

ซิโน-ไทย เอ็นจีเนียริ่ง แอนด์คอนสตรัคชั่น

ไตรมาส 2/55 แจ่ม!

Construction
Neutral

คำแนะนำพื้นฐาน: **ซื้อ**
เป้าหมายพื้นฐาน: 16.50 บาท
ราคา (08/08/12): 15.00 บาท

Key Ratios & Statistics

| | |
|-------------------------|----------------|
| Market cap | Bt17.79bn |
| 12-mth price range | Bt8.45/Bt15.50 |
| 12-mth avg daily volume | Bt55.09m |
| # of shares (m) | 1,186.2 |
| Est. free float (%) | 69.1 |
| Foreign limit (%) | 49.0 |

| Share price perf. (%) | 1M | 3M | 12M |
|-----------------------|-----|------|------|
| Relative to SET | 12 | 11.7 | 27.6 |
| Absolute | 3.4 | 10.3 | 40.2 |

Financial summary

| FY Ended 31 Dec | 2011 | 2012E | 2013E | 2014E |
|---------------------|---------|--------|--------|--------|
| Revenues (Btm) | 14,854 | 18,804 | 22,785 | 24,445 |
| Net profit (Btm) | 904 | 1,111 | 1,266 | 1,346 |
| EPS (Bt) | 0.76 | 0.94 | 1.07 | 1.13 |
| BLS/Consensus (x) | n.a | 1.12 | 1.12 | 1.00 |
| EPS growth (%) | +103.6% | +23.0% | +13.9% | +6.4% |
| Core profit (Btm) | 904 | 1,111 | 1,266 | 1,346 |
| Core EPS (Bt) | 0.76 | 0.94 | 1.07 | 1.13 |
| Core EPS growth (%) | +103.6% | +23.0% | +13.9% | +6.4% |
| PER (x) | 15.5 | 16.0 | 14.1 | 13.2 |
| Core PER (x) | 15.5 | 16.0 | 14.1 | 13.2 |
| EV/EBITDA (x) | 8.3 | 7.8 | 7.0 | 6.7 |
| PBV (x) | 2.5 | 2.8 | 2.5 | 2.3 |
| Dividend (Bt) | 0.37 | 0.46 | 0.52 | 0.56 |
| Dividend yield (%) | 3.2 | 3.1 | 3.5 | 3.7 |
| ROE (%) | 17.9 | 18.6 | 19.0 | 18.2 |
| Net gearing (x) | (0.5) | (0.6) | (0.5) | (0.4) |

CG Rating - 2011



EARNINGS RESULTS

สูงกว่าคาด 10%: STEC รายงานกำไรสุทธิไตรมาส 2/55 ที่ 266 ล้านบาท เพิ่มขึ้น 21% YoY แต่ลดลง 12% QoQ ผลที่ออกมาสูงกว่าที่เราคาดไว้ 10% เนื่องจากอัตรากำไรสูงกว่าคาด

ประเด็นหลักจากผลประกอบการ: รายได้เพิ่มขึ้นตามคาดที่ 16% YoY และ 3% QoQ มาอยู่ที่ 4.4 พันล้านบาท อัตรากำไรขั้นต้นอยู่ที่ 9.5% สูงกว่าที่เราประมาณการไว้ที่ 8.4% สัดส่วนค่าใช้จ่ายในการขายและบริหารต้อยอดขายอยู่ที่ 2.8% ตามคาด

กำไรจากการดำเนินงานเพิ่มขึ้น 36% YoY และ 4% QoQ มาอยู่ที่ 273 ล้านบาท ในขณะที่อัตรากำไรจากการดำเนินงานอยู่ที่ 6.2% สูงขึ้น 91 bps YoY แต่ทรงตัว QoQ

STEC จะเริ่มกลับมาจ่ายภาษีอีกครั้งในไตรมาส 2/55 ส่งผลให้อัตรากำไรสุทธิลดลง 103 bps QoQ แต่ยังคงขยายสูงขึ้น 23 bps YoY

งบดุลของบริษัทแข็งแกร่งและเงินสดสุทธิอยู่ที่ 4.2 พันล้านบาท ณ สิ้นเดือน มิ.ย.

