

**BUY**

Initiation

TP: Bt 15.00

Upside : 82.9%

22 JULY 2021

# Nex Point (NEX TB)

## First-mover EV play

We initiate coverage on NEX with a BUY rating. We see NEX as being the most direct EV play in Thailand with near-term earnings visibility. Being the first mover, we expect NEX to capture E-bus market share quickly and reach its full capacity in 2023F, with the shares trading at 7x PE. We value NEX using DCF methodology (2022F) at Bt15/share.

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### First mover in the new E-bus market

NEX is a bus importer-turned-E-bus distributor with an E-bus maker affiliate, the 45%-owned Absolute Assembly (AAB). We initiate coverage on NEX with a BUY rating and DCF-derived (2022F base year) SOTP-based TP of Bt15. *First*, we see NEX as the most direct, earliest play on EVs (starting with E-buses in the initial years) with earnings visibility from 2H21F on delivery of 600 E-buses. *Secondly*, the Thai government targets a total of 18,000 E-buses (from a total of 150,000 existing buses) to be on the road by 2025. NEX, as the first local E-bus producer (via AAB), should be ready to capture market share earlier than peers. *Third*, on our conservative assumptions of sales of 1,500 and 2,500 E-buses by NEX over 2022-23F (14% and 23% of bus demand in 2019), we project its profit to reach Bt2.1bn in 2023F, implying a 7x PE.

### The demand factors

Thailand has over 150,000 registered buses, of which 70,000 are for public transport services while the rest are mainly tour and corporate buses. Annual bus demand was over 10,000 units in the pre-COVID years. Given that now 1) the government's E-bus target is 18,000 units by 2025, 2) AAB is the first E-bus producer in Thailand with its factory scheduled to begin production in late 3Q21, 3) the 40% bus import tax, 4) NEX's track record of sales of 1,000 buses per year, and 5) our expectation of weak bus demand from the tourism sector over the next few years, we expect NEX to sell 600/1,500/2,500 E-buses in 2021-23F and post Bt181m profit in 2021F, rising to Bt841m (10x PE) in 2022F and Bt2.1bn (7x PE) in 2023F.

### Near-term earnings visibility

We visited AAB's E-bus factory last week and found it was 70% completed. It is scheduled to start commercial production in September with annual capacity of 3,000 E-buses. At the site, we saw 120 E-buses ready to be delivered in 3Q21 and we estimate another 480 units to be sold in 4Q21F. NEX's business model is to recognize equity income from AAB (as a producer), its sales margin (as a distributor), and recurring after-sales service revenue. Despite a small loss for AAB in its first operating year, we expect NEX to still make a profit via the distributor margin.

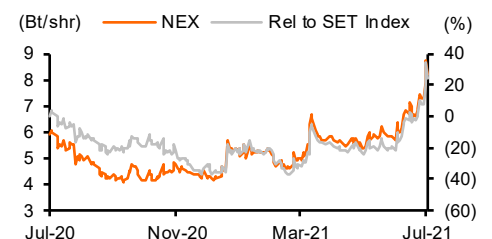
### New EV play, but an old face in bus market

NEX has two major shareholders, with 40% held by Energy Absolute (EA, BUY, Bt57.50), which owns E-bus battery and powertrain technology, and 19% by Mr. Kanit Srivachiraprapa, who ran business importing buses from China and a bus maintenance services for over 10 years, with a customer base of c.1,000 buses/year. We estimate NEX's 2023F profit breakdown as 47% from E-buses, 45% AAB and 8% maintenance services.

### COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	1,404	5,063	11,834	19,252
Net profit	(200)	181	841	2,107
Consensus NP	—	501	1,463	2,093
Diff frm cons (%)	—	(63.9)	(42.5)	0.7
Norm profit	(123)	181	841	2,107
Prev. Norm profit	—	181	841	2,107
Chg frm prev (%)	—	0.0	0.0	0.0
Norm EPS (Bt)	(0.1)	0.1	0.4	1.1
Norm EPS grw (%)	na	na	364.5	150.5
Norm PE (x)	na	85.9	18.5	7.4
EV/EBITDA (x)	na	39.8	14.7	8.1
P/BV (x)	5.3	4.7	4.0	2.9
Div yield (%)	0.0	0.6	2.7	6.8
ROE (%)	na	5.8	23.3	45.9
Net D/E (%)	(44.5)	(19.9)	(21.2)	(35.0)

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 22-Jul-21 (Bt)	8.20
Market Cap (US\$ m)	417.7
Listed Shares (m shares)	1,674.5
Free Float (%)	34.6
Avg Daily Turnover (US\$ m)	3.3
12M Price H/L (Bt)	8.70/4.08
Sector	Electronics
Major Shareholder	EA Mobility Holding 40%

Sources: Bloomberg, Company data, Thanachart estimates



## First-mover EV play

*Initiating with a BUY and a TP of Bt15/share*

Nex Point Pcl (NEX) is an E-bus distributor with its key affiliate, 45%-owned Absolute Assembly (AAB), being an E-bus manufacturer. Its related businesses are bus maintenance services and a small fleet of buses running as public transport vehicles. We initiate coverage on shares of NEX with a BUY rating and a DCF-based 12-month TP (2022F base year) of Bt15/share.

