

# SABUY Technology

SABUY TB / SABUY.BK

January 18, 2022

## Seven reasons to BUY SABUY

On Jan 12, SABUY unveiled its 2022 business plan at an event called *SABUYVERSE The Next Visionary*. It plans to build the SABUYVERSE ecosystem covering 7 Conveniences and 7 Smarts via a 7 Rising Stars Strategy. In this report, we identify seven reasons to BUY SABUY. We have upsized our target price from Bt35 to Bt50 (pegged to a PEG ratio of 0.8x, assuming a 2021-23 EPS CAGR of 106%). Are you crazy to buy at this price? No!

**#1 290% earnings growth for 2022:** Our 2022 core profit forecast upsizes 30% to Bt787m, up 290% YoY, which factors in the bigger ecosystem that the firm announced at the event. We believe earnings will grow by a further 51% YoY in 2023 as new businesses bear fruit. Our model is still conservative. Pegged to the firm's targets, its earnings would rise to Bt1bn, or 27% upside from our model.

**#2 Strong quarterly momentum:** We expect 4Q21 earnings of Bt65m, up by 86% YoY and 16% QoQ, led by higher transaction revenue, the consolidation of *Shipsmile* and TBSP. We expect sequentially higher QoQ profits each quarter, 1Q-4Q22, as new businesses ramp up—ATMs/CDMs, lending, POS transactions, and insurance.

**#3 New revenue streams:** SABUY's ecosystem generates revenue from four streams—solutions, merchandise, e-payment, and financial services. Its innovation business is the fifth revenue stream, under two subsidiaries—SABUY Accelerator and SABUY Digital. There is potential for enterprise software (HRM, ERP, and CRM functions), AI solutions, EV chargers, and cloud services. We have yet to factor any profit from this revenue stream into our model.

**#4 New partners:** The firm is talking with potential partners about launching a crypto-currency exchange, a convenience store, and a drugstore. Its ecosystem will attract new partners. Once you have a winning platform, others want to operate over the platform.

**#5 New M&As:** In 2021, SABUY acquired many drop-off service firms and became No.1 in the market. In some industry niches—drop-off, vending machine, and laundrettes—scale is central to success. It is now runner-up in the vending machine and laundrette niches. We expect SABUY to acquire other firms in order to lead the two niches.

**#6 Tokens issuance?** At some stage, SABUY is likely to launch its own tokens. There are two potential token types—a utility token (to use in SABUY's ecosystem) and an exchange platform token (similar to *KUB*). Token issuance could boost market sentiment toward the stock.

**#7 Candidate for SET100:** The smallest firm in the SET100 has a market cap of about Bt17bn, so in market cap terms SABUY already qualifies (there are also other requirements to join the SET100 and SET50). For the SET50, the smallest firm has a market cap is about Bt70bn. If SABUY's stock price were to hit our target of Bt50, it would have a market cap of about Bt70bn.

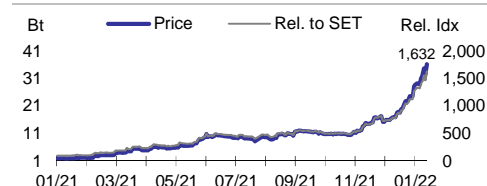
**Sector: Commerce**

**Rating: BUY**

**Target Price: Bt50.00**

**Price (January 17, 2021): Bt35.25**

### Price chart

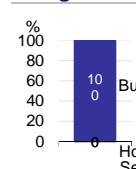


Share price perf. (%)	1M	3M	12M
Relative to SET	64.9	230.6	1,720
Absolute	67.1	232.6	1,731

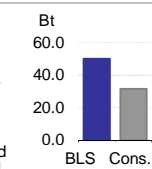
### Key statistics

Market cap	Bt43.6bn	USD1.3bn
12-mth price range	Bt1.9/Bt35.8	
12-mth avg daily volume	Bt154m	USD4.7m
# of shares (m)	1,201	
Est. free float (%)	33.0	
Foreign limit (%)	49.0	