แนวโน้ม: เราคาดว่าผลประกอบการจะดีขึ้น QoQ ทั้งในไตรมาส 3/55 และ 4/55 หนุนโดยรายได้จากการก่อสร้างที่สูงขึ้น

สิ่งที่เปลี่ยนแปลงไป: เราได้ปรับเพิ่มประมาณการกำไรสุทธิปี 2555 ขึ้น 3% เพื่อสะท้อนถึงผลประกอบการไตรมาส 2/55 ที่แข็งแกร่งและอัตรากำไรขั้นต้นที่ขยายตัวต่อเนื่อง ดังนั้น ราคาเป้าหมายปี 2555 สูงขึ้น มาอยู่ที่ 16.50 บาท จาก 15.90 บาท โดยราคาเป้าหมายใหม่เทียบเท่าได้กับ PER ปี 2555 ที่ 17.6 เท่า และ PBV สิ้นปี 2555 ที่ 3.1 เท่า

คำแนะนำ: STEC เป็นผู้รับเหมารายใหญ่ที่มีพื้นฐานที่ดีและมีแนวโน้มของกำไรที่ชัดเจนและงบดุลที่ดีที่สุดในกลุ่ม ทำให้ STEC เป็นตัวที่ดีที่สุดและเติบโตได้ดีที่สุดในกลุ่มผู้รับเหมา เรายังคงแนะนำ **ซื้อ**

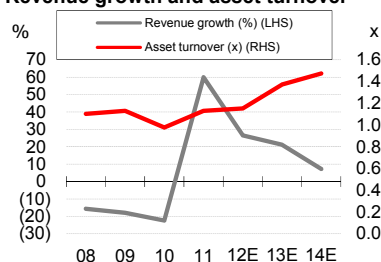
Figure 1: 2Q12 results

| FY Ended 31 Dec (Btm) | 2Q12 | 2Q11 | YoY % | 1Q12 | QoQ % | 6M12 | 6M11 | YoY % | 6M12 vs. FY12E |
|---------------------------------|---------------|---------------|-----------|---------------|-------------|------------|------------|-----------|----------------|
| Income Statement | | | | | | | | | |
| Revenue | 4,399 | 3,792 | 16 | 4,254 | 3 | 8,652 | 7,155 | 21 | 46 |
| Cost of sales and services | (3,983) | (3,468) | 15 | (3,869) | 3 | (7,851) | (6,558) | 20 | 46 |
| EBITDA | 429 | 321 | 34 | 414 | | 842 | 583 | | 48 |
| SG&A | (143) | (124) | 15 | (123) | 16 | (265) | (246) | 8 | 48 |
| EBIT | 273 | 201 | 36 | 262 | 4 | 535 | 352 | 52 | 47 |
| Interest expense | (4) | (3) | 32 | (3) | 15 | (7) | (5) | 49 | 71 |
| Other income/exp. | 64 | 27 | 140 | 57 | 12 | 120 | 51 | 137 | 52 |
| Equity earnings from affiliates | 9 | 9 | 0 | 5 | 73 | 14 | 4 | 235 | 66 |