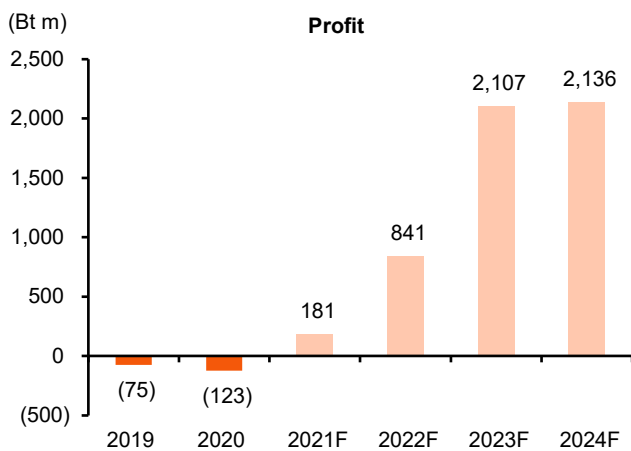
*NEX is a growth stock and a direct EV play with a cheap valuation in our view*

**First**, we see NEX as the earliest and most direct EV play in Thailand with its earnings visibility materializing as soon as 2H21F from sales of 600 E-buses.

**Second**, given bus demand in Thailand of around 11,000 units per year and the government's target to have 18,000 E-buses (vs. total existing buses in the country of 150,000) by 2025F, we expect NEX, as the first local E-bus producer via AAB, to be able to capture market share earlier than peers. And we believe our E-bus unit sales assumptions for NEX at 600/1,500/2,500 units in 2021-23F (or only 6/14/23% of local bus demand in 2019) are not overly optimistic. Please see the "Demand factors" section later in the report.

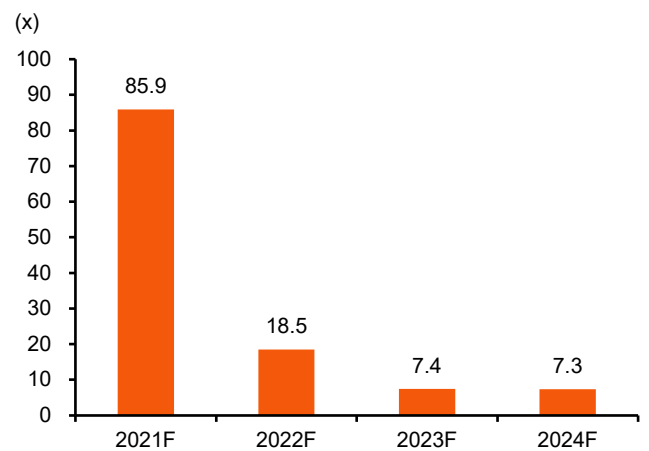
**Third**, we see NEX as an inexpensive growth stock. At our unit sales assumptions above, we estimate NEX's earnings to grow from Bt181m in 2021F to Bt841bn in 2022F and Bt2.1bn in 2023F. This implies the stock is trading on only a 19x PE multiple in 2022F and 7x in 2023F.

Ex 1: A Growth Stock ...



Sources: Company data, Thanachart estimates

Ex 2: ... At An Inexpensive PE Valuation, In Our View



Source: Thanachart estimates

## Direct play on the E-bus market

### *NEX did a backdoor listing in 2020*

NEX was set up to be an EV company, starting with E-buses, via a backdoor listing on the Stock Exchange of Thailand (SET) in 2020. The original company's name was Single Point Part (Thailand) with the ticker SPPT, which operated an electronics OEM business. NEX fully divested that legacy business last year. The two major shareholders of NEX are Energy Absolute (EA, BUY, Bt57.50) with a 40% stake and Mr. Kanit Srivachiraprapa, who is NEX's CEO, with a 19% stake. While EA has an expertise in Li-ion battery and electric powertrain technology, Mr. Kanit has expertise in bus distribution and bus maintenance services, businesses which he injected into NEX.

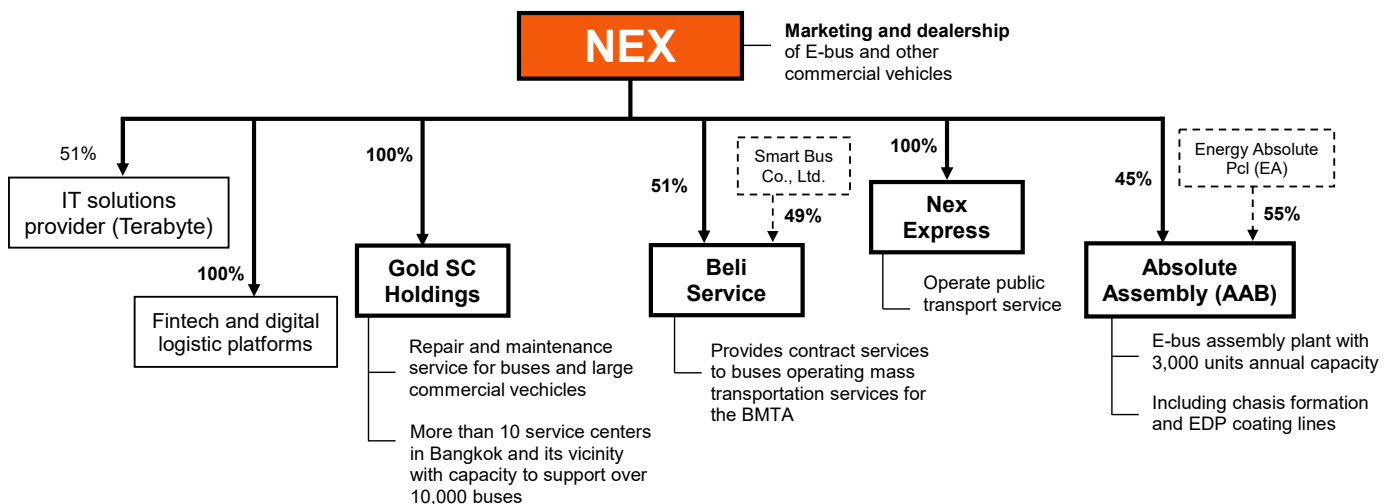
### *The business model*

NEX's business model is to be an E-bus distributor with maintenance services. It also operates a public transport service (Nex Express in Exhibit 3) with a small fleet of around 40 buses currently. NEX joined up with EA in 2020 to set up an E-bus manufacturing company, Absolute Assembly (AAB), in which it owns 45% while the other 55% is held by EA. AAB produces E-buses and supplies them to NEX to sell as its main distributor. As such, NEX earns revenue from E-bus sales, maintenance services and bus operations while it earns equity income from E-bus production business via its stake in AAB.