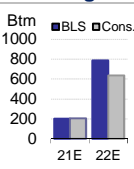
### Consensus rating



### BLS target price vs. Consensus



### Consensus earnings



### Financial summary

FY Ended 31 Dec	2020	2021E	2022E	2023E
Revenues (Btm)	1,461	2,026	4,261	6,057
Net profit (Btm)	102	202	787	1,187
EPS (Bt)	0.10	0.20	0.63	0.95
EPS growth (%)	+52.3%	+97.7%	+220%	+50.8%
Core profit (Btm)	102	202	787	1,187
Core EPS (Bt)	0.10	0.17	0.58	0.87
Core EPS growth (%)	+52.3%	+71.6%	+238%	+50.8%
PER (x)	20.1	179.4	56.0	37.2
PBV (x)	1.3	20.9	19.9	15.0
Dividend (Bt)	0.1	0.1	0.3	0.4
Dividend yield (%)	2.7	0.2	0.7	1.1
ROE (%)	7.0	13.0	42.2	48.3

**CG/Anti-corruption**



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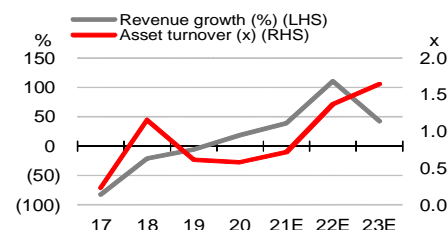
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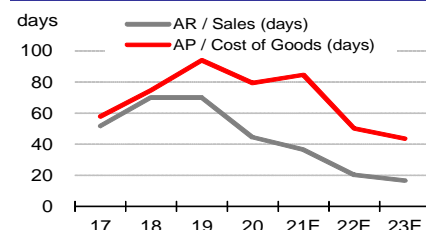
## SABUY: Financial Tables – Year

