

# SABUY Technology

SABUY TB / SABUY.BK

May 19, 2022

## Getting a swan at a duck's price

"Only buy something that you'd be perfectly happy to hold if the market shut down for 10 years"—Warren Buffet. SABUY fits his quote, we believe. It is one of our favorite stocks, due to the firm's impressive growth potential. Moreover, SABUY is still underappreciated by investors and the market at large. Therefore, you can now buy a swan at a duck's price. Once everyone knows that it's swan, what will its price be then? BUY!

### Is Bt787m achievable?

Despite a record quarterly net profit of Bt107m in 1Q22 (up 219% YoY and 40% QoQ), some investors may still doubt our 2022 net profit assumption of Bt787m. SABUY's 1Q22 net profit accounts for only 14% of our full year projection. However, we expect sequentially higher QoQ profits each quarter, 2Q-4Q22, as new businesses ramp up and build critical mass. Once investors see its strong earnings growth in 2Q22 of Bt160-180m (up 240-280% YoY and 50-70% QoQ) and Bt200-250m in 3Q22 (up 260-350% YoY and 10-60% QoQ), according to our estimates, they will realize that the full-year target is achievable.

### Clear visibility of 2Q22 earnings

The tide has been going out on the market, especially on high-growth stocks. The reasons for this outflow abound, but here's the thing about tides; they don't stay out forever. Eventually, quality companies will stand out and make a comeback. And SABUY will make a quick turnaround once the bearish sentiments abate, driven by its continually strong earnings growth projected in 2Q22. So how can SABUY reach a Bt160-180 net profit in 2Q22 (from a Bt107m in 1Q21)?

The first growth driver is the rapid growth of SABUY Speed (+Bt20-25m QoQ); which has seen its branches increase from 5,984 at YE21 to 12,100 branches at end-Mar and will increase to 15,000 branches at end-Jun. The second growth driver would be its lending biz (+Bt5-10m QoQ) after the acquisition of many firms holding the necessary licenses. Moreover, the recovery of its existing businesses (payment kiosks, vending machines and food courts) will support its 2Q22 earnings (+25-35m QoQ), due to COVID-19 relaxations. Last but not least, it will recognize profit sharing from M&A and CDM biz (+3-5m QoQ).

### Is Bt787m based on a blue-sky scenario?

In Jun, SABUY will install 100 CDMs at 7-Eleven branches. The number of CDMs is expected to increase to 2,000 CDMs at end-Sep and 5,000 CDMs at end-Dec. We expect a profit from CDMs of Bt0.5m in 2Q22, Bt15m in 3Q22 and Bt50m in 4Q22 (Figure 2). Moreover, the number of SABUY speed branches will increase to 20k branches at YE22. Therefore, our Bt787m should be easily achievable. Moreover, if its 4Q22 earnings meet our expectations of Bt290-300m, our 2023 earnings forecast of Bt1.2bn would be conceivable. Its valuation will dive from trailing PER of 112x to 2022 PER of 54x and fully diluted 2023 PER of 44x with PEG of below 1x. That's a cheap stock!

**Sector: Commerce**

**Rating: BUY**

**Target Price: Bt50.00**

**Price (May 18, 2021): Bt24.70**

### Price chart

### Key statistics

Consensus rating	BLS target price vs. Consensus	Consensus earnings
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### Financial summary

FY Ended 31 Dec	2021	2022E	2023E	2024E
Revenues (Btm)	2,127	4,261	6,057	6,801
Net profit (Btm)	214	787	1,184	1,478
EPS (Bt)	0.20	0.46	0.57	0.71
EPS growth (%)	+102.6%	+129.3%	+23%	+24.9%
Core profit (Btm)	214	787	1,184	1,478
Core EPS (Bt)	0.19	0.38	0.57	0.71
Core EPS growth (%)	+91.2%	+99.3%	+50%	+24.9%
PER (x)	34.4	53.5	43.4	34.7
PBV (x)	2.2	4.4	4.2	3.8
Dividend (Bt)	0.0	0.1	0.1	0.1
Dividend yield (%)	0.4	0.3	0.3	0.4
ROE (%)	9.7	13.1	11.3	11.9