### *Synergies from AAB's shareholders*

As for the synergies from its shareholders, EA is to be the battery supplier while Mr. Kanit has experience and a customer base in the bus market. Before this partnership, Mr. Kanit's old business imported and sold around 1,000 buses a year to customers in Thailand. Some 20% of those customers used its long-term maintenance service. He therefore has a broad knowledge of the Thai bus market and good relationships with local bus operators, ie, tourism buses, public transport, and shuttle-bus services for corporates.

Ex 3: NEX's Business Structure



Source: Company data

### *AAB – the first local E-bus maker in Thailand*

AAB looks set to become the first electric bus manufacturer in Thailand with its supplies of Li-ion batteries and electric powertrain technology coming from EA. We visited the site of the AAB factory last week and found its construction was 70% completed. The factory is scheduled to run commercially by September 2021. It has cutting-edge machinery installed with a modernized layout for an optimized production process. The company uses a leading global consultant which also designs factories for top bus manufacturers in China.

#### Ex 4: NEX's Legacy Business Of Bus Imports From China



Sources: Company data

#### Ex 5: A Decade's Experience In Bus Maintenance Services



Sources: Company data

#### Ex 6: AAB's E-Bus Manufacturing Plant



Source: Company data

#### Ex 7: AAB's E-Bus Prototype On A Road Test



Source: Company data

#### Ex 8: Various E-Bus Models To Be Produced By AAB



Source: Company data

#### *Opportunities in other types of commercial vehicles*

AAB has seen an opportunity to expand its product line to other types of commercial vehicles. It has developed a few E-truck models (280kWh battery with a range of 230km) and E-pickup trucks (42kWh, 310km) to serve the fast-growing logistics industry. It has also made prototypes of E-garbage trucks (200kWh, 200km) and E-water trucks (280kWh, 200km) to be used in community services and to support the government's policy of converting vehicles owned by all government agencies into an electric fleet. Another area is a special-purpose vehicle, eg, E-mining trucks (450kWh, 200km). Its production strategy is to import or locally source body parts and interior components of the designed vehicles to be equipped with locally-made Li-ion batteries and powertrain system from EA.

*We believe some types of E-commercial vehicle are already feasible*

We believe NEX already foresees potential buyers in the E-truck area. We expect this to be a result of E-trucks already being competitive compared with combustion-engine vehicles in commercial uses. Despite the unit price still being 30-40% higher, E-trucks should have 70% lower fuel costs. We also expect some new regulations to eventually emerge to help speed up the development of the EV market. Note that we leave all these potential opportunities as a potential upside to our numbers.

#### Ex 9: NEX's Electric Truck Design



Source: Company data

#### Ex 10: Electric Pick-Up For Local Courier Services



Source: Company data

#### Ex 11: Electric Garbage Truck For Municipal Services



Source: Company data

#### Ex 12: Special-Purpose E-Vehicle For Mining Industry



Source: Company data

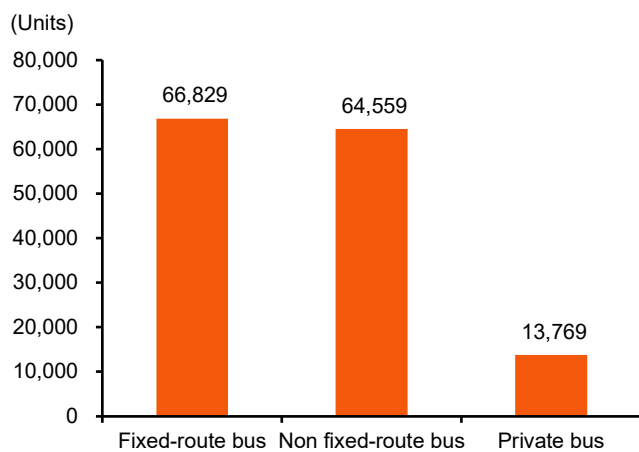
## The demand factors

Our expectation of a strong earnings growth outlook for NEX is based on our assumptions of the company's E-bus sales of 600/1,500/2,500 units in 2021-23F. We don't believe our assumptions are overly optimistic based on the demand factors below.

*Average local bus demand is at 11,000 units per year*

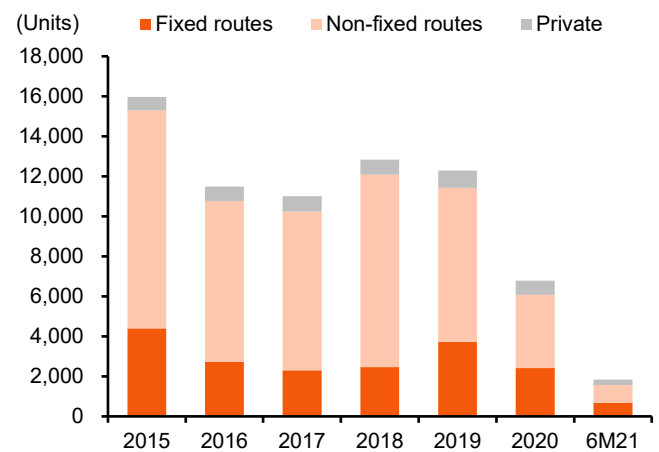
**Potential market size:** Total registered buses in Thailand number over 150,000 and bus demand or sales is around 11,000 units a year. Of total registered buses, around 70,000 are used for fixed-route public transport services and the rest are mainly tour and corporate buses. Annual bus sales are around 3,000 for public service buses with the remaining 8,000 are for the tourism and corporate sectors. Note that fixed-routed public transport services in Thailand are operated by the state-owned Bangkok Mass Transit Authority (BMTA) for routes in the Bangkok metropolitan area and by state-owned The Transport Co. for provincial routes. Some of those routes, both in Bangkok and provincial areas, are sub-contracted to private companies to operate.

