

**Wice Logistics Pcl (WICE TB) - BUY, Price Bt18.90, TP Bt28.00****Results Comment**

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**4Q21 new high earnings, beat on SG&A**

- WICE reported net profit of Bt180m. Excluding FX gain and one-time payable for investment in WICE Hong Kong, we estimate normalized profit of Bt182m (EPS Bt0.28), rising 161% y-y and 19% q-q. This was stronger than our estimate by 11% due to SG&A item.
- Key growth driver was sea freight and cross-border trucking that WICE increased stake from 40 to 51% in late 3Q21.
- Sea freight (59% of 4Q21 gross profit) gross profit grew 545% y-y and 8% q-q. WICE has been enjoying volume recovery because of the economic rebound of its keys markets, the US and China. Also, there was a strong upward adjustment of freight service rate y-y due to shortage in container ships. Key products were auto, finished goods electronics, canned food, construction equipment.
- Air freight (20% of gross profit) gross profit dropped 18% y-y as expected due to normalized freight rate but up 10% q-q.
- Cross-border trucking service (17%) via 51%-stake Euro Total Logistics (ETL): Revenue increased 148% y-y and 4% q-q after increase capacity in 1H21. Gross margin was 11.2% in 4Q21, dropping from 13.8% in 3Q21 and 11.3% in 4Q20. We believe the drop in margin was due to rising backhaul and higher cost from trucking stranded at China's border due to stricter COVID screening process
- WICE announced to pay dividend Bt0.23/share. Ex-dividend and payment dates are 9 March and 13 May 2022
- WICE is extending its growth outlook further with a new sea-freight route and continued aggressive cross-border expansion. Reaffirm BUY.

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	1,407	1,285	1,699	2,274	2,379	Revenue	5	69	100	7,637	9,895
<b>Gross profit</b>	<b>184</b>	<b>219</b>	<b>301</b>	<b>353</b>	<b>370</b>	<b>Gross profit</b>	<b>5</b>	<b>101</b>	<b>100</b>	<b>1,243</b>	<b>1,696</b>
SG&A	79	99	142	124	113	SG&A	(8)	44	97	495	646
Operating profit	105	120	160	229	256	Operating profit	12	144	102	748	1,050
<b>EBITDA</b>	<b>120</b>	<b>135</b>	<b>177</b>	<b>248</b>	<b>279</b>	<b>EBITDA</b>	<b>12</b>	<b>132</b>	<b>102</b>	<b>821</b>	<b>1,155</b>
Other income	0	0	0	0	0	Other income	8	(16)	na	0	0
Other expense	0	0	0	0	0	Other expense					
Interest expense	3	3	4	2	5	Interest expense	119	86	119	15	14
<b>Profit before tax</b>	<b>102</b>	<b>117</b>	<b>156</b>	<b>227</b>	<b>251</b>	<b>Profit before tax</b>	<b>11</b>	<b>145</b>	<b>102</b>	<b>734</b>	<b>1,036</b>
Income tax	18	20	35	46	47	Income tax	3	154	100	147	207
Equity & invest. income	0	0	0	(0)	0	Equity & invest. income					
Minority interests	(14)	(18)	(17)	(28)	(22)	Minority interests	na	na	97	(85)	(126)
Extraordinary items	(10)	2	8	9	(2)	Extraordinary items	na	na	89	34	0
<b>Net profit</b>	<b>60</b>	<b>82</b>	<b>111</b>	<b>162</b>	<b>180</b>	<b>Net profit</b>	<b>11</b>	<b>200</b>	<b>103</b>	<b>536</b>	<b>703</b>
<b>Normalized profit</b>	<b>70</b>	<b>79</b>	<b>104</b>	<b>153</b>	<b>182</b>	<b>Normalized profit</b>	<b>19</b>	<b>161</b>	<b>104</b>	<b>501</b>	<b>703</b>
EPS (Bt)	0.09	0.13	0.17	0.25	0.28	EPS (Bt)	11	200	103	0.82	1.08
Normalized EPS (Bt)	0.11	0.12	0.16	0.23	0.28	Normalized EPS (Bt)	19	161	104	0.77	1.08
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	408	489	498	804	839	Sales growth	130.1	98.9	63.8	151.1	69.1
A/C receivable	953	1,073	1,321	1,551	1,667	Operating profit growth	449.7	165.7	81.9	164.6	144.2
Inventory	0	0	0	0	0	EBITDA growth	294.1	103.8	88.1	134.1	132.5
Other current assets	41	53	41	59	66	Norm profit growth	406.1	260.6	99.8	212.5	161.2
Investment	0	0	0	0	0	Norm EPS growth	406.1	260.6	99.8	212.5	161.2
Fixed assets	208	212	227	237	350	Gross margin	13.1	17.1	17.7	15.5	15.5
Other assets	436	450	485	513	573	Operating margin	7.5	9.4	9.4	10.1	10.8
<b>Total assets</b>	<b>2,046</b>	<b>2,277</b>	<b>2,573</b>	<b>3,164</b>	<b>3,495</b>	EBITDA margin	8.5	10.5	10.4	10.9	11.7
S-T debt	46	70	73	91	92	Norm net margin	5.0	6.2	6.1	6.7	7.7
A/C payable	727	805	1,010	1,265	1,280	D/E (x)	0.2	0.2	0.2	0.2	0.2
Other current liabilities	72	92	122	178	252	Net D/E (x)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
L-T debt	102	112	104	166	201	Interest coverage (x)	43.9	39.6	39.4	106.8	54.8
Other liabilities	123	133	162	163	167	Interest rate	7.2	8.3	10.0	4.3	7.4
Minority interest	99	99	116	181	204	Effective tax rate	18.0	16.9	22.6	20.1	18.6
<b>Shareholders' equity</b>	<b>877</b>	<b>966</b>	<b>985</b>	<b>1,120</b>	<b>1,298</b>	ROA	14.7	14.7	17.1	21.3	21.9
Working capital	226	268	311	286	387	ROE	32.8	34.5	42.6	58.1	60.4
Total debt	148	182	178	257	293						
<b>Net debt</b>	<b>(260)</b>	<b>(307)</b>	<b>(321)</b>	<b>(547)</b>	<b>(546)</b>						

Sources: Company data, Thanachart estimates

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