CG/Anti-corruption

N/A	-
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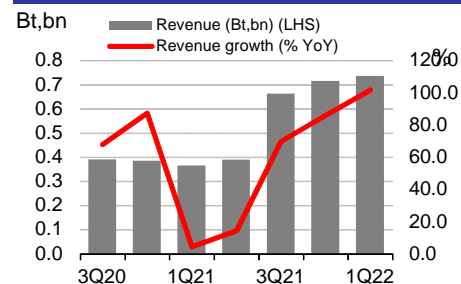
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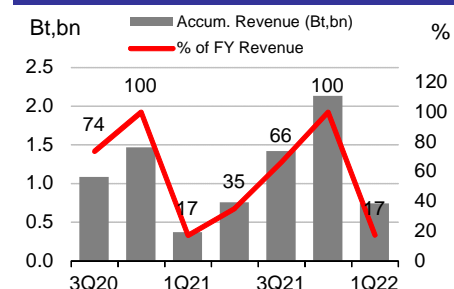
## SABUY: Financial Tables – Year

PROFIT & LOSS (Btm)	2020	2021	2022E	2023E	2024E
Revenue	1,461	2,127	4,261	6,057	6,801
Cost of sales and services	(836)	(1,377)	(2,593)	(3,626)	(3,948)
<b>Gross profit</b>	<b>625</b>	<b>750</b>	<b>1,669</b>	<b>2,431</b>	<b>2,854</b>
SG&A	(510)	(558)	(754)	(980)	(1,054)
<b>EBIT</b>	<b>115</b>	<b>192</b>	<b>915</b>	<b>1,451</b>	<b>1,799</b>
Interest expense	(26)	(37)	(94)	(90)	(85)
Other income/exp.	31	158	111	111	111
<b>EBT</b>	<b>120</b>	<b>313</b>	<b>932</b>	<b>1,472</b>	<b>1,825</b>
Corporate tax	(22)	(56)	(179)	(285)	(354)
<b>After-tax net profit (loss)</b>	<b>98</b>	<b>257</b>	<b>753</b>	<b>1,187</b>	<b>1,471</b>
Minority interest	4	(44)	(130)	(258)	(327)
Equity earnings from affiliates	0	1	164	255	334
Extra items	0	0	0	0	0
<b>Net profit (loss)</b>	<b>102</b>	<b>214</b>	<b>787</b>	<b>1,184</b>	<b>1,478</b>
Reported EPS	0.10	0.20	0.46	0.57	0.71
<b>Fully diluted EPS</b>	<b>0.10</b>	<b>0.19</b>	<b>0.38</b>	<b>0.57</b>	<b>0.71</b>
<b>Core net profit</b>	<b>102</b>	<b>214</b>	<b>787</b>	<b>1,184</b>	<b>1,478</b>
Core EPS	0.10	0.19	0.38	0.57	0.71
<b>EBITDA</b>	<b>367</b>	<b>643</b>	<b>1,338</b>	<b>1,923</b>	<b>2,313</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	18.3	45.6	100.4	42.1	12.3
Gross margin (%)	42.8	35.3	39.2	40.1	42.0
EBITDA margin (%)	25.1	30.2	31.4	31.8	34.0
Operating margin (%)	10.0	16.5	24.1	25.8	28.1
Net margin (%)	7.0	10.0	18.5	19.5	21.7
Core profit margin (%)	7.0	10.0	18.5	19.5	21.7
ROA (%)	4.1	4.8	7.8	7.7	8.5
ROCE (%)	5.0	6.2	9.3	8.6	9.5
Asset turnover (x)	0.6	0.5	0.4	0.4	0.4
Current ratio (x)	1.5	2.4	1.1	1.3	1.5
Gearing ratio (x)	0.6	0.3	0.3	0.2	0.2
Interest coverage (x)	4.5	5.2	9.7	16.1	21.2
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	93	236	556	593	331
Accounts receivable	178	245	426	505	567
Inventory	108	108	162	227	247
PP&E-net	1,133	1,406	1,494	1,732	1,930
Other assets	1,260	4,142	11,483	13,751	14,935
<b>Total assets</b>	<b>2,772</b>	<b>6,137</b>	<b>14,122</b>	<b>16,808</b>	<b>18,010</b>
Accounts payable	182	277	355	433	486
ST debts & current portion	480	535	321	289	260
Long-term debt	382	605	2,575	2,495	2,415
Other liabilities	194	1,331	1,331	1,331	1,331
<b>Total liabilities</b>	<b>1,238</b>	<b>2,749</b>	<b>4,582</b>	<b>4,548</b>	<b>4,492</b>
Paid-up capital	1,005	1,201	1,706	2,078	2,078
Share premium	349	1,497	6,432	7,774	7,774
Retained earnings	153	269	939	1,946	3,203
<b>Shareholders' equity</b>	<b>1,483</b>	<b>2,937</b>	<b>9,089</b>	<b>11,810</b>	<b>13,067</b>
Minority interests	51	451	451	451	451
<b>Total Liab.&amp;Shareholders' equity</b>	<b>2,772</b>	<b>6,137</b>	<b>14,122</b>	<b>16,808</b>	<b>18,010</b>
<b>CASH FLOW (Btm)</b>					
Net income	102	214	787	1,184	1,478
Depreciation and amortization	221	293	312	362	403
Change in working capital	6	(236)	(333)	(209)	(89)
FX, non-cash adjustment & others	83	107	(25)	(25)	(25)
<b>Cash flows from operating activities</b>	<b>411</b>	<b>378</b>	<b>742</b>	<b>1,311</b>	<b>1,767</b>
Capex (Invest)/Divest	(426)	(1,645)	(7,500)	(2,700)	(1,700)
Others	(246)	536	0	0	0
<b>Cash flows from investing activities</b>	<b>(671)</b>	<b>(1,108)</b>	<b>(7,500)</b>	<b>(2,700)</b>	<b>(1,700)</b>
Debt financing (repayment)	250	(350)	1,756	(112)	(109)
Equity financing	304	1,321	5,440	1,714	0
Dividend payment	(322)	(62)	(117)	(176)	(220)
Other	(6)	(37)	0	0	0
<b>Cash flows from financing activities</b>	<b>226</b>	<b>872</b>	<b>7,078</b>	<b>1,425</b>	<b>(329)</b>
Net change in cash	(34)	143	320	37	(262)
<b>Free cash flow (Btm)</b>	<b>(14)</b>	<b>(1,266)</b>	<b>(6,758)</b>	<b>(1,389)</b>	<b>67</b>
<b>FCF per share (Bt)</b>	<b>(0.0)</b>	<b>(1.2)</b>	<b>(4.0)</b>	<b>(0.7)</b>	<b>0.0</b>