**Ex 13: Registered Buses in Thailand As Of June 2021**



Source: Department of Land Transport

**Ex 14: Historical New Bus Registration Numbers**



Source: Department of Land Transport

*Roadmap targets 18,000 E-buses on the road by 2025*

**Government's EV and E-bus roadmap:** The Thai government's roadmap for EV adoption in Thailand is set at a total of 240,000 EV unit sales, or 30% of annual registered cars in 2025, and 470,000 units, or 50% in 2030. Given the earlier feasibility and the fact that the government has control over bus operators (including the BMTA and The Transport Co.) running public transport service via contracts and licenses, the government plans to stimulate EV adoption early in the bus market. The roadmap is to have 18,000 E-buses, out of the total 150,000 registered buses now, on the road by 2025 and 33,000 by 2030.

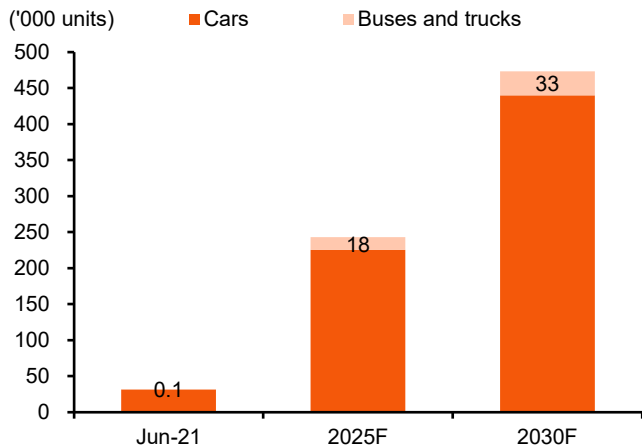
*We leave tour bus demand aside*

We leave tour and corporate bus demand aside for now as we don't expect much demand from the battered tourism industry for two full years in the wake of COVID to either expand or replace fleets, but rather continue to use old buses to operate over the next two years. We therefore focus here on demand from the BMTA (Kor Sor Mor Gor) and The Transport Co. (Bor Kor Sor), including their affiliated buses (contracted private firms).

*Targeted E-bus demand from state operators is 2,500 units next year*

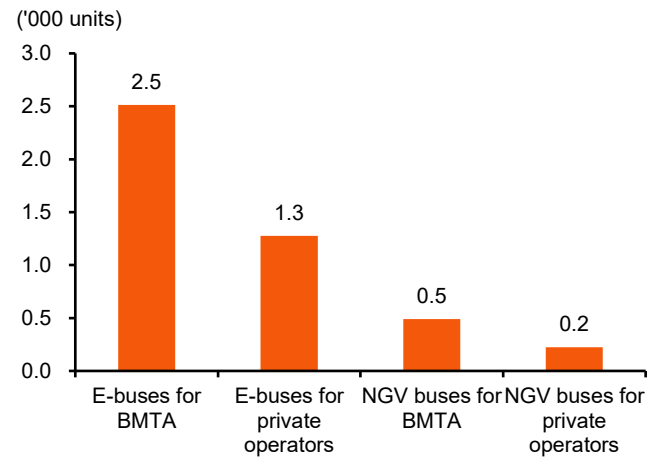
Based on the latest draft of its rehabilitation plan (April 2020), the BMTA estimates a total of 4,500 buses will be required for Bangkok metropolitan area routes. BMTA plans to operate 3,000 buses itself, while granting contracts to private operators for another 1,500 buses. From the same draft, BMTA plans to call bids to lease new 2,511 E-buses (84% of its fleet) and purchase 489 NGV buses (16%) in 2022. For its potential private operator concessionaires, it targets the 1,500 fleet to be a mix of E-buses and NGV buses. As for The Transport Co. that operates provincial routes and therefore controls a larger bus fleet of 8,100 (900 self-operating and 7,200 operated by private firms), it has yet to set out a clear target for E-bus adoption.

Ex 15: Thailand's EV Roadmap



Source: Ministry of Energy

Ex 16: Demand For New Buses For BMTA Services



Sources: BMTA's rehabilitation plan (April 2020), Thanachart estimates

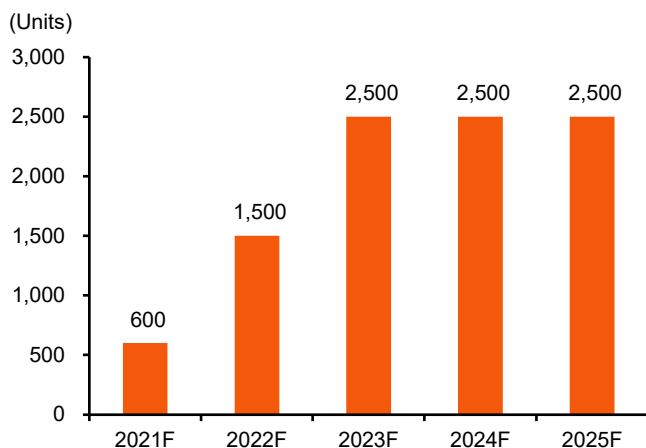
**AAB stands ready to capture early demand**

