</b>	<b>1,176</b>
Income tax	0	1	2	2	2	Income tax	44	2,227	212	3	4
Equity & invest. income	5	7	7	8	8	Equity & invest. income	(2)	49	110	21	22
Minority interests	0	0	0	0	0	Minority interests					
Extraordinary items	0	0	0	0	0	Extraordinary items					
<b>Net profit</b>	<b>129</b>	<b>211</b>	<b>212</b>	<b>210</b>	<b>218</b>	<b>Net profit</b>	<b>4</b>	<b>70</b>	<b>70</b>	<b>917</b>	<b>1,194</b>
<b>Normalized profit</b>	<b>129</b>	<b>211</b>	<b>212</b>	<b>210</b>	<b>218</b>	<b>Normalized profit</b>	<b>4</b>	<b>70</b>	<b>70</b>	<b>917</b>	<b>1,194</b>
EPS (Bt)	0.14	0.22	0.23	0.22	0.23	EPS (Bt)	4	70	70	0.98	1.27
Normalized EPS (Bt)	0.14	0.22	0.23	0.22	0.23	Normalized EPS (Bt)	4	70	70	0.98	1.27
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	464	1,113	1,209	937	1,601	Sales growth	39.8	44.2	31.7	32.1	24.7
A/C receivable	30	128	138	313	30	Operating profit growth	24.0	59.4	32.1	32.3	79.9
Inventory	12	15	13	14	17	EBITDA growth	27.1	52.6	33.6	33.0	53.8
Other current assets	554	14	13	657	28	Norm profit growth	38.4	64.0	33.3	34.9	69.8
Investment	54	60	47	55	63	Norm EPS growth	38.4	64.0	33.3	34.9	69.8
Fixed assets	2,953	2,933	3,067	3,060	3,064	Gross margin	44.3	53.6	55.1	55.8	51.9
Other assets	381	373	420	418	418	Operating margin	23.6	35.2	35.4	35.2	34.0
<b>Total assets</b>	<b>4,447</b>	<b>4,636</b>	<b>4,909</b>	<b>5,456</b>	<b>5,222</b>	EBITDA margin	35.3	45.0	45.2	44.9	43.6
S-T debt	932	965	944	1,469	1,097	Norm net margin	26.9	37.4	37.8	37.5	36.6
A/C payable	100	67	94	97	99	D/E (x)	0.4	0.4	0.4	0.5	0.4
Other current liabilities	40	24	27	26	27	Net D/E (x)	0.2	(0.0)	(0.0)	0.2	(0.1)
L-T debt	121	124	131	135	138	Interest coverage (x)	25.3	40.2	35.2	31.0	36.0
Other liabilities	672	669	713	811	725	Interest rate	2.3	2.4	2.7	2.4	2.0
Minority interest	0	0	0	0	0	Effective tax rate	0.1	0.3	0.9	0.8	1.1
<b>Shareholders' equity</b>	<b>2,582</b>	<b>2,788</b>	<b>3,000</b>	<b>2,918</b>	<b>3,136</b>	ROA	11.3	18.5	17.8	16.2	16.3
Working capital	(59)	76	58	230	(51)	ROE	20.4	31.4	29.3	28.4	28.8
Total debt	1,053	1,089	1,075	1,603	1,235						
<b>Net debt</b>	<b>588</b>	<b>(24)</b>	<b>(134)</b>	<b>666</b>	<b>(366)</b>						

Sources: Company data, Thanachart estimates

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