

Nex Point Pcl. (NEX TB) - BUY, Price Bt18.1, TP Bt22.5

Results Comment

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Lower loss in 4Q21

- NEX reported Bt10m normalized loss (excluding impairment loss of Bt6m) in 4Q21, improving both y-y and q-q driven by beginning of its E-bus business (y-y) and higher revenues from transportation and fleet maintenance services (q-q) as domestic travelling activities recovered post Covid lockdown.
- Total revenue increased 2% y-y and 43% q-q to Bt160m in 4Q21. The improvement from previous quarter was due to a recovery of bus maintenance service and public transportation service businesses as the people travel more actively after the hard Covid-19 lockdown in previous quarter.
- Gross profit thus grew 100% q-q to Bt36m in 4Q21 from those recoveries of transportation-related business, but it still fell 32% y-y as travelling frequency yet reached pre-Covid level.
- SG&A rose 26% q-q (down 4% y-y) to Bt66m on the high seasonal quarter of administrative expense, likely to be mainly from employee compensations.
- Equity income from its 45%-owned E-bus factory, Absolute Assembly (AAB), was at Bt15m loss in 4Q21 (vs. Bt19m gain in 3Q21) since the plant delivered only 35 E-buses this quarter, compared to 77 E-buses in 3Q21.
- We maintain BUY on NEX as most direct play on EV industry in Thailand. Despite recent government's EV incentive schemes are mainly focus on passenger EVs, it should help boosting overall sentiment of EV adoption in Thailand. We expect the next round of incentives will be on commercial EVs which would directly benefit NEX.

Income Statement					
(consolidated)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	158	202	192	112	160
Gross profit	53	53	40	18	36
SG&A	69	81	71	53	66
Operating profit	(16)	(28)	(31)	(34)	(30)
EBITDA	4	(10)	(10)	(11)	(7)
Other income	0	5	7	4	5
Other expense	0	0	0	0	0
Interest expense	3	2	2	2	2
Profit before tax	(19)	(26)	(25)	(32)	(27)
Income tax	5	3	2	3	(37)
Equity & invest. income	(5)	(6)	(3)	19	(15)
Minority interests	(7)	0	(3)	(4)	(5)
Extraordinary items	(116)	(3)	0	0	(6)
Net profit	(152)	(38)	(33)	(20)	(16)
Normalized profit	(36)	(35)	(33)	(20)	(10)
EPS (Bt)	(0.09)	(0.02)	(0.02)	(0.01)	(0.01)
Normalized EPS (Bt)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)

Balance Sheet					
(consolidated)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	1,410	1,167	892	842	961
A/C receivable	129	151	155	130	199
Inventory	124	123	112	124	139
Other current assets	207	213	219	220	445
Investment	476	639	833	852	837
Fixed assets	536	534	537	539	539
Other assets	735	703	778	788	793
Total assets	3,617	3,531	3,525	3,494	3,913
S-T debt	0	0	0	0	7
A/C payable	150	134	140	128	164
Other current liabilities	127	131	126	136	564
L-T debt	0	0	0	0	0
Other liabilities	175	143	167	152	108
Minority interest	204	199	201	206	211
Shareholders' equity	2,961	2,924	2,891	2,872	2,859
Working capital	103	140	127	125	174
Total debt	0	0	0	0	7
Net debt	(1,410)	(1,167)	(892)	(842)	(954)

Sources: Company data, Thanachart estimates

Income Statement					
12M as					
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	43	2	132	666	13,679
Gross profit	100	(32)	98	147	1,996
SG&A	26	(4)	91	271	917
Operating profit	na	na	na	(123)	1,079
EBITDA	na	na	na	(38)	1,225
Other income	14	1,107	124	22	18
Other expense			na	0	0
Interest expense	(8)	(44)	20	8	45
Profit before tax	na	na	na	(110)	1,052
Income tax	na	na	na	(29)	210
Equity & invest. income	na	na	na	(5)	1,378
Minority interests	na	na	na	(12)	0
Extraordinary items		na	na	(10)	0
Net profit	na	na	na	(107)	2,220
Normalized profit	na	na	na	(97)	2,220
EPS (Bt)	na	na	na	(0.06)	1.17
Normalized EPS (Bt)	na	na	na	(0.05)	1.17

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	(25.7)	(66.6)	(50.6)	(55.4)	1.6
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	33.8	26.1	21.0	16.2	22.6
Operating margin	(9.9)	(14.0)	(15.9)	(30.8)	(18.8)
EBITDA margin	2.5	(4.7)	(5.4)	(9.8)	(4.4)
Norm net margin	(22.6)	(17.2)	(17.2)	(17.5)	(6.3)
D/E (x)	-	-	-	-	0.0
Net D/E (x)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)
Interest coverage (x)	1.2	(5.0)	(4.8)	(5.3)	(3.7)
Interest rate	91.5	na	na	na	206.8
Effective tax rate	(27.6)	(12.4)	(8.1)	(7.8)	136.2
ROA	(3.9)	(3.9)	(3.7)	(2.2)	(1.1)
ROE	(4.7)	(4.7)	(4.5)	(2.7)	(1.4)

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