**AAB is the first local E-bus manufacturer:** Of annual bus demand of 11,000 units, local production made up only 300-500 units per year over 2015-20. Some 3,000-4,000 units of the demand are comprised of refurbished buses, eg, buses that are re-assembled using the common parts taken from decommissioned buses with a few brand-new key components added so that they can be registered as a new bus. This implies that majority of the bus demand is filled by imports, mainly from China. Mr. Kanit's (NEX's owner) old business before transferring to NEX was also to import Chinese buses to sell to customers in Thailand. NEX from now on intends to source E-bus supply from its own affiliate, AAB, and not import Chinese buses anymore. We expect AAB to be the first local E-bus manufacturer in Thailand, as it is due to have its factory with a 3,000-bus capacity a year in operation this September; thus, it would have first-mover advantage in securing early market share. At a capacity of 3,000 units, AAB would also be the largest E-bus production plant in ASEAN.

**First lot of 120 units to be delivered this month is yet entirely self-produced**

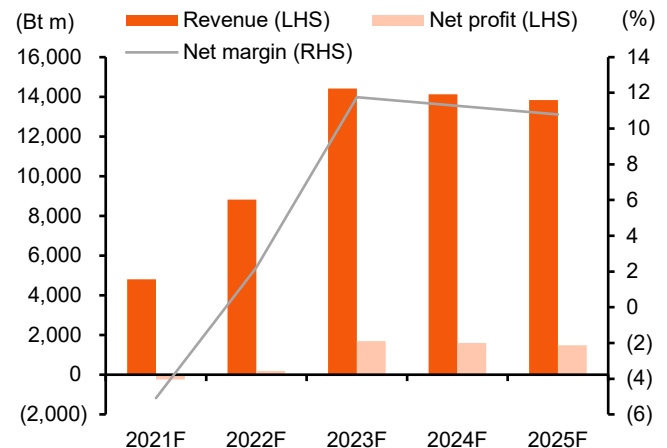
AAB has 120 E-buses in its inventory to be delivered this month despite the factory only being 70% completed. This is because AAB decided to import all the parts and only perform assembly work for this lot to meet an urgent order. EA has also had to supply batteries to AAB via importing them from its Taiwan-based production plant of Amita Technologies Inc. However, the production of the next lot from 4Q21F onward will be fully carried out at AAB's factory with batteries delivered from EA's domestic battery plant.

Ex 17: AAB's Production



Source: Thanachart estimates

Ex 18: AAB's Revenue And Profit



Source: Thanachart estimates

*Provides support to AAB's competitiveness*

**A 40% bus import tax:** Thailand imposes a 40% import tax on buses, which should offer strong support for AAB in competing with foreign manufacturers which may have larger production scale. This high tax barrier should make local producers far more competitive in the market. The fact that AAB would also have a supply of locally made batteries from EA, which comprises a major portion of an E-bus's value, is another the key factor making it a competitive E-bus manufacturer. Although in our numbers we have yet to factor in any expansion plans beyond its current 3,000 units of capacity, AAB's ambition is to become a production hub for ASEAN demand given that it would not be subject to any import taxes because of the ASEAN free-trade agreement.

*E-bus is already feasible with lower inclusive costs vs. NGV buses*

**Operating E-buses is cheaper than NGV buses:** We estimate that it is now already cheaper for bus operators to use E-buses vs. traditional diesel buses, or even NGV ones, when fuel costs are included. Therefore, we expect bus operators to willingly convert their fleets to E-buses. The cost of locally made E-buses (E-bus price plus fuel cost) over their useful life of say 10 years, is 28% below that of an NGV bus, which is now the lowest in the market. This is despite the E-bus price still being 1.5x higher than for an NGV bus. Nevertheless, fuel costs are projected to be 75% lower. E-bus competitiveness is expected to increase over time with the potential fallings cost of Li-ion batteries from technology improvements and increasing production scale.

#### Ex 19: E-Buses More Competitive Than NGV Buses

	Unit price (Bt m)	Power cost (Bt/km)	Total cost (Bt m)
NGV bus	4.0	10.0	12.8
E-bus	7.0	2.5	9.2
Difference (%)	75.0	(75.0)	(28.0)

Sources: BMTA, Company data, Thanachart estimates

Note: Calculate based on usage of 240km/day for 10 years in buses operating for BMTA's public transport service

#### Ex 20: Electric Vs. Diesel Pickup Trucks

	Diesel	Electric
Unit price (Bt m)	1.0	2.0
Power consumption per km	0.07 L	0.14 kWh
Cost per power unit (Bt)	29.0	3.0
Range (km)	1,200	300
Power refill time (minutes)	10	60
	(at fuel station)	(at loading cargo)

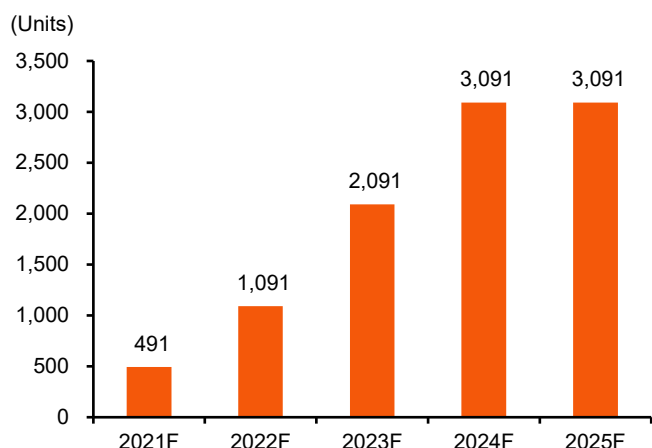
Sources: Company data, Thanachart estimates

