

SABUY Technology

SABUY TB / SABUY.BK

February 21, 2022

Better the last smile than the first laughter—John Heywood

On Jan 18, we launched our SABUY report—*Seven reasons to BUY SABUY*. After that, its stock price dived from Bt35 to its latest low of Bt26. Some may laugh on us, but we still believe in SABUY. Within the next couple of months (or weeks), we should have good reason to smile—a strong 4Q21 result, followed by profit expansion, driven by new businesses. **BUY!**

4Q21—just the starting point

Our model points to 4Q21 earnings of Bt65m, up by 86% YoY and 16% QoQ, led by higher transaction revenue and 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. SABUY's earnings will jump QoQ in 1Q22 (to more than Bt100m). The bottom-line will skyrocket in 2H22, we anticipate, driven by new businesses building critical mass. We preliminarily forecast profits of Bt100m for 1Q22 (up by 200% YoY and 50% QoQ), Bt120m for 2Q22 (up by 150% YoY and 20% QoQ), Bt220m for 3Q22 (up by 300% YoY and 80% QoQ), and Bt340m for 4Q22 (up by 400% YoY and 60% QoQ).

Shipsmile—critical warrior-for-hire on the logistics battlefield

SABUY group now has almost 10k drop-off points. And the firm announced partnerships with *Ninja Van* and Kerry Express (Thailand) Plc (KEX). On Jan 20, *Flash Express* announced (on its *Facebook* page) that it will terminate services through *Shipsmile*. We believe that the decision was prompted partly by *Shipsmile*'s new partnerships with KEX and *Ninja Van*. Based on our channel check, delivery volume through *Shipsmile* hasn't been affected—clients seem to prefer the convenience of *Shipsmile*'s counter service over any particular B2C logistics brand. *Flash Express*'s move underscores the fact that *Shipsmile* is hugely influential over which players will be left standing when the dust clears in the B2C logistics price war.

On Feb 17, SABUY said it will buy stakes of 30% in INDEEM (an MLM firm) and 20% each in two smart-locker operators (Achiever59 and Lockbox—scope for synergy-building with the drop-off biz).

The ecosystem expands and deepens further

On Feb 7, the company announced a new JV with OMoney Group and the acquisition of CarFinn Inter Group. OMoney Group holds a pico-finance license and is the developer of applications and AI relevant to personal lending and financial services. CarFinn is an auto-loan broker and offers short term-loans to clients during refinancing processes. The two deals are shortcuts for SABUY to acquire the licenses necessary for it to become a relevant fintech player. Every business in the ecosystem has scope for synergizing with other operations. When SABUY establishes (or acquires) a new business, it can cross-sell its services in order to swiftly achieve profitability. Our 2022 core profit forecast of Bt787m (up 290% YoY) is more than achievable, we believe.

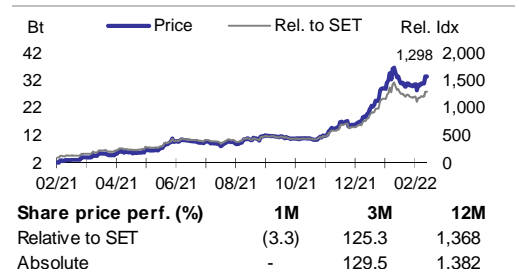
Sector: Commerce

Rating: BUY

Target Price: Bt50.00

Price (February 18, 2021): Bt33.50

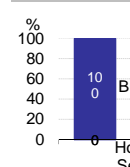
Price chart



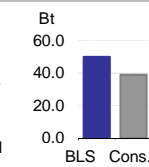
Key statistics

Market cap	Bt40.2bn	USD1.3bn
12-mth price range	Bt2.1/Bt38.0	
12-mth avg daily volume	Bt183m	USD5.7m
# of shares (m)	1,201	
Est. free float (%)	33.0	
Foreign limit (%)	49.0	

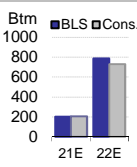
Consensus rating



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%	+98.1%	+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%	+72.0%	+237%	+50.8%
PER (x)	20.1	170.2	53.2	35.3
PBV (x)	1.3	11.0	11.6	9.7
Dividend (Bt)	0.1	0.1	0.3	0.4
Dividend yield (%)	2.7	0.2	0.8	1.1
ROE (%)	7.0	9.7	26.9	33.7