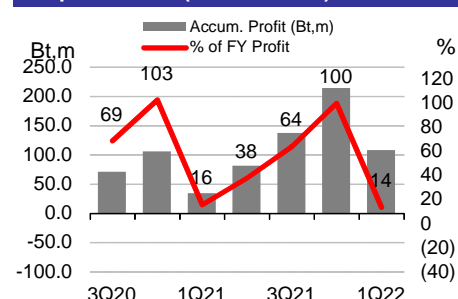
### Revenue trend



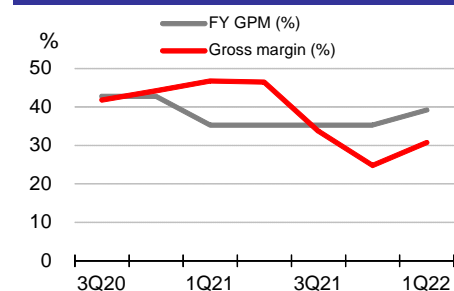
### Revenue trend (accumulated)



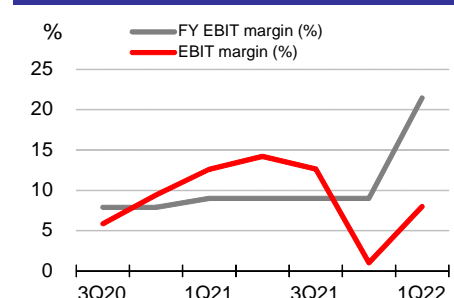
### Net profit trend (accumulated)