## Near-term earnings visibility

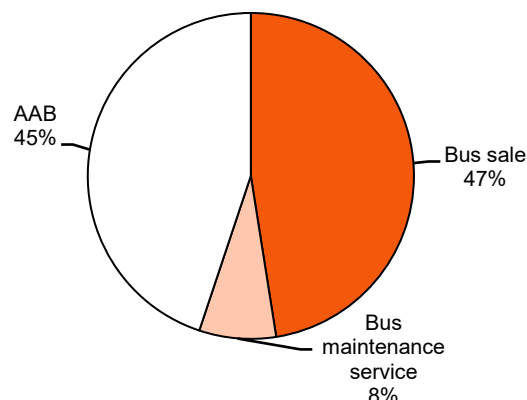
*120 units ready to be delivered this month and another 480 in 4Q21*

We argue that NEX is a direct EV play with earnings visibility as early as 1H21F, based on our projections of 120 E-bus sales in 3Q21F and another 480 in 4Q21F. With that we estimate NEX's earnings to turn to a small profit this year of Bt181m. We expect this to be a very strong catalyst for the stock giving the market confidence about the eventual start-up of its E-bus business with real demand. Then, we expect NEX to sell 1,500 E-buses in 2022F and 2,500 units in 2023F (Exhibit 13). Together with its maintenance services and other related businesses, we estimate NEX's earnings at Bt841m and Bt2.1bn in 2022-23F.

We recap here that NEX not only plans to sell E-buses but also provide long-term maintenance services. We expect the number of buses under its contracted service (Exhibit 21) to be ramped up from 500 this year to 3,100 in 2023F, offering an accumulating portion of recurring income for NEX. We project NEX's earnings base in 2023F to come from E-bus sales as a distributor (47%), equity income from AAB as a manufacturer (45%), and repair and maintenance contracts as a service provider (8%). Please see Exhibit 22.

**Ex 21: Buses Under Maintenance Contracts**

Source: Thanachart estimates

**Ex 22: Earnings Breakdown In 2023F**

Source: Thanachart estimates

**Ex 23: DCF-derived SOTP-based 12-month TP Calculation Using A Base Year Of 2022F**

(Bt m)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	Terminal Value
EBITDA excl. depre from right of use	998	1,678	1,784	1,893	1,889	1,842	1,793	1,742	1,690	1,663	1,634	—
Free cash flow	66	1,380	2,130	2,153	2,122	2,048	1,946	1,844	1,850	1,883	1,846	26,015
PV of free cash flow	61	1,178	1,678	1,567	1,395	1,238	1,081	942	870	814	698	9,838

Risk-free rate (%) 2.5

Market risk premium (%) 8.0

Beta 1.1

WACC (%) 8.3

Terminal growth (%) 2.0

**Enterprise value 21,361**

Net debt (end-2021F) (700)

Minority interest 204

Equity value 21,856

# of shares (m) \* 1,897

**Equity value/share (Bt) 11.52****Plus associates**

Value per share

**Associates and affiliates**

- Absolute Assembly

3.51

**Subtotal****3.51****Total****15.0**

Sources: Company data, Thanachart estimates

Note: \* We use fully diluted shares which assume all of its warrants (NEX-W2) are exercised.

## Valuation Comparison

## Ex 24: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			21F (%)	22F (%)	21F (x)	22F (x)	21F (x)	22F (x)	21F (%)	22F (%)	21F (%)	22F (%)
BYD Co Ltd	1211 HK	China	15.1	40.1	132.3	94.4	8.7	7.9	32.4	27.5	0.1	0.1
DongFeng Automobile	600006 CH	China	12.0	35.5	27.1	20.0	2.0	1.9	29.6	33.5	na	na
Yutong Bus Co Ltd	600066 CH	China	194.4	47.1	19.9	13.5	1.7	1.7	11.9	8.4	3.9	5.6
Proterra Inc	PTRA US	USA	na	(65.6)	(19.2)	(55.7)	na	na	na	na	0.0	0.0
Construcciones y Auxiliar	CAF SM	Spain	773.8	27.9	15.5	12.1	1.8	1.6	6.2	5.5	2.6	3.1
Hino Motors Ltd	7205 JP	Japan	27.1	(307.8)	(54.6)	26.3	1.0	0.9	12.4	6.8	1.1	1.5
AAPICO Hitech	AH TB	Thailand	463.2	27.5	9.3	7.3	1.0	0.9	8.9	9.4	3.5	4.5
PCS Machine Group	PCSGH TB	Thailand	128.9	21.1	14.5	12.0	1.7	1.6	6.8	6.1	4.5	5.8
NEX Point *	NEX TB	Thailand	na	364.5	85.9	18.5	4.7	4.0	39.8	14.7	0.6	2.7
Somboon Advance Tech *	SAT TB	Thailand	138.2	21.9	10.4	8.5	1.2	1.1	4.9	3.8	5.8	7.1
Thai Stanley Electric *	STANLY TB	Thailand	(47.6)	29.6	12.0	9.3	0.7	0.6	3.1	2.4	3.4	3.4
<b>Average</b>			<b>189.5</b>	<b>22.0</b>	<b>23.0</b>	<b>15.1</b>	<b>2.4</b>	<b>2.2</b>	<b>15.6</b>	<b>11.8</b>	<b>2.6</b>	<b>3.4</b>

Source: Bloomberg

Note: \*Thanachart estimates, using Thanachart normalized EPS

Based on 22-Jun-2021 closing prices

## COMPANY DESCRIPTION

Nex Point Pcl (NEX) operates various bus-related service businesses around its core operation of bus assembly plant, Absolute Assembly (AAB), in which it has co-invested at a 45% stake with its major partner. NEX's major role is as a key distributor of electric buses and other electric commercial vehicles produced by AAB. It also provides long-term repair and maintenance services for those products. NEX is expanding downstream to become an operator of public transport service using electric vehicles.

