

**SABINA: profit is expected to be new high for 9 consecutive years**

**Action: The price is significantly dropped than its fundamental price. The suggestion is to “Buy”**

We still suggest to “Buy” and like a business based on four requisites with a strong growth. Also, company gets the benefits and is operated in Disruption from E-commerce, which is very popular and generates double benefits from product champions due to strong marketing, reasonable price and many promotions from the owners of digital market places, which focus on their growth.

With all these, it supports the performance in these 3 years to be grow by CAGR of 18%. In short term, the bottom line in 4Q18F was expected to be THB 90 million bath +)75% y-y, -19% q-q). Although it was lower than the projection due to the special bonus, the revenue was still well and satisfactory. The overall performance was lower than the annual projection by 5%. TP tends to be lower after 4Q18. It was around THB 38, which still have high upside if the price tends to be lower in the accumulated zone and the price is close to the big lot price at THB 25.

**Catalyst: Expected profit in 2019F will be 19% which grow y-y for all quarters.**

Earnings Preview 4Q18F: the profit is forecasted to increase by THB 90 million baht +)75% y-y, -19% q-q) in y-y due to the higher revenue and new presenters in 3Q18 for Doomm Doomm Series. There are good feedbacks supporting the revenue growth in any channels, which was +23% y-y (Brand +16%, NSR (Online + TV Shopping) +350%, OEM +9%) and higher profitability.

The profit was dropped in q-q. It was mainly from employees’ special bonus due to good performance. The other performances were well.

(1) The profit was expected to be maintained the same as that in the previous period even though it was considerably high due to the lunch of Doomm Doomm. The revenue for brand is expected to be remained, NSR +5%, OEM -12%

(2) Gross margin was expected to be higher at 51% vs 49.3% in 3Q18 due to the proportion of outsourcing which has better margin than OEM production. The margin will be higher at 15% which was better than that in 3Q18 due to the weather issue in China impacting on transportation.

Outlook: the profit is forecasted to be higher for 9 consecutive years at +19% and also expected to increased Y-Y in all quarters by +9% (The company’s target is +10%) due to the sales volume of the existing products and new products that focus on innovation and are expected to be launched in this year. Also, the revenue from NSR will continue increased by 30% (the proportion of revenue will be increased from 9% to be 11%). The profitability from high-margin channels such as NSP and outsourcing is expected to be higher from 15% in this last year to be 20% in this year

CNS vs Consensus: -

Forecast & Valuation					
Year-end 31 Dec (THB mn)	FY 16	FY 17	FY 18F	FY 19F	FY 20F
Revenue	2,383	2,659	3,149	3,418	3,725
EBITDA	275	355	545	643	748
Norm Profit	176	243	394	469	551
Net Profit	176	243	394	469	551
EPS (THB)	0.51	0.70	1.13	1.35	1.59
EPS Growth (%)	6%	38%	62%	19%	18%
PER (x)	54.4	39.3	24.2	20.4	17.3
BVPS (THB)	5.05	5.45	5.41	5.74	6.11
P/BV (x)	5.45	5.04	5.08	4.79	4.50
EV/EBITDA (x)	34.5	25.7	17.0	14.2	12.1
DPS (THB)	0.24	0.82	1.02	1.21	1.43
Dividend Yield (%)	0.9%	3.0%	3.7%	4.4%	5.2%
ROE (%)	10.3%	13.3%	20.9%	24.2%	26.8%
Int bearing D/E (x)	0.06	0.01	0.05	0.04	0.02

Sources: Company data, CNS IRIS

Figure 1: Earnings preview 4Q18F

Profit & Loss Statement												
Year-end 31 Dec (THB mn)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18F	y-y	q-q	2017	2018F
Revenue from sales (THBmn)	576	680	731	672	686	783	849	830	23%	-2%	2,659	3,149
Gross Profit (THBmn)	309	332	368	343	364	396	419	423	23%	1%	1,352	1,604
SG&A	247	261	274	285	267	277	284	315	11%	11%	1,067	1,124
EBIT	66	80	98	62	100	121	138	112	82%	-19%	305	494
Interest expense	1	1	0	0	0	0	0	0	277%	0%	1	1
Corporate tax	14	16	20	10	21	24	27	22	114%	-18%	61	99
Other extraordinary items												
<b>Net Profit</b>	51	63	78	51	79	96	110	90	75%	-19%	243	394
<b>Norm. Profit</b>	51	63	78	51	79	96	110	90	75%	-19%	243	394
EPS (THB)	0.1	0.2	0.2	0.1	0.2	0.3	0.3	0.3	75%	-19%	0.70	1.13
<b>Profitability Ratio (%)</b>												
Gross Margin (%)	53.7%	48.8%	50.3%	51.1%	53.0%	50.5%	49.3%	51.0%			50.8%	50.9%
SG&A/Sales (%)	43.0%	38.4%	37.4%	42.3%	39.0%	35.4%	33.5%	38.0%			40.1%	35.7%
Net Margin (%)	8.9%	9.3%	10.7%	7.6%	11.6%	12.3%	13.0%	10.8%			9.1%	12.5%
Norm profit Margin (%)	8.9%	9.3%	10.7%	7.6%	11.6%	12.3%	13.0%	10.8%			9.1%	12.5%

## Earnings preview

### Investment Research and Investor Services

18 January 2019

Rating Maintained	<b>Buy</b>
TP19F (DCF)	THB 40.00
Closing price	27.50
Upside/Downside	45.5%

### Anchor Themes

สินค้ากลุ่มปัจจัย 4 และการให้ความสำคัญ  
กับไลฟ์สไตล์และความงามของสุขภาพสตรี  
รวมถึง อยู่ในวงจรที่ได้ประโยชน์จากการซื้อของ  
ออนไลน์ สร้างความยั่งยืนต่อภาพอุตสาหกรรม

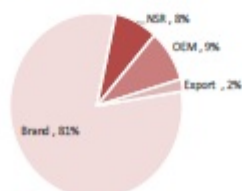
### Key Data

Shares in Issue (mn)	347.5
Market Cap (THBmn)	10,425
12-mth High/Low (THB)	38.75/23.4
3-mth avg daily turnover (THBmn)	34.39
Foreign Limit/ Actual (%)	49.00/14.2
Expected Free Float (%)	19.35
NWDR (%)	3.11
Dividend Policy (%)	At least 40%
Par Value (THB)	1.00

### Technical chart



### Revenue Structure



### Strategy Analysts

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