| Extra items | 0 | 0 | <i>nm</i> | 0 | <i>nm</i> | 0 | 0 | <i>nm</i> | n.m. |
| EBT | 333 | 225 | 48 | 316 | 5 | 649 | 398 | 63 | 48 |
| Corporate tax | (76) | (7) | 939 | (20) | 272 | (96) | (9) | 977 | 37 |
| Minority interest | (0) | (6) | <i>nm</i> | 0 | (179) | 0 | (6) | <i>nm</i> | (1) |
| Net profit (loss) | 266 | 221 | 21 | 301 | (12) | 567 | 387 | 46 | 51 |
| Reported EPS | 0.22 | 0.19 | 21 | 0.25 | (12) | 0.48 | 0.33 | 46 | 51 |
| Core net profit | 266 | 221 | 21 | 301 | (12) | 567 | 387 | 46 | 51 |
| Key ratios | | | | | | | | | |
| Gross margin (%) | 9.5 | 8.6 | | 9.1 | | 9.3 | 8.3 | | |
| EBITDA margin (%) | 9.7 | 8.5 | | 9.7 | | 9.7 | 8.2 | | |
| EBIT margin (%) | 6.2 | 5.3 | | 6.2 | | 6.2 | 4.9 | | |
| SG&A / Revenue (%) | 3.2 | 3.3 | | 2.9 | | 3.1 | 3.4 | | |
| Tax rate (%) | 22.7 | 3.2 | | 6.4 | | 14.8 | 2.2 | | |
| Net margin (%) | 6.1 | 5.8 | | 7.1 | | 6.6 | 5.4 | | |
| Current ratio (x) | 1.2 | 1.2 | | 1.2 | | 1.2 | 1.2 | | |
| Gearing ratio (x) | 0.1 | 0.1 | | 0.0 | | 0.1 | 0.1 | | |
| Balance Sheet | | | | | | | | | |
| Cash & Equivalent | 4,571 | 3,571 | 28 | 5,481 | (17) | | | | |
| Total assets | 16,811 | 14,333 | 17 | 16,754 | 0 | | | | |
| ST debts & current portion | 205 | 150 | 37 | 126 | 63 | | | | |
| Long-term debt | 133 | 188 | (29) | 122 | 9 | | | | |
| Total liabilities | 11,058 | 9,008 | 23 | 10,615 | 4 | | | | |
| Retained earnings | 2,267 | 1,836 | 23 | 2,653 | (15) | | | | |
| Shareholders equity | 5,550 | 5,118 | 8 | 5,936 | (7) | | | | |
| Minority interests | 203 | 206 | (1) | 203 | 0 | | | | |
| BV (Bt) | 4.8 | 4.5 | 8 | 5.2 | (6) | | | | |

