

# SMPC: Disappointed 4Q18 earnings caused by mute sales in Asia



## Result

**SMPC reports 4Q18 net profit of Bt106m (-30%YoY, -39%QoQ), the lowest in past five quarters. The FY18 was 9% lower than our expectation.**

- The 28%YoY drop in sales to Bt858m, a major cause for earnings drop. Some key accounts in Asia delay restocking cylinder and led total cylinder volume sales down by 26%YoY to 1.4 million in 4Q18.
- In summary, FY18 earnings grew 9%YoY driven by 3% sales growth. Meanwhile, gross margin also dropped by 130bps due to rising raw material cost.

**We maintain our “BUY” rating backed by our positive view toward its 2019-2020 strategy to expand market in Asia and Africa along with capacity expansion. However, our 2019-20E earnings forecast and target price is under reviewed in order to factor in disappointed 4Q18 result.**

### Valuation table

Year end Dec	16A	17A	18A	19E	20E
PE (x)	11.9	12.3	11.3	8.8	7.6
Recurring net profit growth (%)	19.3	(3.2)	9.3	28.2	15.6
Recurring EPS (Bt)	0.99	0.96	1.04	1.33	1.54
Recurring EPS growth (%)	18.7	(3.5)	8.6	28.0	15.6
PBV (x)	4.8	4.1	3.6	3.0	2.5
BVPS (Bt)	2.4	2.9	3.3	3.9	4.7
ROE (%)	45.9	37.7	33.9	36.9	35.6
DPS (Bt)	0.64	0.60	0.63	0.67	0.77
Dividend yield (%)	5.4	5.1	5.3	5.7	6.5
Enterprise value (Bt m)	6,512.6	6,483.5	6,678.3	7,080.3	7,086.1
EV-to-EBITDA (x)	9.2	9.4	9.4	7.2	6.3

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**Recommendation: BUY**

**Current price\*: Bt11.8**

**Target price 2019: Bt18**

**Up/(downside): 52%**

**IOD: 4 out of 5**

**CAC: Certified**

### Stock data

RIC code	SMPC.BK
Index	.SETI
SET Index (08/02/2019)	1,651.68
Market cap (Bt m)	6,303
Shares outstanding (million)	534
Par (Bt)	1.00

