

# SMPC: Sales was the record level but GPM drop at lowest twelve quarter



**SMPC reported 1Q18 net profit of Bt117m (-4%YoY, -23%QoQ) below our expectation. The 1Q18 result accounts for 16% of our full-year forecast.**

- Accelerating raw material prices compared to product price adjustment lead 1Q18 gross margin to drop to 19.7%, the lowest in twelve quarters
- Sales was at Bt1.2bn (+24%YoY, +1%QoQ), the recorded level. Demand grew ahead in Asia-Pacific and Africa were main drivers for sales growth.
- Capex rose 400%QoQ at roughly Bt100m from buying for capacity expansion.

**We believe 1Q18 is the weakest quarter and should be the bottom of the year. We maintain our positive outlook for SMPC and rank a BUY rating. However, our forecast and target price are under reviewed.**

## Result

### Valuation table

Year end Dec	16A	17A	18E	19E	20E
PE (x)	14.0	14.5	10.1	8.9	6.5
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)	5.7	4.8	4.1	3.3	2.7
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 (%)	4.6	4.3	6.2	5.6	7.7
Enterprise value (Bt m)	7,604.0	7,574.9	7,821.6	7,913.3	7,971.0
EV-to-EBITDA (x)	10.8	11.0	8.5	7.6	5.6

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**Recommendation: BUY**

**Current price\*: Bt13.8**

**Target price 2018: Bt18.0**

**Up/(downside): 30%**

**IOD: 4 out of 5**

**CAC: Certified**

### Stock data

RIC code	SMPC.BK
Index	.SETI
SET Index (04/05/2018)	1,779.87
Market cap (Bt m)	7,395
Shares outstanding (million)	532
Par (Bt)	1.00