### Gross profit margin



### EBIT margin



## SABUY: Financial Tables – Quarter

QUARTERLY PROFIT & LOSS (Btm)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	364	388	661	714	735
Cost of sales and services	(194)	(208)	(438)	(537)	(509)
Gross profit	170	180	223	177	226
SG&A	(124)	(125)	(139)	(170)	(167)
<b>EBIT</b>	<b>46</b>	<b>55</b>	<b>84</b>	<b>7</b>	<b>59</b>
Interest expense	(8)	(8)	(8)	(13)	(16)
Other income/exp.	0	8	9	141	102
<b>EBT</b>	<b>38</b>	<b>55</b>	<b>84</b>	<b>135</b>	<b>145</b>
Corporate tax	(6)	(10)	(12)	(27)	(24)
After-tax net profit (loss)	32	45	72	108	121
Minority interest	1	0	(15)	(30)	(12)
Equity earnings from affiliates	0	2	(0)	(1)	(1)
Extra items	0	0	0	0	0
<b>Net profit (loss)</b>	<b>34</b>	<b>47</b>	<b>56</b>	<b>77</b>	<b>107</b>
Reported EPS	0.09	0.13	0.15	0.21	0.29
<b>Fully diluted EPS</b>	<b>0.09</b>	<b>0.13</b>	<b>0.15</b>	<b>0.21</b>	<b>0.29</b>
<b>Core net profit</b>	<b>34</b>	<b>47</b>	<b>56</b>	<b>77</b>	<b>107</b>
Core EPS	0.09	0.13	0.15	0.21	0.29
<b>EBITDA</b>	<b>116</b>	<b>129</b>	<b>162</b>	<b>381</b>	<b>400</b>

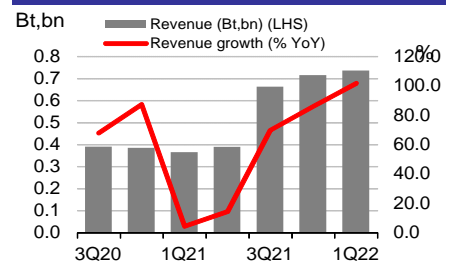
### KEY RATIOS

Gross margin (%)	46.8	46.4	33.7	24.8	30.7
EBITDA margin (%)	31.9	33.3	24.4	53.4	54.4
Operating margin (%)	12.7	16.2	14.0	20.8	21.9
Net margin (%)	9.3	12.2	8.5	10.8	14.6
Core profit margin (%)	9.3	12.2	8.5	10.8	14.6
BV (Bt)	4.4	4.6	8.3	9.3	12.0
ROE (%)	8.9	12.2	10.9	11.1	12.9
ROA (%)	4.9	6.6	4.9	4.9	6.8
Current ratio (x)	0.9	0.8	0.8	1.1	1.6
Gearing ratio (x)	0.5	0.4	0.4	0.3	0.4
Interest coverage (x)	14.8	16.8	19.8	28.5	25.4

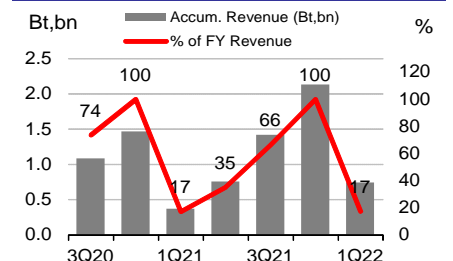
### QUARTERLY BALANCE SHEET (Btm)

Cash & Equivalent	115	174	452	236	287
Accounts receivable	162	176	369	245	267
Inventory	98	90	151	108	223
PP&E-net	1,147	1,263	1,863	1,406	1,480
Other assets	1,260	1,202	3,456	4,142	4,320
<b>Total assets</b>	<b>2,782</b>	<b>2,905</b>	<b>6,292</b>	<b>6,137</b>	<b>6,577</b>
Accounts payable	154	147	217	277	352
ST debts & current portion	453	265	654	535	500
Long-term debt	367	439	521	605	1,059
Other liabilities	229	400	1,884	1,331	311
<b>Total liabilities</b>	<b>1,203</b>	<b>1,250</b>	<b>3,277</b>	<b>2,749</b>	<b>2,221</b>
Paid-up capital	1,027	1,027	1,137	1,201	1,271
Share premium	370	370	1,259	1,497	2,197
Retained earnings	165	181	206	269	278
<b>Shareholders equity</b>	<b>1,540</b>	<b>1,559</b>	<b>2,572</b>	<b>2,937</b>	<b>3,720</b>
Minority interests	39	95	443	451	636
<b>Total Liab.&amp;Shareholders' equity</b>	<b>2,782</b>	<b>2,905</b>	<b>6,292</b>	<b>6,137</b>	<b>6,577</b>