Source: Thanachart

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: Thanachart; \* CG rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Strong knowledge and experience in the Thai bus market as it has been in the business for over 10 years
- Strong relationships with customers, especially with operators of tourism and public transport buses

### O — Opportunity

- Plenty of available demand for E-bus and other electric commercial vehicles in Thailand as there are no major players in the industry
- Exporting E-buses and other electric commercial vehicles to neighbouring countries, leveraging on the free-trade agreement (FTA) between ASEAN countries.

### W — Weakness

- Relies on technology from its partner in developing electric bus models
- All services provided are linked to the ability of its joint venture bus assembly plant to produce and deliver E-buses to customers

### T — Threat

- Imports of low-cost electric buses from China
- New local players may emerge when electric vehicle technology become mainstream

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	12.00	15.00	25%
<b>Net profit 21F (Bt m)</b>	501	181	-64%
<b>Net profit 22F (Bt m)</b>	1,463	841	-43%
<b>Consensus REC</b>	<b>BUY: 1</b>	<b>HOLD: 0</b>	<b>SELL: 0</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- We are one of the only two brokers covering the stock.
- Our TP is higher, likely since we assume a greater number of E-bus sales for NEX over the long term.

## RISKS TO OUR INVESTMENT CASE

- Lower-than-expected demand for E-buses in Thailand is the key downside risk to our earnings forecasts and valuation.
- Less aggressive support from the government's EV policy is another key downside risk to our numbers.
- A lifting of the import tax on electric buses from China, or other countries, could result in downside risk to our forecasts.
- A delay of plant construction or any factors that result in a delay to its bus deliveries is another secondary downside risk to our numbers.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

## INCOME STATEMENT

*Ramping up revenues from E-bus sales and maintenance services*

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	783	1,404	5,063	11,834	19,252
Cost of sales	669	1,231	4,289	10,144	16,552
<b>Gross profit</b>	<b>115</b>	<b>173</b>	<b>774</b>	<b>1,690</b>	<b>2,700</b>
% gross margin	14.6%	12.3%	15.3%	14.3%	14.0%
Selling & administration expenses	180	282	502	834	1,183
<b>Operating profit</b>	<b>(66)</b>	<b>(110)</b>	<b>272</b>	<b>856</b>	<b>1,517</b>
% operating margin	-8.4%	-7.8%	5.4%	7.2%	7.9%
Depreciation & amortization	25	63	101	141	161
<b>EBITDA</b>	<b>(41)</b>	<b>(47)</b>	<b>373</b>	<b>998</b>	<b>1,678</b>
% EBITDA margin	-5.2%	-3.3%	7.4%	8.4%	8.7%
Non-operating income	15	17	17	18	18
Non-operating expenses	0	0	0	0	0
Interest expense	(10)	(16)	(40)	(72)	(63)
<b>Pre-tax profit</b>	<b>(60)</b>	<b>(109)</b>	<b>250</b>	<b>802</b>	<b>1,473</b>
Income tax	15	8	50	160	295
<b>After-tax profit</b>	<b>(75)</b>	<b>(117)</b>	<b>200</b>	<b>642</b>	<b>1,178</b>
% net margin	-9.6%	-8.3%	3.9%	5.4%	6.1%
Shares in affiliates' Earnings	0	(6)	(19)	199	929
Minority interests	0	0	0	0	0
Extraordinary items	(66)	(77)	0	0	0
<b>NET PROFIT</b>	<b>(141)</b>	<b>(200)</b>	<b>181</b>	<b>841</b>	<b>2,107</b>
<b>Normalized profit</b>	<b>(75)</b>	<b>(123)</b>	<b>181</b>	<b>841</b>	<b>2,107</b>
EPS (Bt)	(0.1)	(0.1)	0.1	0.4	1.1
Normalized EPS (Bt)	(0.0)	(0.1)	0.1	0.4	1.1

## BALANCE SHEET

*Credit terms with vendors used as the main source for E-bus inventory*

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
<b>ASSETS:</b>					
Current assets:	420	1,871	3,459	5,746	8,217
Cash & cash equivalent	86	1,410	1,500	2,000	2,500
Account receivables	123	129	624	1,459	2,373
Inventories	18	124	588	1,390	2,267
Others	192	207	748	897	1,076
Investments & loans	0	476	476	476	476
Net fixed assets	187	536	935	1,093	1,132
Other assets	321	735	879	1,147	1,441
<b>Total assets</b>	<b>929</b>	<b>3,617</b>	<b>5,750</b>	<b>8,462</b>	<b>11,266</b>
<b>LIABILITIES:</b>					
Current liabilities:	237	285	1,624	3,260	4,382
Account payables	98	150	705	1,668	2,721
Bank overdraft & ST loans	50	0	400	563	291
Current LT debt	25	0	200	282	146
Others current liabilities	65	135	318	747	1,224
<b>Total LT debt</b>	<b>42</b>	<b>0</b>	<b>200</b>	<b>282</b>	<b>146</b>
Others LT liabilities	84	167	402	811	1,259
<b>Total liabilities</b>	<b>363</b>	<b>452</b>	<b>2,225</b>	<b>4,353</b>	<b>5,787</b>
Minority interest	79	204	204	204	204
Preferreds shares	0	0	0	0	0
Paid-up capital	464	1,674	1,897	1,897	1,897
Share premium	68	1,543	1,543	1,543	1,543
Warrants	0	0	0	0	0
Surplus	(5)	(5)	(5)	(5)	(5)
<b>Retained earnings</b>	<b>(41)</b>	<b>(251)</b>	<b>(115)</b>	<b>470</b>	<b>1,840</b>
Shareholders' equity	486	2,961	3,320	3,906	5,276
<b>Liabilities &amp; equity</b>	<b>929</b>	<b>3,617</b>	<b>5,750</b>	<b>8,462</b>	<b>11,266</b>

