Nex Point Pcl. (NEX TB) - BUY, Price Bt10.2, TP Bt15.0

Results Comment

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Slightly weaker-than-expected 3Q21

- NEX reported Bt20m net loss in 3Q21, improving both y-y and q-q backed by a beginning of profit contribution from its electric bus manufacturing plant (45%-owned Absolute Assembly, AAB). The earnings slightly missed our expectation due to a lower-than-expected E-bus delivery this quarter and a loss contribution from transportation service business unit.
- NEX recorded Bt112m revenue in 3Q21, down 55% y-y and 42%, due to it has no bus sales this quarter during a transition from diesel/NGV bus distributor into selling E-bus produced by AAB and weak revenue from transportation service as it ceased its cargo logistic service since end-2Q21.
- Gross profit thus weakened 52% y-y and 55% q-q to Bt18m.
- SG&A expenses also fell 34% y-y and 26% q-q to Bt53m in 3Q21, in-line with its weaker sales. SG&A-to-sales ratio stood at 47% in 3Q21, versus 36.9% in 2Q21 and 31.9% in 3Q20 pressured by its lower revenue base.
- Key improvement for NEX this quarter is from shared profit from its subsidiaries, AAB, which turned into a Bt19m profit in 3Q21 backed by the first lot of 77 E-buses delivered this quarter. This implies Bt0.6m profit per unit E-bus sold.
- We maintain BUY on NEX, expecting rising momentum in number of E-bus sold by AAB over next coming quarters, which NEX would also participate as a distributor thus recognize higher total profit per unit sold.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21
Revenue	251	158	202	192	112
Gross profit	**38**	**53**	**53**	**40**	**18**
SG&A	80	69	81	71	53
Operating profit	(42)	(16)	(28)	(31)	(34)
EBITDA	**(24)**	**4**	**(10)**	**(10)**	**(11)**
Other income	6	0	5	7	4
Other expense	0	0	0	0	0
Interest expense	4	3	2	2	2
Profit before tax	**(41)**	**(19)**	**(26)**	**(25)**	**(32)**
Income tax	3	5	3	2	3
Equity & invest. income	(1)	(5)	(6)	(3)	19
Minority interests	(5)	0	0	(3)	(4)
Extraordinary items	18	(116)	(3)	0	0
Net profit	**(32)**	**(145)**	**(38)**	**(33)**	**(20)**
Normalized profit	**(50)**	**(29)**	**(35)**	**(33)**	**(20)**
EPS (Bt)	(0.02)	(0.09)	(0.02)	(0.02)	(0.01)
Normalized EPS (Bt)	(0.03)	(0.02)	(0.02)	(0.02)	(0.01)

Income Statement			9M as		
(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	(42)	(55)	10	5,063	11,834
Gross profit	**(55)**	**(52)**	**14**	**774**	**1,690**
SG&A	(26)	(34)	41	502	834
Operating profit	na	na	na	272	856
EBITDA	**na**	**na**	**na**	**373**	**998**
Other income	(41)	(27)	95	17	18
Other expense			na	0	0
Interest expense	(5)	(52)	15	40	72
Profit before tax	**na**	**na**	**na**	**250**	**802**
Income tax	23	(14)	15	50	160
Equity & invest. income	na	na	na	(19)	199
Minority interests	na	na	na	0	0
Extraordinary items			na	0	0
Net profit	**na**	**na**	**na**	**181**	**841**
Normalized profit	**na**	**na**	**na**	**181**	**841**
EPS (Bt)	na	na	na	0.10	0.44
Normalized EPS (Bt)	na	na	na	0.10	0.44

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	1,477	1,410	1,167	892	842
A/C receivable	91	129	151	155	130
Inventory	112	124	123	112	124
Other current assets	207	207	213	219	220
Investment	481	476	639	833	852
Fixed assets	558	536	534	537	539
Other assets	690	735	703	778	788
Total assets	**3,616**	**3,617**	**3,531**	**3,525**	**3,494**
S-T debt	30	0	0	0	0
A/C payable	137	150	134	140	128
Other current liabilities	115	135	131	126	136
L-T debt	0	0	0	0	0
Other liabilities	138	167	143	167	152
Minority interest	95	204	199	201	206
Shareholders' equity	**3,101**	**2,961**	**2,924**	**2,891**	**2,872**
Working capital	66	103	140	127	125
Total debt	30	0	0	0	0
Net debt	**(1,447)**	**(1,410)**	**(1,167)**	**(892)**	**(842)**

Financial Ratios					
(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Sales growth	33.4	(25.7)	(66.6)	(50.6)	(55.4)
Operating profit growth	na	na	na	na	na
EBITDA growth	na	na	na	na	na
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	15.1	33.8	26.1	21.0	16.2
Operating margin	(16.8)	(9.9)	(14.0)	(15.9)	(30.8)
EBITDA margin	(9.7)	2.5	(4.7)	(5.4)	(9.8)
Norm net margin	(19.8)	(18.2)	(17.2)	(17.2)	(17.5)
D/E (x)	0.0	-	-	-	-
Net D/E (x)	(0.5)	(0.4)	(0.4)	(0.3)	(0.3)
Interest coverage (x)	(5.7)	1.2	(5.0)	(4.8)	(5.3)
Interest rate	20.5	91.5	na	na	na
Effective tax rate	(7.2)	(27.6)	(12.4)	(8.1)	(7.8)
ROA	(7.7)	(3.2)	(3.9)	(3.7)	(2.2)
ROE	(10.2)	(3.8)	(4.7)	(4.5)	(2.7)

Sources: Company data, Thanachart estimates

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