PROFIT & LOSS (Btm)	2019	2020	2021E	2022E	2023E
Revenue	1,235	1,461	2,026	4,261	6,057
Cost of sales and services	(721)	(836)	(1,250)	(2,593)	(3,626)
<b>Gross profit</b>	<b>513</b>	<b>625</b>	<b>777</b>	<b>1,669</b>	<b>2,431</b>
SG&A	(438)	(510)	(516)	(754)	(980)
<b>EBIT</b>	<b>75</b>	<b>115</b>	<b>261</b>	<b>915</b>	<b>1,451</b>
Interest expense	(10)	(26)	(32)	(26)	(25)
Other income/exp.	10	31	32	43	50
<b>EBT</b>	<b>75</b>	<b>120</b>	<b>261</b>	<b>932</b>	<b>1,476</b>
Corporate tax	(17)	(22)	(49)	(179)	(286)
<b>After-tax net profit (loss)</b>	<b>58</b>	<b>98</b>	<b>212</b>	<b>753</b>	<b>1,190</b>
Minority interest	0	4	(12)	(130)	(258)
Equity earnings from affiliates	0	0	2	164	255
Extra items	0	0	0	0	0
<b>Net profit (loss)</b>	<b>58</b>	<b>102</b>	<b>202</b>	<b>787</b>	<b>1,187</b>
Reported EPS	0.07	0.10	0.20	0.63	0.95
<b>Fully diluted EPS</b>	<b>0.07</b>	<b>0.10</b>	<b>0.17</b>	<b>0.58</b>	<b>0.87</b>
<b>Core net profit</b>	<b>58</b>	<b>102</b>	<b>202</b>	<b>787</b>	<b>1,187</b>
Core EPS	0.07	0.10	0.17	0.58	0.87
<b>EBITDA</b>	<b>178</b>	<b>367</b>	<b>511</b>	<b>1,205</b>	<b>1,805</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	(6.1)	18.3	38.7	110.3	42.1
Gross margin (%)	41.6	42.8	38.3	39.2	40.1
EBITDA margin (%)	14.4	25.1	25.2	28.3	29.8
Operating margin (%)	6.9	10.0	14.5	22.5	24.8
Net margin (%)	4.7	7.0	10.0	18.5	19.6
Core profit margin (%)	4.7	7.0	10.0	18.5	19.6
ROA (%)	2.9	4.1	7.1	25.3	32.2
ROCE (%)	3.6	5.0	8.4	30.3	38.3
Asset turnover (x)	0.6	0.6	0.7	1.4	1.6
Current ratio (x)	1.5	1.5	0.9	1.2	1.5
Gearing ratio (x)	0.2	0.6	0.4	0.3	0.2
Interest coverage (x)	7.8	4.5	8.1	35.2	58.0
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	127	93	23	209	449
Accounts receivable	237	178	203	237	275
Inventory	87	108	146	162	227
PP&E-net	1,013	1,133	1,116	1,268	1,564
Other assets	797	1,260	1,402	1,466	1,515
<b>Total assets</b>	<b>2,261</b>	<b>2,772</b>	<b>2,889</b>	<b>3,342</b>	<b>4,029</b>
Accounts payable	185	182	289	355	433
ST debts & current portion	176	480	353	318	286
Long-term debt	83	382	322	262	182
Other liabilities	363	194	194	194	194
<b>Total liabilities</b>	<b>807</b>	<b>1,238</b>	<b>1,159</b>	<b>1,130</b>	<b>1,095</b>
Paid-up capital	888	1,005	1,005	1,005	1,005
Share premium	187	349	349	349	349
Retained earnings	378	153	258	730	1,443
<b>Shareholders equity</b>	<b>1,419</b>	<b>1,483</b>	<b>1,630</b>	<b>2,102</b>	<b>2,814</b>
Minority interests	35	51	100	110	120
<b>Total Liab.&amp;Shareholders' equity</b>	<b>2,261</b>	<b>2,772</b>	<b>2,889</b>	<b>3,342</b>	<b>4,029</b>
<b>CASH FLOW (Btm)</b>					
Net income	58	102	202	787	1,187
Depreciation and amortization	93	221	217	247	305
Change in working capital	86	6	10	(22)	(48)
FX, non-cash adjustment & others	70	83	67	83	83
<b>Cash flows from operating activities</b>	<b>307</b>	<b>411</b>	<b>497</b>	<b>1,096</b>	<b>1,527</b>
Capex (Invest)/Divest	(343)	(426)	(300)	(500)	(700)
Others	(6)	(246)	0	0	0
<b>Cash flows from investing activities</b>	<b>(350)</b>	<b>(671)</b>	<b>(300)</b>	<b>(500)</b>	<b>(700)</b>
Debt financing (repayment)	32	250	(187)	(95)	(112)
Equity financing	9	304	0	0	0
Dividend payment	0	(322)	(81)	(315)	(475)
Other	45	(6)	0	0	0
<b>Cash flows from financing activities</b>	<b>86</b>	<b>226</b>	<b>(268)</b>	<b>(410)</b>	<b>(587)</b>
Net change in cash	43	(34)	(71)	186	240
<b>Free cash flow (Btm)</b>	<b>(37)</b>	<b>(14)</b>	<b>197</b>	<b>596</b>	<b>827</b>
<b>FCF per share (Bt)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>0.2</b>	<b>0.5</b>	<b>0.7</b>

