

SMPC: 2Q18 grew both YoY and QoQ but below our forecast



Result

SMPC reported 2Q18 net profit of Bt164m (+78%YoY, +41%QoQ) but below our expectation. The 1H18 result accounts for 38% of our full-year forecast.

- 2Q18 gross profit margin widened to 21.7% from 20.4% in 2Q17 but was still below our expectation.
- Sales was at Bt1.23bn (+20%YoY, +2%QoQ), the recorded level. Demand grew ahead in Asia-Pacific and Africa were main drivers for sales growth.
- Announced an interim dividend payment of Bt0.3 (XD on 23 Aug), which is equivalent to 2.3% dividend yield.
- 1H18 result was 10% lower than our forecast. The drop in gross margin to 20.7% compared with 21.6% in 1H17 due to rising material prices was a major cause of drop in net profit.

We believe outlook 2H18 would be better than 1H18 given expected selling price adjustment. We maintain our positive outlook for SMPC and rate a BUY rating with 40% upside to our target price of Bt18.

Valuation table

Year end Dec	16A	17A	18E	19E	20E
PE (x)	13.0	13.4	9.4	8.3	6.0
Recurring net profit growth (%)	19.3	(3.2)	43.4	13.5	37.1
Recurring EPS (Bt)	1.0	1.0	1.4	1.6	2.1
Recurring EPS growth (%)	18.7	(3.5)	43.4	13.5	37.1
PBV (x)	5.3	4.5	3.8	3.1	2.5
BVPS (Bt)	2.4	2.9	3.4	4.2	5.2
ROE (%)	45.9	37.7	44.0	41.3	45.5
DPS (Bt)	0.6	0.6	0.9	0.8	1.1
Dividend yield (%)	5.0	4.7	6.7	6.1	8.3
Enterprise value (Bt m)	7,071.9	7,042.8	7,289.4	7,381.2	7,438.8
EV-to-EBITDA (x)	10.0	10.2	7.9	7.1	5.2

Sahamitr Pressure Container PCL

Recommendation: BUY

Current price*: Bt12.9

Target price 2018: Bt18.0

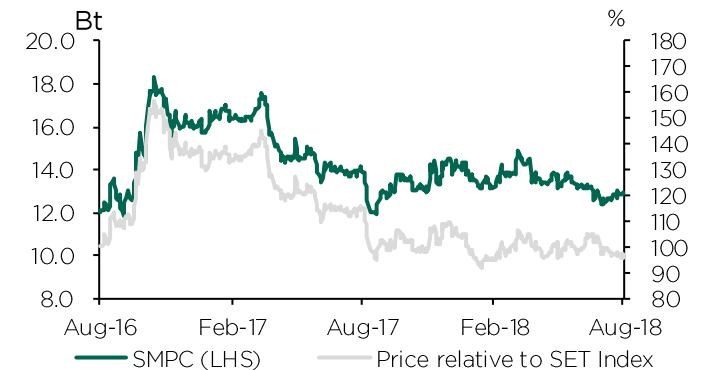
Up/(downside): 40%

IOD: 4 out of 5

CAC: Certified

Stock data

RIC code	SMPC.BK
Index	.SETI
SET Index (10/08/2018)	1,705.96
Market cap (Bt m)	6,863
Shares outstanding (million)	532
Par (Bt)	1.00



Sittidath Prasertprungang
Registration No. 17618
sittidath.pr@countrygroup.co.th
+66 2 205 7000 ext 4400

Thanawich Boonchuwong
Assistant analyst