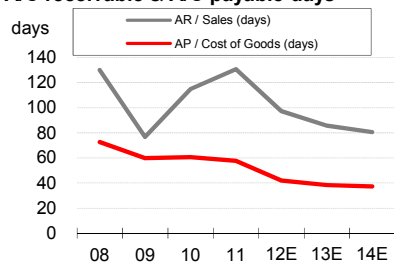
- Revenue increased in line with our estimate
- Overall GM was 9.45%, while construction GM was 9.35%—fatter than expected
- The balance sheet remains healthy—a net cash position of Bt4.2bn at end-June

Source: Company data

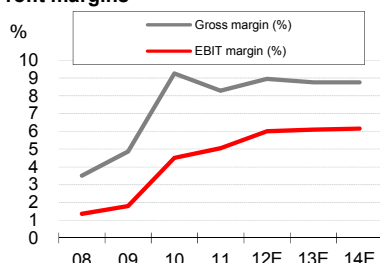
Revenue growth and asset turnover



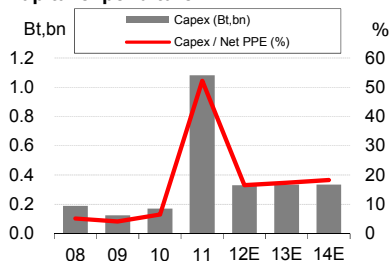
A/C receivable & A/C payable days



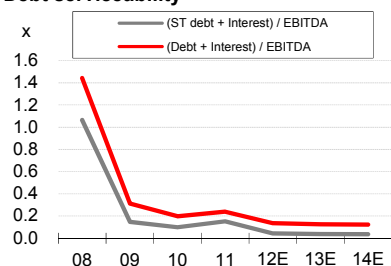
Profit margins



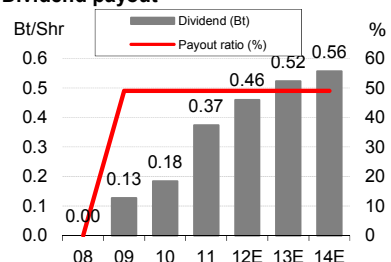
Capital expenditure



Debt serviceability



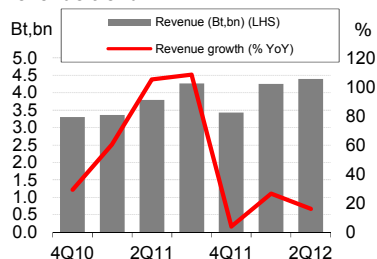
Dividend payout



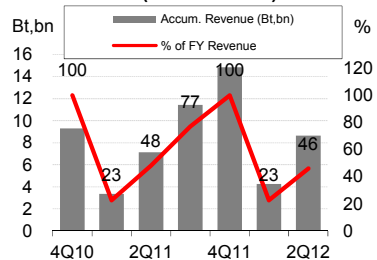
| | 2010 | 2011 | 2012E | 2013E | 2014E |
|---|---------------|----------------|---------------|---------------|---------------|
| PROFIT & LOSS (Btm) | | | | | |
| Revenue | 9,291 | 14,854 | 18,804 | 22,785 | 24,445 |
| Cost of sales and services | (8,431) | (13,622) | (17,119) | (20,788) | (22,301) |
| Gross profit | 860 | 1,232 | 1,685 | 1,998 | 2,143 |
| SG&A | (441) | (482) | (557) | (609) | (637) |
| EBIT | 419 | 750 | 1,129 | 1,389 | 1,506 |
| Interest expense | (11) | (12) | (10) | (9) | (9) |
| Other income/exp. | 70 | 170 | 233 | 211 | 194 |
| EBT | 479 | 907 | 1,351 | 1,591 | 1,692 |
| Corporate tax | (3) | (23) | (258) | (318) | (338) |
| After-tax profit (loss) | 476 | 884 | 1,094 | 1,273 | 1,353 |
| Minority interest | 0 | (3) | (5) | (32) | (32) |
| Equity earnings from affiliates | (33) | 23 | 22 | 25 | 25 |
| Extra items | 0 | 0 | 0 | 0 | 0 |
| Net profit (loss) | 444 | 904 | 1,111 | 1,266 | 1,346 |
| Reported EPS | 0.37 | 0.76 | 0.94 | 1.07 | 1.13 |
| Fully diluted EPS | 0.37 | 0.76 | 0.94 | 1.07 | 1.13 |
| Core net profit | 444 | 904 | 1,111 | 1,266 | 1,346 |
| Core EPS | 0.37 | 0.76 | 0.94 | 1.07 | 1.13 |
| EBITDA | 902 | 1,294 | 1,760 | 2,014 | 2,131 |
| KEY RATIOS | | | | | |
| Revenue growth (%) | (22.5) | 59.9 | 26.6 | 21.2 | 7.3 |
| Gross margin (%) | 9.3 | 8.3 | 9.0 | 8.8 | 8.8 |
| EBITDA margin (%) | 9.7 | 8.7 | 9.4 | 8.8 | 8.7 |
| Operating margin (%) | 4.5 | 5.0 | 6.0 | 6.1 | 6.2 |
| Net margin (%) | 4.8 | 6.1 | 5.9 | 5.6 | 5.5 |
| Core profit margin (%) | 4.8 | 6.1 | 5.9 | 5.6 | 5.5 |
| ROA (%) | 4.7 | 6.9 | 6.8 | 7.6 | 8.1 |
| ROCE (%) | 9.4 | 16.6 | 17.3 | 17.8 | 17.1 |