CG/Anti-corruption



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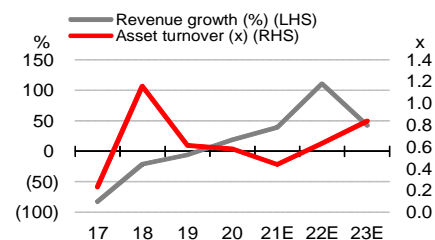
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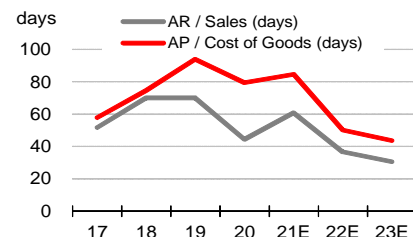
SABUY: Financial Tables – Year

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)
Gross profit	513	625	776	1,669	2,431
SG&A	(438)	(510)	(516)	(754)	(980)
EBIT	75	115	260	915	1,451
Interest expense	(10)	(26)	(32)	(26)	(25)
Other income/exp.	10	31	32	43	50
EBT	75	120	261	932	1,476
Corporate tax	(17)	(22)	(49)	(179)	(286)
After-tax net profit (loss)	58	98	212	753	1,190
Minority interest	0	4	(12)	(130)	(258)
Equity earnings from affiliates	0	0	2	164	255
Extra items	0	0	0	0	0
Net profit (loss)	58	102	202	787	1,187
Reported EPS	0.07	0.10	0.20	0.63	0.95
Fully diluted EPS	0.07	0.10	0.17	0.58	0.87
Core net profit	58	102	202	787	1,187
Core EPS	0.07	0.10	0.17	0.58	0.87
EBITDA	178	367	657	1,328	1,908
KEY RATIOS					
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	32.4	31.2	31.5
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	4.3	11.7	16.3
ROCE (%)	3.6	5.0	6.0	17.2	23.7
Asset turnover (x)	0.6	0.6	0.4	0.6	0.8
Current ratio (x)	1.5	1.5	0.1	0.2	0.4
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
BALANCE SHEET (Btm)					
Cash & Equivalent	127	93	330	238	460
Accounts receivable	237	178	338	426	505
Inventory	87	108	146	162	227
PP&E-net	1,013	1,133	1,869	1,899	2,091
Other assets	797	1,260	3,854	4,214	4,297
Total assets	2,261	2,772	6,537	6,939	7,580
Accounts payable	185	182	289	355	433
ST debts & current portion	176	480	762	686	617
Long-term debt	83	382	502	442	362
Other liabilities	363	194	1,852	1,852	1,852
Total liabilities	807	1,238	3,406	3,336	3,265
Paid-up capital	888	1,005	1,137	1,137	1,137
Share premium	187	349	1,259	1,259	1,259
Retained earnings	378	153	275	747	1,459
Shareholders equity	1,419	1,483	2,689	3,161	3,873
Minority interests	35	51	443	443	443
Total Liab.&Shareholders' equity	2,261	2,772	6,537	6,939	7,580
CASH FLOW (Btm)					
Net income	58	102	202	787	1,187
Depreciation and amortization	93	221	364	370	408
Change in working capital	86	6	724	(381)	(133)
FX, non-cash adjustment & others	70	83	83	83	83
Cash flows from operating activities	307	411	1,374	859	1,545
Capex (Invest)/Divest	(343)	(426)	(2,500)	(500)	(700)
Others	(6)	(246)	0	0	0
Cash flows from investing activities	(350)	(671)	(2,500)	(500)	(700)
Debt financing (repayment)	32	250	401	(136)	(149)
Equity financing	9	304	1,042	0	0
Dividend payment	0	(322)	(81)	(315)	(475)
Other	45	(6)	0	0	0
Cash flows from financing activities	86	226	1,363	(451)	(623)
Net change in cash	43	(34)	237	(92)	222
Free cash flow (Btm)	(37)	(14)	(1,126)	359	845
FCF per share (Bt)	(0.0)	(0.0)	(1.1)	0.3	0.7

