

TTW Public Co Ltd (TTW TB) - BUY, Price Bt11.70, TP Bt14.00**Results Comment**

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4Q21 results in line

- TTW posted 4Q21 earnings of Bt615m, down 11% y-y and 34% q-q. The results were in line with what we had expected. The earnings fall year on year was due to lower gross margin from higher depreciation expenses while the earnings drop quarter on quarter was because of lower earnings contribution from its 25%-owned CK Power (CKP TB, Bt5.15, BUY).
- However, we see a downside risk to our earnings forecast this year given a continued fall in its tap water sales volume.
- We maintain a BUY on TTW for its cash cow business with high EBITDA margin and ROE while net D/E ratio is low. Dividend yield is also decent at 5-6%.
- Even though TTW's sales volume fell by 12% y-y at the TTW plant in 4Q21 and 12% y-y at the PTW plant, its revenue dropped by 8% y-y. This was because the sales volume that was above the MOQ was sold at a 58% discount.
- Its gross margin dropped to 66.3% in 4Q21 versus 68.4% in 4Q20 due to higher depreciation expenses while SG&A expenses increased 3% y-y mainly due to CSR expenses.
- Its equity income was at Bt31m in 4Q21 vs. Bt309m in 3Q21 due to lower earnings contribution from CKP.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	1,542	1,468	1,475	1,441	1,421	Revenue	(1)	(8)	98	5,806	6,063
Gross profit	1,054	1,019	1,024	976	941	Gross profit	(4)	(11)	97	3,961	4,199
SG&A	138	117	113	130	142	SG&A	10	3	99	502	515
Operating profit	917	902	911	847	799	Operating profit	(6)	(13)	96	3,460	3,683
EBITDA	1,206	1,175	1,202	1,178	1,135	EBITDA	(4)	(6)	98	4,689	4,859
Other income	5	5	3	4	5	Other income	40	11	59	16	29
Other expense	0	0	0	0	0	Other expense					
Interest expense	65	64	63	62	61	Interest expense	(1)	(6)	97	249	189
Profit before tax	856	843	852	788	743	Profit before tax	(6)	(13)	96	3,227	3,524
Income tax	163	165	167	162	156	Income tax	(4)	(4)	97	651	705
Equity & invest. income	2	29	177	309	31	Equity & invest. income	(90)	1,468	110	544	522
Minority interests	(5)	(5)	(5)	(4)	(3)	Minority interests	na	na	82	(16)	(20)
Extraordinary items	0	0	0	0	0	Extraordinary items					
Net profit	690	702	856	931	615	Net profit	(34)	(11)	98	3,104	3,321
Normalized profit	690	702	856	931	615	Normalized profit	(34)	(11)	98	3,104	3,321
EPS (Bt)	0.17	0.18	0.21	0.23	0.15	EPS (Bt)	(34)	(11)	98	0.78	0.83
Normalized EPS (Bt)	0.17	0.18	0.21	0.23	0.15	Normalized EPS (Bt)	(34)	(11)	98	0.78	0.83

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	3,404	4,143	3,632	2,965	3,664	Sales growth	0.3	(4.3)	(4.6)	(7.4)	(7.9)
A/C receivable	558	543	526	508	514	Operating profit growth	(2.7)	(6.8)	(5.0)	(12.1)	(12.8)
Inventory	26	25	26	26	25	EBITDA growth	(1.6)	(6.4)	(4.2)	(6.4)	(5.9)
Other current assets	29	46	49	46	26	Norm profit growth	(26.2)	10.0	23.4	0.2	(10.9)
Investment	5,968	5,904	5,977	6,153	6,224	Norm EPS growth	(26.2)	10.0	23.4	0.2	(10.9)
Fixed assets	8,965	8,846	8,724	8,633	8,590	Gross margin	68.4	69.4	69.4	67.7	66.3
Other assets	3,892	3,851	3,715	3,563	3,461	Operating margin	59.4	61.4	61.8	58.7	56.3
Total assets	22,842	23,359	22,648	21,894	22,504	EBITDA margin	78.2	80.0	81.5	81.7	79.9
S-T debt	760	2,685	2,610	2,535	2,460	Norm net margin	44.7	47.8	58.0	64.6	43.3
A/C payable	205	170	151	131	130	D/E (x)	0.6	0.6	0.6	0.6	0.5
Other current liabilities	441	560	440	299	432	Net D/E (x)	0.4	0.3	0.3	0.3	0.3
L-T debt	7,497	5,383	5,268	5,153	5,038	Interest coverage (x)	18.5	18.4	19.2	19.0	18.6
Other liabilities	240	244	244	246	249	Interest rate	3.1	3.1	3.1	3.2	3.2
Minority interest	44	39	44	38	41	Effective tax rate	19.1	19.6	19.6	20.6	21.0
Shareholders' equity	13,655	14,278	13,892	13,493	14,154	ROA	12.3	12.2	14.9	16.7	11.1
Working capital	379	398	401	403	410	ROE	20.8	20.1	24.3	27.2	17.8
Total debt	8,257	8,068	7,878	7,688	7,498						
Net debt	4,853	3,925	4,246	4,722	3,834						

Sources: Company data, Thanachart estimates

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