

TQM Corporation Pcl (TQM TB) - BUY, Price Bt112, TP Bt160

Results Comment

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Another record, in line

- TQM reported strong profits of Bt222m, up 36% y-y and 10% q-q. 1H21 profits made up 46% our forecast. We maintain our projection and re-iterate BUY.
- Revenues grew 15% y-y and 1% q-q. This was partly pushed higher sales of Covid-19 insurance. With this product's higher margin, operating margin widened nicely to 31%.
- With its net cash, TQM announced interim dividend of Bt1.45. This implies over 100% payout ratio. XD and payment dates are set on 25 August and 9 September 2021.
- Going forward, 2H is high season and with the contribution of True Life insurance, we expect stronger profits. Though the margin may come down on lower proportion of high margin Covid 19 insurance sales.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	729	760	780	829	836	Revenue	1	15	49	3,432	3,859
Gross profit	367	379	412	427	443	Gross profit	4	21	47	1,839	2,186
SG&A	184	185	187	190	188	SG&A	(1)	2	49	770	777
Operating profit	183	194	225	237	255	Operating profit	8	39	46	1,069	1,408
EBITDA	221	231	260	273	291	EBITDA	6	31	46	1,214	1,556
Other income	19	14	12	17	23	Other income	35	22	58	68	76
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	0	0	1	0	0	Interest expense	(5)		12	8	6
Profit before tax	202	208	236	254	278	Profit before tax	9	37	47	1,129	1,478
Income tax	38	38	46	52	55	Income tax	6	44	49	217	284
Equity & invest. income	(1)	0	1	0	(2)	Equity & invest. income		na	na	0	0
Minority interests	0	0	(0)	0	1	Minority interests			na	0	0
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	163	170	190	202	222	Net profit	10	36	46	912	1,194
Normalized profit	163	170	190	202	222	Normalized profit	10	36	46	912	1,194
EPS (Bt)	0.54	0.57	0.63	0.67	0.74	EPS (Bt)	10	36	46	3.04	3.98
Normalized EPS (Bt)	0.54	0.57	0.63	0.67	0.74	Normalized EPS (Bt)	10	36	46	3.04	3.98
Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21	(%)	2Q20	3Q20	4Q20	1Q21	2Q21
Cash & equivalent	869	682	1,110	1,371	1,240	Sales growth	9.7	13.0	8.7	1.8	14.7
A/C receivable	603	581	425	423	302	Operating profit growth	41.9	39.4	35.1	10.2	39.3
Inventory	0	0	0	0	0	EBITDA growth	57.7	54.2	47.7	8.0	31.5
Other current assets	1,844	1,778	595	581	572	Norm profit growth	33.0	33.3	25.9	12.4	36.1
Investment	679	706	736	745	789	Norm EPS growth	33.0	33.3	25.9	12.4	36.1
Fixed assets	87	84	94	92	91	Gross margin	50.4	49.9	52.8	51.5	53.1
Other assets	749	671	647	614	590	Operating margin	25.2	25.6	28.8	28.6	30.6
Total assets	4,831	4,503	3,607	3,826	3,584	EBITDA margin	30.3	30.3	33.4	33.0	34.8
S-T debt	8	8	11	9	8	Norm net margin	22.4	22.3	24.4	24.3	26.5
A/C payable	1,050	947	393	397	345	D/E (x)	0.3	0.2	0.2	0.2	0.2
Other current liabilities	757	734	207	239	187	Net D/E (x)	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)
L-T debt	592	520	494	468	444	Interest coverage (x)	na	544	245	594	665
Other liabilities	97	100	102	105	114	Interest rate	-	0.3	0.8	0.4	0.4
Minority interest	0	0	0	0	3	Effective tax rate	19.0	18.4	19.6	20.5	19.9
Shareholders' equity	2,326	2,194	2,400	2,608	2,483	ROA	12.7	14.5	18.7	21.7	23.9
Working capital	(447)	(366)	32	26	(43)	ROE	27.1	30.0	33.1	32.2	34.8
Total debt	601	528	505	478	452						
Net debt	(268)	(154)	(605)	(894)	(788)						

Sources: Company data, Thanachart estimates

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