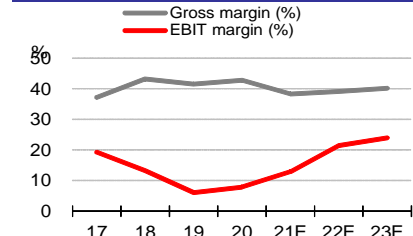
Revenue growth and asset turnover



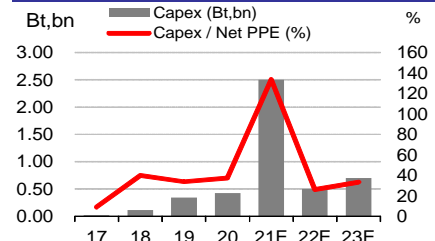
A/C receivable & A/C payable days



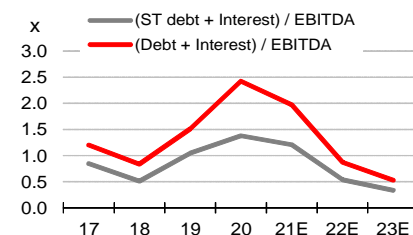
Profit margins



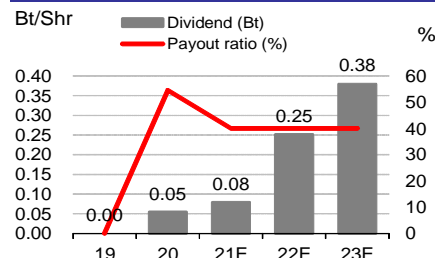
Capital expenditure



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)
EBIT	29	27	23	55	84
Interest expense	(5)	(6)	(7)	(8)	(8)
Other income/exp.	12	1	10	8	9
EBT	36	22	26	55	84
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
Net profit (loss)	29	18	23	47	56
Reported EPS	0.09	0.06	0.07	0.13	0.15
Fully diluted EPS	0.09	0.06	0.07	0.13	0.15
Core net profit	29	18	23	47	56
Core EPS	0.09	0.06	0.07	0.13	0.15
EBITDA	89	80	n.a.	129	162

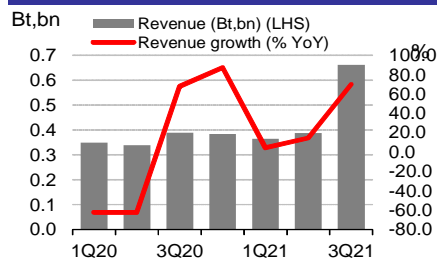
KEY RATIOS

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

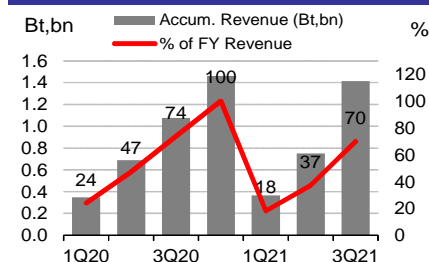
QUARTERLY BALANCE SHEET (Btm)

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
Total assets			2,435	2,905	6,292
Accounts payable			170	147	217
ST debts & current portion			441	265	654
Long-term debt			332	439	521
Other liabilities			270	400	1,884
Total liabilities			1,213	1,250	3,277
Paid-up capital			888	1,027	1,137
Share premium			187	370	1,259
Retained earnings			121	181	206
Shareholders equity			1,170	1,559	2,572
Minority interests			52	95	443
Total Liab.&Shareholders' equity			2,435	2,905	6,292

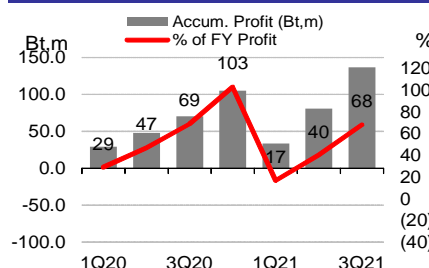
Revenue trend



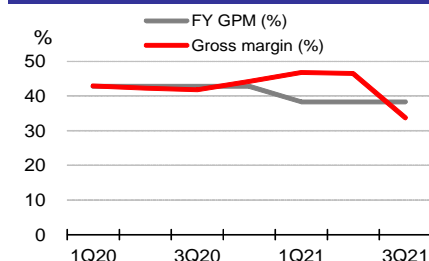
Revenue trend (accumulated)