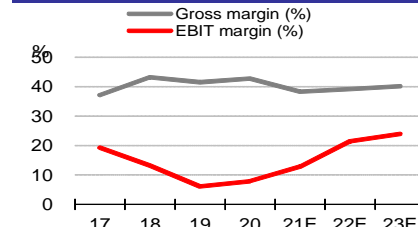
### Revenue growth and asset turnover



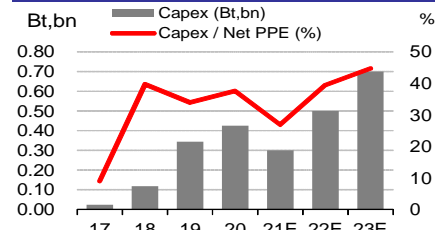
### A/C receivable & A/C payable days



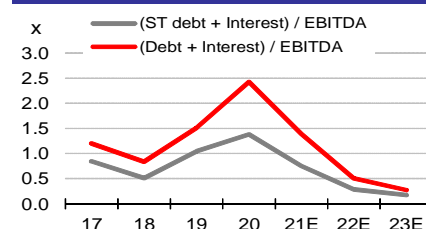
### Profit margins



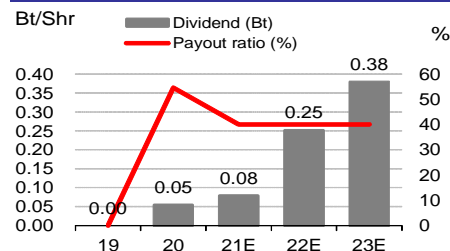
### Capital expenditure



### Debt serviceability



### Dividend payout



## SABUY: Financial Tables – Quarter

QUARTERLY PROFIT & LOSS (Btm)	1Q20	2Q20	3Q20	2Q21	3Q21
Revenue	349	339	389	388	661
Cost of sales and services	(199)	(196)	(227)	(208)	(438)
Gross profit	150	143	163	180	223
SG&A	(121)	(116)	(140)	(125)	(139)
<b>EBIT</b>	<b>29</b>	<b>27</b>	<b>23</b>	<b>55</b>	<b>84</b>
Interest expense	(5)	(6)	(7)	(8)	(8)
Other income/exp.	12	1	10	8	9
<b>EBT</b>	<b>36</b>	<b>22</b>	<b>26</b>	<b>55</b>	<b>84</b>
Corporate tax	(7)	(4)	(5)	(10)	(12)
After-tax net profit (loss)	29	18	21	45	72
Minority interest	1	1	2	0	(15)
Equity earnings from affiliates	0	0	0	2	(0)
Extra items	0	0	0	0	0
<b>Net profit (loss)</b>	<b>29</b>	<b>18</b>	<b>23</b>	<b>47</b>	<b>56</b>
Reported EPS	0.09	0.06	0.07	0.13	0.15
<b>Fully diluted EPS</b>	<b>0.09</b>	<b>0.06</b>	<b>0.07</b>	<b>0.13</b>	<b>0.15</b>
<b>Core net profit</b>	<b>29</b>	<b>18</b>	<b>23</b>	<b>47</b>	<b>56</b>
Core EPS	0.09	0.06	0.07	0.13	0.15
<b>EBITDA</b>	<b>89</b>	<b>80</b>	<b>n.a.</b>	<b>129</b>	<b>162</b>

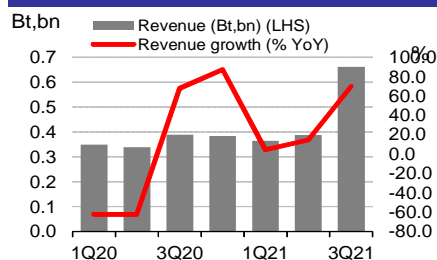
### KEY RATIOS

Gross margin (%)	42.9	42.2	41.8	46.4	33.7
EBITDA margin (%)	25.4	23.6	n.a.	33.3	24.4
Operating margin (%)	11.8	8.2	8.3	16.2	14.0
Net margin (%)	8.4	5.4	5.8	12.2	8.5
Core profit margin (%)	8.4	5.4	5.8	12.2	8.5
BV (Bt)			3.8	4.6	8.3
ROE (%)			15.4	12.2	10.9
ROA (%)			7.4	6.6	4.9
Current ratio (x)			0.6	0.8	0.8
Gearing ratio (x)			0.6	0.4	0.4
Interest coverage (x)	17.3	13.1	n.a.	16.8	19.8

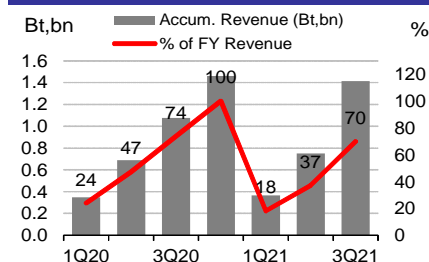
### QUARTERLY BALANCE SHEET (Btm)