| Asset turnover (x) | 1.0 | 1.1 | 1.2 | 1.4 | 1.5 |
| Current ratio (x) | 1.3 | 1.2 | 1.2 | 1.4 | 1.5 |
| Gearing ratio (x) | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Interest coverage (x) | 38.3 | 62.0 | 117.3 | 161.9 | 170.4 |
| BALANCE SHEET (Btm) | | | | | |
| Cash & Equivalent | 2,057 | 3,508 | 4,272 | 4,033 | 3,848 |
| Accounts receivable | 2,925 | 5,320 | 5,014 | 5,358 | 5,392 |
| Inventory | 1,043 | 845 | 957 | 932 | 1,095 |
| PP&E-net | 2,624 | 2,074 | 2,006 | 1,926 | 1,830 |
| Other assets | 1,560 | 4,328 | 4,340 | 4,371 | 4,373 |
| Total assets | 10,208 | 16,074 | 16,590 | 16,620 | 16,539 |
| Accounts payable | 1,402 | 2,154 | 1,971 | 2,187 | 2,274 |
| ST debts & current portion | 77 | 184 | 67 | 67 | 67 |
| Long-term debt | 91 | 114 | 163 | 178 | 185 |
| Other liabilities | 4,060 | 7,783 | 7,879 | 6,925 | 5,991 |
| Total liabilities | 5,629 | 10,236 | 10,079 | 9,356 | 8,516 |
| Paid-up capital | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 |
| Share premium | 2,097 | 2,097 | 2,097 | 2,097 | 2,097 |
| Retained earnings | 753 | 2,352 | 3,020 | 3,741 | 4,468 |
| Shareholders' equity | 4,482 | 5,635 | 6,303 | 7,024 | 7,750 |
| Minority interests | 97 | 203 | 208 | 240 | 272 |
| Total Liab.&Shareholders' equity | 10,208 | 16,074 | 16,590 | 16,620 | 16,539 |
| CASH FLOW (Btm) | | | | | |
| Net income | 444 | 904 | 1,111 | 1,266 | 1,346 |
| Depreciation and amortization | 412 | 375 | 398 | 415 | 430 |
| Change in working capital | 758 | 1,686 | 57 | (1,134) | (1,112) |
| FX, non-cash adjustment & others | (207) | (306) | (7) | 78 | 98 |
| Cash flows from operating activities | 1,407 | 2,659 | 1,559 | 624 | 762 |
| Capex (Invest)/Divest | (170) | (1,082) | (331) | (334) | (334) |
| Others | 211 | (2,432) | 0 | 0 | 0 |
| Cash flows from investing activities | 40 | (3,514) | (331) | (334) | (334) |
| Debt financing (repayment) | (82) | (40) | (21) | 15 | 7 |
| Equity financing | 0 | 0 | 0 | 0 | 0 |
| Dividend payment | (154) | (261) | (443) | (544) | (620) |
| Cash flows from financing activities | (236) | (261) | (463) | (529) | (613) |
| Net change in cash | 1,211 | (1,116) | 764 | (239) | (184) |
| Free cash flow (Btm) | 1,237 | 1,576 | 1,228 | 290 | 428 |
| FCF per share (Bt) | 1.04 | 1.33 | 1.03 | 0.24 | 0.36 |