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	(60)	(109)	250	802	1,473
Tax paid	(15)	(8)	(50)	(160)	(295)
Depreciation & amortization	25	63	101	141	161
Chg In working capital	(4)	(59)	(404)	(674)	(739)
Chg In other CA & CL / minorities	(154)	174	(375)	478	1,226
<b>Cash flow from operations</b>	<b>(208)</b>	<b>62</b>	<b>(479)</b>	<b>588</b>	<b>1,826</b>
Capex	(66)	(411)	(500)	(300)	(200)
Right of use	0	(96)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	0	(476)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	52	(313)	90	141	155
<b>Cash flow from investments</b>	<b>(14)</b>	<b>(1,296)</b>	<b>(410)</b>	<b>(159)</b>	<b>(45)</b>
Debt financing	2	(117)	800	327	(544)
Capital increase	230	2,685	223	0	0
Dividends paid	0	0	(45)	(256)	(737)
Warrants & other surplus	(18)	(9)	0	0	0
<b>Cash flow from financing</b>	<b>214</b>	<b>2,559</b>	<b>978</b>	<b>71</b>	<b>(1,281)</b>
<b>Free cash flow</b>	<b>(274)</b>	<b>(350)</b>	<b>(979)</b>	<b>288</b>	<b>1,626</b>

*Low capex going forward as its bus assembly plant is nearing completion*

## VALUATION

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	na	na	85.9	18.5	7.4
Normalized PE - at target price (x)	na	na	157.2	33.8	13.5
PE (x)	na	na	85.9	18.5	7.4
PE - at target price (x)	na	na	157.2	33.8	13.5
EV/EBITDA (x)	na	na	39.8	14.7	8.1
EV/EBITDA - at target price (x)	na	na	74.4	27.7	15.8
P/BV (x)	32.0	5.3	4.7	4.0	2.9
P/BV - at target price (x)	58.5	9.6	8.6	7.3	5.4
P/CFO (x)	(74.8)	252.9	(32.5)	26.5	8.5
Price/sales (x)	17.5	9.8	2.7	1.2	0.7
Dividend yield (%)	0.0	0.0	0.6	2.7	6.8
FCF Yield (%)	(1.8)	(2.2)	(6.3)	1.8	10.5
<b>(Bt)</b>					
Normalized EPS	(0.0)	(0.1)	0.1	0.4	1.1
EPS	(0.1)	(0.1)	0.1	0.4	1.1
DPS	0.0	0.0	0.0	0.2	0.6
BV/share	0.3	1.6	1.7	2.1	2.8
CFO/share	(0.1)	0.0	(0.3)	0.3	1.0
FCF/share	(0.1)	(0.2)	(0.5)	0.2	0.9

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
<b>Growth Rate</b>					
Sales (%)	19.5	79.2	260.6	133.7	62.7
Net profit (%)	na	na	na	364.5	150.5
EPS (%)	na	na	na	364.5	150.5
Normalized profit (%)	na	na	na	364.5	150.5
Normalized EPS (%)	na	na	na	364.5	150.5
Dividend payout ratio (%)	0.0	0.0	50.0	50.0	50.0
<b>Operating performance</b>					
Gross margin (%)	14.6	12.3	15.3	14.3	14.0
Operating margin (%)	(8.4)	(7.8)	5.4	7.2	7.9
EBITDA margin (%)	(5.2)	(3.3)	7.4	8.4	8.7
Net margin (%)	(9.6)	(8.3)	3.9	5.4	6.1
D/E (incl. minor) (x)	0.2	0.0	0.2	0.3	0.1
Net D/E (incl. minor) (x)	0.1	(0.4)	(0.2)	(0.2)	(0.3)
Interest coverage - EBIT (x)	na	na	6.8	11.9	24.0
Interest coverage - EBITDA (x)	na	na	9.3	13.9	26.5
ROA - using norm profit (%)	na	na	3.9	11.8	21.4
ROE - using norm profit (%)	na	na	5.8	23.3	45.9
<b>DuPont</b>					
ROE - using after tax profit (%)	na	na	6.4	17.8	25.7
- asset turnover (x)	0.9	0.6	1.1	1.7	2.0
- operating margin (%)	na	na	5.7	7.4	8.0
- leverage (x)	1.9	1.3	1.5	2.0	2.1
- interest burden (%)	119.2	117.1	86.2	91.8	95.9
- tax burden (%)	na	na	80.0	80.0	80.0
WACC (%)	8.3	8.3	8.3	8.3	8.3
ROIC (%)	(15.1)	(21.2)	14.0	26.1	40.0
NOPAT (Bt m)	(66)	(110)	218	685	1,214
invested capital (Bt m)	517	1,551	2,621	3,033	3,359

Sources: Company data, Thanachart estimates

*High profitability business  
as a fully-integrated bus  
service provider*

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