Cash & Equivalent			108	174	452
Accounts receivable			183	176	369
Inventory			91	90	151
PP&E-net			1,066	1,263	1,863
Other assets			989	1,202	3,456
<b>Total assets</b>			<b>2,435</b>	<b>2,905</b>	<b>6,292</b>
Accounts payable			170	147	217
ST debts & current portion			441	265	654
Long-term debt			332	439	521
Other liabilities			270	400	1,884
<b>Total liabilities</b>			<b>1,213</b>	<b>1,250</b>	<b>3,277</b>
Paid-up capital			888	1,027	1,137
Share premium			187	370	1,259
Retained earnings			121	181	206
<b>Shareholders equity</b>			<b>1,170</b>	<b>1,559</b>	<b>2,572</b>
Minority interests			52	95	443
<b>Total Liab.&amp;Shareholders' equity</b>			<b>2,435</b>	<b>2,905</b>	<b>6,292</b>

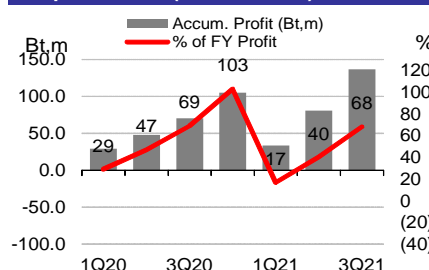
### Revenue trend



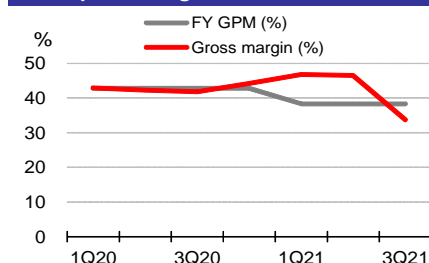
### Revenue trend (accumulated)



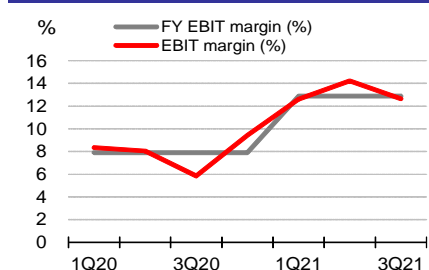
### Net profit trend (accumulated)



### Gross profit margin



### EBIT margin



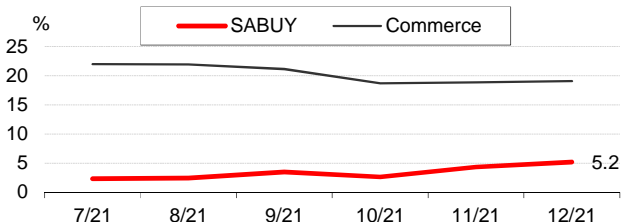
### Company profile

SABUY defines itself as a localized fintech platform with an open & universal architecture available for all business partners to leverage from.