Sources: Company data, Bualuang Research estimates

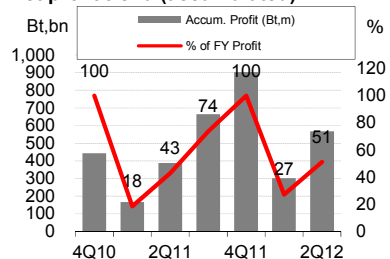
Revenue trend



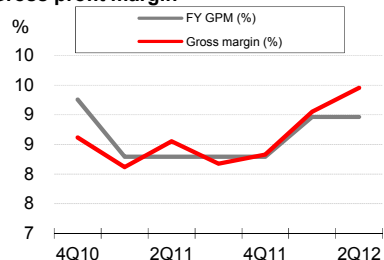
Revenue trend (accumulated)



Net profit trend (accumulated)



Gross profit margin



| QUARTERLY PROFIT & LOSS (Btm) | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 2Q11 | 3Q11 | 4Q11 | 1Q12 | 2Q12 |
| Revenue | 3,792 | 4,270 | 3,429 | 4,254 | 4,399 |
| Cost of sales and services | (3,468) | (3,921) | (3,143) | (3,869) | (3,983) |
| Gross profit | 324 | 349 | 285 | 385 | 416 |
| SG&A | (124) | (115) | (122) | (123) | (143) |
| EBIT | 201 | 234 | 164 | 262 | 273 |
| Interest expense | (3) | (5) | (3) | (3) | (4) |
| Other income/exp. | 27 | 50 | 69 | 57 | 64 |
| EBT | 225 | 279 | 230 | 316 | 333 |
| Corporate tax | (7) | (13) | (2) | (20) | (76) |
| After-tax profit (loss) | 217 | 266 | 228 | 295 | 257 |
| Minority interest | (6) | (10) | 13 | 0 | (0) |
| Equity earnings from affiliates | 9 | 21 | (2) | 5 | 9 |
| Extra items | 0 | 0 | 0 | 0 | 0 |
| Net profit (loss) | 221 | 277 | 239 | 301 | 266 |
| Reported EPS | 0.19 | 0.23 | 0.20 | 0.25 | 0.22 |
| Fully diluted EPS | 0.19 | 0.23 | 0.20 | 0.25 | 0.22 |
| Core net profit | 221 | 277 | 239 | 301 | 266 |
| Core EPS | 0.19 | 0.23 | 0.20 | 0.25 | 0.22 |
| EBITDA | 321 | 384 | 327 | 414 | 429 |
| KEY RATIOS | | | | | |
| Gross margin (%) | 8.6 | 8.2 | 8.3 | 9.1 | 9.5 |
| EBITDA margin (%) | 8.5 | 9.0 | 9.5 | 9.7 | 9.7 |
| Operating margin (%) | 5.3 | 5.5 | 4.8 | 6.2 | 6.2 |
| Net margin (%) | 5.8 | 6.5 | 7.0 | 7.1 | 6.1 |
| Core profit margin (%) | 5.8 | 6.5 | 7.0 | 7.1 | 6.1 |
| BV (Bt) | 4.49 | 4.73 | 4.92 | 5.17 | 4.85 |
| ROE (%) | 17.2 | 21.1 | 17.3 | 20.8 | 18.5 |
| ROA (%) | 6.7 | 7.4 | 6.0 | 7.3 | 6.3 |
| Current ratio (x) | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Gearing ratio (x) | 0.1 | 0.1 | 0.1 | 0.0 | 0.1 |
| Interest coverage (x) | 72.8 | 50.5 | 57.1 | 82.4 | 74.8 |
| QUARTERLY BALANCE SHEET (Btm) | | | | | |
| | 2Q11 | 3Q11 | 4Q11 | 1Q12 | 2Q12 |
| Cash & Equivalent | 3,571 | 4,309 | 3,508 | 5,481 | 4,571 |
| Accounts receivable | 1,414 | 1,770 | 2,184 | 905 | 1,492 |
| Inventory | 1,102 | 1,193 | 845 | 441 | 371 |
| PP&E-net | 2,168 | 2,158 | 2,074 | 2,045 | 2,024 |
| Other assets | 6,077 | 6,243 | 7,464 | 7,882 | 8,352 |
| Total assets | 14,333 | 15,673 | 16,074 | 16,754 | 16,811 |
| Accounts payable | 1,621 | 1,568 | 2,154 | 2,504 | 2,999 |
| ST debts & current portion | 150 | 205 | 184 | 126 | 205 |
| Long-term debt | 188 | 116 | 114 | 122 | 133 |
| Other liabilities | 7,050 | 8,172 | 7,783 | 7,864 | 7,722 |
| Total liabilities | 9,008 | 10,062 | 10,236 | 10,615 | 11,058 |
| Paid-up capital | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 |
| Share premium | 2,097 | 2,097 | 2,097 | 2,097 | 2,097 |
| Retained earnings | 1,836 | 2,113 | 2,352 | 2,653 | 2,267 |
| Shareholders equity | 5,118 | 5,395 | 5,635 | 5,936 | 5,550 |
| Minority interests | 206 | 216 | 203 | 203 | 203 |
| Total Liab.&Shareholders' equity | 14,333 | 15,673 | 16,074 | 16,754 | 16,811 |

Sources: Company data, Bualuang Research

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| Score Range | Number of Logo | Description |
|-------------|---|--------------|
| 90 – 100 |  | Excellent |
| 80 – 89 |  | Very Good |
| 70 – 79 |  | Good |
| 60 – 69 |  | Satisfactory |
| 50 – 59 |  | Pass |
| Below 50 | No logo given | N/A |

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.