

# SMPC: Top-three of global LPG cylinder manufacturers



We initiate coverage on SMPC with a BUY rating based on a target price of Bt18.0 and derived from the PE ratio of the Asia ex-JP Materials sector, implying a 12.2x PE'18E.

## The story:

- Margin recovering to normalized level in 2H17
- Plenty of growth ahead in Asia-Pacific and Africa
- Strong track record of consistent production expansion
- SMPC will gain from world class customers' market expansion

## Risks:

- (1) Raw-material procurement
- (2) Tariff barriers in emerging markets
- (3) Industry threat of backward integration
- (4) Currency risk

## Valuation table

Year end Dec	15A	16A	17E	18E	19E
PE (x)	15.3	12.7	13.9	9.4	8.3
Recurring EPS (Bt)	0.85	1.02	0.94	1.38	1.56
EPS growth (%)	62.2	18.7	(5.9)	47.2	13.5
PBV (x)	6.4	5.3	4.7	4.0	3.4
BVPS (Bt)	2.02	2.45	2.79	3.28	3.85
ROE (%)	49.2	45.9	35.9	45.6	44.1
DPS (Bt)	0.44	0.64	0.60	0.89	1.01
Dividend yield (%)	3.4	4.9	4.6	6.8	7.7
Enterprise value (Bt m)	7,209	7,120	6,994	6,884	6,824
EV-to-EBITDA (x)	15.5	10.1	10.5	7.2	6.3

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## Sahamitr Pressure Container

Recommendation: BUY

Current price\*: Bt 13.0

Target price 2018: Bt 18.0

Up/(downside): 38%

IOD: 4 out of 5

CAC: Certified

RIC code	SMPC.BK
Index	.SETI
SET Index (10/11/2017)	1,689.28
Market cap (Bt m)	6,910
Shares outstanding (million)	532
Par (Bt)	100