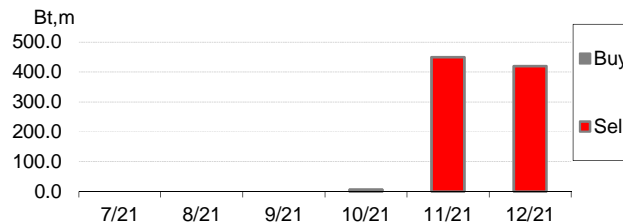
## Regional Comparisons

Thai Software/Innovation	Bloomberg	Price	Market Cap	PER (x)		EPS Growth (%)		PBV (x)		ROE (%)		Div Yield (%)	
	Code	(local curr.)	(US\$ equivalent)	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E
Alibaba Group Holding	BABA US	USD131.6	356,675	17.4	14.9	-38.3	14.1	2.8	2.5	10.4	10.9	0.0	0.0
Amazon.Com	AMZN US	USD3,242.8	1,644,558	57.0	49.6	-3.5	26.8	12.8	9.9	19.9	18.8	0.0	0.0
Sofi Technologies	SOFI US	USD13.2	10,651	n.a.	n.a.	-8.1	-87.7	2.1	2.6	-19.5	-5.2	0.0	0.0
Meituan-Class B	MPNGF US	USD28.0	173,885	n.a.	n.a.	n.a.	-49.2	10.1	10.4	-20.6	-9.3	0.0	0.0
Paypal Holdings	PYPL US	USD178.4	209,631	38.7	34.0	0.6	8.1	9.0	7.3	23.2	22.8	0.0	0.0
Square	SQ US	USD133.3	61,483	79.8	73.8	-20.6	-17.1	21.8	16.6	26.7	18.0	0.0	0.0
Business Online	BOL TB	THB17.40	430	63.2	48.3	26.5	30.9	24.6	22.6	35.0	48.8	1.3	1.7
DITTO (Thailand)	DITTO TB	THB33.00	408	93.7	66.7	1.8	40.6	14.2	12.6	22.8	20.0	0.4	0.6
Netbay	HUMAN TB	THB15.70	309	57.8	40.8	11.4	41.6	7.9	8.7	14.1	22.3	1.0	1.4
I&I Group	IIG TB	THB47.75	145	57.1	42.9	33.5	33.1	8.7	7.5	16.1	18.8	0.4	0.6
Humanica	NETBAY TB	THB24.20	148	29.8	27.2	3.8	9.6	10.1	9.9	34.5	36.9	3.2	3.5
Yggdrasil Group	YGG TB	THB35.00	187	60.8	48.3	82.9	25.8	14.8	12.4	26.3	27.9	0.6	0.8
Sabuy Technology	SABUY TB	THB36.25	1,176	212.5	62.9	71.6	238.0	21.5	20.5	13.0	42.2	0.2	0.7
<b>Simple average</b>				<b>75.0</b>	<b>49.5</b>	<b>18.2</b>	<b>25.0</b>	<b>13.1</b>	<b>11.8</b>	<b>16.0</b>	<b>21.8</b>	<b>0.6</b>	<b>0.8</b>

Foreign holdings



Management trading activities during past six months



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ADVANC	AEONTS	AMATA	AOT	BDMS	BH	BJC	CBG	CENTEL	CPALL	DTAC	EGCO	GLOBAL	GPSC	IRPC
KBANK	KCE	KTC	MINT	PTG	PTT	PTTEP	PTTGC	SCB	SPRC	TASCO	TOP	WHA	ESSO	CKP
STA	BGRIM	GULF	MTC	AWC	TCAP	CRC	CPF	CPN	HANA	HMPRO	I/L	OSP	SAWAD	THANI
BANPU	BCH	BTS	CK	SCC	STEC	TISCO	TRUE	TU	INTUCH	RATCH	VGI	SCGP	TQM	COM7
DOHOME	JMT	CHG	TMB	BAM	BCP	BCPG	AP	KTG	BPP	KKP	OR	BEM	GUNKUL	LH
EA	SPALI	RBF	EPG	ICHI	PTL	STGT	TKN	DELTA	MAJOR	MEGA	ACE	JMART	BEC	SYNEX
QH	BLA	KEX	RCL	SINGER	SIRI	STARK	TIDLO	TTA	RS					

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Financial Advisor	Lead underwriter/ Underwriter/ Co-underwriter
MAKRO, CIVIL	MAKRO, CIVIL

### CG Rating

#### Score Range

90 – 100  
80 – 89  
70 – 79  
60 – 69  
50 – 00359  
Below 50

#### Score Range



No logo given

#### Description

Excellent  
Very Good  
Good  
Satisfactory  
Pass  
N/A

#### Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors

- companies that have **declared** their intention to join CAC, and
- companies **certified** by CAC.

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**HOLD:** Expected total returns of between -15% and +15% over the next 12 months.

**SELL:** Expected negative total returns of 15% or more over the next 12 months.

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**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

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