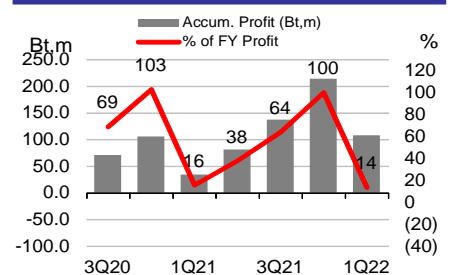
### Revenue trend



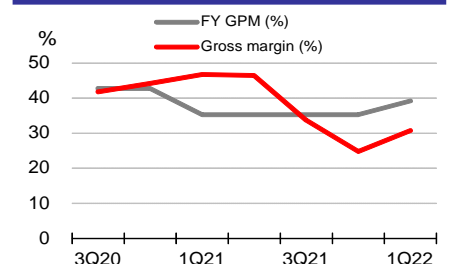
### Revenue trend (accumulated)



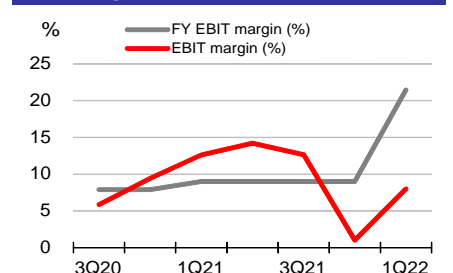
### Net profit trend (accumulated)



### Gross profit margin



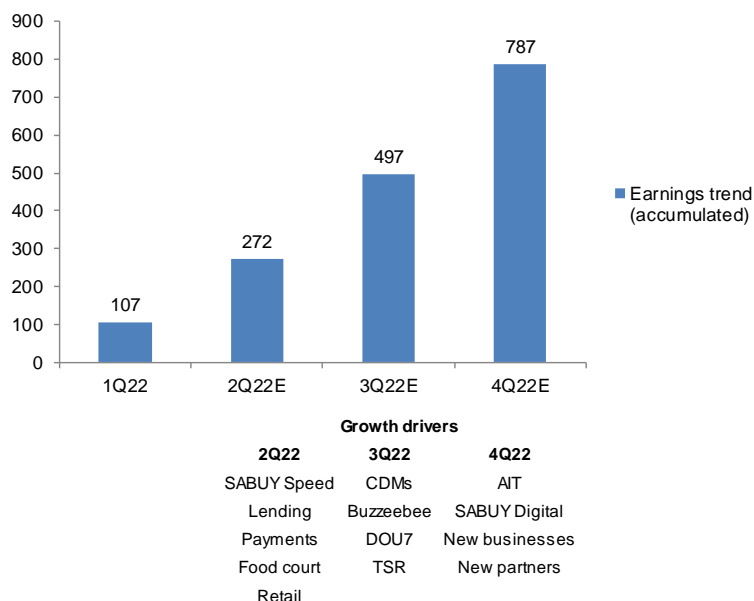
### EBIT margin



## Company profile

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

Figure 1 : SABUY's quarterly earnings path (Btm)



Sources: company data, Bualuang research estimate

Figure 2 : Earnings projection for CDMs (Bt)

	2Q22E	3Q22E	4Q22E
<b>Number of CDMs</b>	100	2,000	5,000
<b>Transaction Vol/month/branc</b>	7,000	7,000	7,000
<b>Total transactions</b>	700,000	7,350,000	24,500,000
<b>Rev/transaction (Bt)</b>	1.5	1.5	1.5
<b>Revenue</b>	1,050,000	33,075,000	110,250,000
<b>Net profit</b>	<b>472,500</b>	<b>14,883,750</b>	<b>49,612,500</b>

Sources: company data, Bualuang research estimate

Figure 3 : Numbers of kiosks, VDP, tenants and drop-off business



Sources: company data

## Regional Comparisons

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Foreign holdings

## 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	CFN	HANA	HMPRO	IVL	OSP	SAWAD	THANI
BANPU	BCH	BTS	CK	SCC	STEC	TISCO	TRUE	TU	INTUCH	RATCH	VGI	PRM	SCGP	TQM
COM7	DOHOME	JMT	CHG	TMB	BAM	BCP	BCPG	AP	KTG	BPP	KKP	OR	BEM	GUNKUL
LH	EA	QH	SPALI	RBF	EPG	ICHI	PTL	STGT	TKN	DELTA	MAJOR	MEGA		

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Financial Advisor	Lead underwriter/ Underwriter/ Co-underwriter

### CG Rating

Score Range	Score Range	Description
90 – 100		Excellent
80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 59		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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