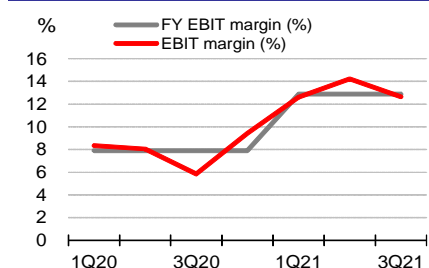
Net profit trend (accumulated)



Gross profit margin



EBIT margin



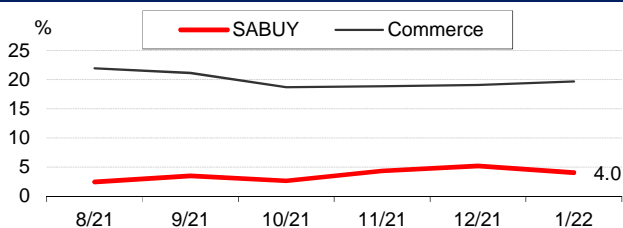
Company profile

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

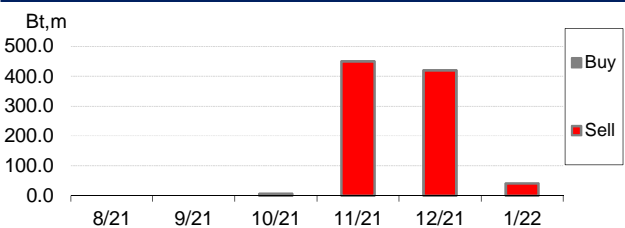
Regional Comparisons

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	USD119.0	322,572	14.6	13.0	-38.8	12.8	3.0	2.6	10.1	10.6	0.0	0.0
Amazon.Com	AMZN US	USD3,052.0	1,553,008	44.9	32.7	-26.9	49.6	9.0	6.6	17.2	20.6	0.0	0.0
Sofi Technologies	SOFI US	USD11.4	9,191	n.a.	n.a.	482.6	-86.8	2.2	2.3	-17.4	-5.3	0.0	0.0
Meituan-Class B	MPNGF US	USD23.7	147,900	n.a.	n.a.	n.a.	-44.9	8.4	8.2	-20.3	-9.8	0.0	0.0
Paypal Holdings	PYPL US	USD103.7	120,753	22.4	17.9	-10.1	38.8	4.7	3.8	21.3	22.8	0.0	0.0
Square	SQ US	USD97.7	56,156	58.3	58.7	-23.1	-37.9	16.0	8.7	27.4	15.5	0.0	0.0
Business Online	BOL TB	THB14.10	360	49.6	39.5	30.7	25.7	15.3	18.1	31.8	42.0	1.8	2.1
DITTO (Thailand)	DITTO TB	THB34.50	472	98.0	69.7	1.8	40.6	14.8	13.1	22.8	20.0	0.4	0.6
Netbay	HUMAN TB	THB12.60	266	46.4	32.8	11.4	41.6	6.4	7.0	14.1	22.3	1.2	1.8
I&I Group	IIG TB	THB33.00	103	39.4	29.6	33.5	33.1	6.0	5.2	16.1	18.8	0.6	0.8
Humanica	NETBAY TB	THB23.60	147	29.1	26.5	3.8	9.6	9.9	9.7	34.5	36.9	3.2	3.6
Yggdrasil Group	YGG TB	THB12.80	101	22.7	59.4	79.5	-61.9	5.4	10.6	25.8	25.8	1.6	0.7
Sabuy Technology	SABUY TB	THB33.50	1,251	196.0	58.1	72.0	237.3	11.0	11.6	9.7	26.9	0.2	0.8
Simple average				60.7	42.5	59.6	20.4	9.1	8.7	15.2	19.7	0.8	0.9

Foreign holdings



Management trading activities during past six months



Bualuang Securities Public Company Limited

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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
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CIVIL	CIVIL

CG Rating

Score Range	Score Range	Description
90 – 100		Excellent
80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 00359		Pass
Below 50	No logo given	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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BUALUANG RESEARCH – RECOMMENDATION FRAMEWORK**STOCK RECOMMENDATIONS**

BUY: Expected positive total returns of 15% or more over the next 12 months.

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.

TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

SECTOR RECOMMENDATIONS

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.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

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

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