Nex Point Pcl. (NEX TB) - BUY, Price Bt15.20, TP Bt24.00

Results Comment

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

Weak 1Q22 profit, in-line

- NEX reported Bt63m loss in 1Q22, weaker in both y-y and q-q comparisons. The softened result was since there was no E-bus deliveries this quarter and lower contribution from its bus transportation and maintenance services affected by spreading of Omicron variant, thus lower travelling activities. This result is in-line with our view as we'd been expecting no E-bus sales.
- Total revenue lowered 24% y-y and 4% q-q to Bt155m, mainly since there was no E-bus sale in 1Q22 (vs. 35 units in 4Q21). Revenues from transport and maintenance services fell slightly due to weak travelling demand during Covid-19 pandemic.
- EBITDA therefore weakened to Bt18m loss in 1Q22 due to lower revenue and slightly higher SG&A expense to Bt70m (up 5% q-q, despite it fell 14% from the same period last year).
- Equity income went down to Bt22m loss, also due to no E-bus delivery this quarter thus a loss making in its major subsidiary, Absolute Assembly's (AAB) E-bus manufacturing plant.
- We maintain BUY on NEX as we expect its beginning of E-bus sale from 2Q22F to significantly turnaround company's profit. NEX has secured nearly 900-units of E-bus orders, in which it expects 400-500 units of those to be delivered in 2Q22F.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	202	192	112	160	155
Gross profit	**53**	**40**	**18**	**36**	**27**
SG&A	81	71	53	66	70
Operating profit	(28)	(31)	(34)	(30)	(43)
EBITDA	**(10)**	**(10)**	**(11)**	**(7)**	**(18)**
Other income	5	7	4	5	6
Other expense	0	0	0	0	0
Interest expense	2	2	2	2	2
Profit before tax	**(26)**	**(25)**	**(32)**	**(27)**	**(39)**
Income tax	3	2	3	(37)	(1)
Equity & invest. income	(6)	(3)	19	(15)	(22)
Minority interests	0	(3)	(4)	(5)	(3)
Extraordinary items	(3)	0	0	(6)	0
Net profit	**(38)**	**(33)**	**(20)**	**(16)**	**(63)**
Normalized profit	**(35)**	**(33)**	**(20)**	**(10)**	**(63)**
EPS (Bt)	(0.02)	(0.02)	(0.01)	(0.01)	(0.04)
Normalized EPS (Bt)	(0.02)	(0.02)	(0.01)	(0.01)	(0.04)

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	(4)	(24)	1	13,988	16,860
Gross profit	**(26)**	**(49)**	**1**	**1,892**	**2,456**
SG&A	5	(14)	8	905	1,048
Operating profit	na	na	na	987	1,408
EBITDA	**na**	**na**	**na**	**1,100**	**1,570**
Other income	22	32	28	22	23
Other expense			na	0	0
Interest expense	3	3	3	60	104
Profit before tax	**na**	**na**	**na**	**950**	**1,327**
Income tax	na	na	na	142	199
Equity & invest. income	na	na	na	885	1,374
Minority interests	na	na	na	(10)	(12)
Extraordinary items			na	0	0
Net profit	**na**	**na**	**na**	**1,682**	**2,490**
Normalized profit	**na**	**na**	**na**	**1,682**	**2,490**
EPS (Bt)	na	na	na	0.89	1.31
Normalized EPS (Bt)	na	na	na	0.89	1.31

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	1,167	892	842	961	808
A/C receivable	151	155	130	199	176
Inventory	123	112	124	139	158
Other current assets	213	219	220	445	500
Investment	639	833	852	837	815
Fixed assets	534	537	539	539	546
Other assets	703	778	788	793	829
Total assets	**3,531**	**3,525**	**3,494**	**3,913**	**3,832**
S-T debt	0	0	0	7	7
A/C payable	134	140	128	164	136
Other current liabilities	131	126	136	564	540
L-T debt	0	0	0	0	0
Other liabilities	143	167	152	108	145
Minority interest	199	201	206	211	208
Shareholders' equity	**2,924**	**2,891**	**2,872**	**2,859**	**2,796**
Working capital	140	127	125	174	199
Total debt	0	0	0	7	7
Net debt	**(1,167)**	**(892)**	**(842)**	**(954)**	**(800)**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	(66.6)	(50.6)	(55.4)	1.6	(23.7)
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	26.1	21.0	16.2	22.6	17.5
Operating margin	(14.0)	(15.9)	(30.8)	(18.8)	(27.9)
EBITDA margin	(4.7)	(5.4)	(9.8)	(4.4)	(11.6)
Norm net margin	(17.1)	(17.2)	(17.5)	(6.3)	(40.6)
D/E (x)	-	-	-	0.0	0.0
Net D/E (x)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)
Interest coverage (x)	(5.0)	(4.8)	(5.3)	(3.7)	(9.2)
Interest rate	na	na	na	206.8	106.1
Effective tax rate	(12.4)	(8.1)	(7.8)	136.2	2.7
ROA	(3.9)	(3.7)	(2.2)	(1.1)	(6.5)
ROE	(4.7)	(4.5)	(2.7)	(1.4)	(8.9)

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 76 Derivative Warrants which are AMAT16C2206A, AOT16C2206A, AWC16C2207A, BAM16C2206A, BAM16C2207A, BANP16C2205A, BANP16C2207A, BCH16C2207A, BEC16C2207A, BGRI16C2205A, BLA16C2205A, BLA16C2208A, CBG16C2205A, CBG16C2207A, CHG16C2207A, COM716C2205A, COM716C2208A, COM716C2209A, CPF16C2205A, DOHO16C2207A, EA16C2205A, EA16C2206A, EA16C2207A, EA16C2209A, GPSC16C2205A, GPSC16C2206A, GPSC16C2207A, GPSC16C2209A, GULF16C2205A, GULF16C2207A, GUNK16C2205A, GUNK16C2206A, GUNK16C2207A, GUNK16C2209A, HANA16C2205A, HANA16C2207A, HANA16C2209A, INTU16C2205A, IRPC16C2205A, IVL16C2206A, JMAR16C2205A, JMAR16C2206A, JMT16C2205A, JMT16C2207A, KBAN16C2206A, KBAN16C2208A, KBAN16C2209A, KCE16C2205A, KCE16C2205B, KCE16C2208A, KCE16C2209A, MEGA16C2207A, MINT16C2207A, OR16C2205A, PTG16C2209A, PTT16C2205A, PTTE16C2209A, PTTG16C2207A, RBF16C2209A, RCL16C2205A, RCL16C2208A, RS16C2205A, S5016C2206A, S5016C2209A, S5016P2206A, S5016P2206B, S5016P2209A, SAWA16C2205A, SCB16C2208A, SPRC16C2209A, SYNE16C2206A, TOP16C2206A, TRUE16C2205A, TRUE16C2205B, TTA16C2207A, TTA16C2208A (underlying securities are AMATA, AOT, AWC, BAM, BANPU, BCH, BEC, BGRIM, BLA, CBG, CHG, COM7, CPF, DOHOME, EA, GPSC, GULF, GUNKUL, HANA, INTUCH, IRPC, IVL, JMART, JMT, KBANK, KCE, MEGA, MINT, OR, PTG, PTT, PTTEP, PTTGC, RBF, RCL, RS, SET50, SAWAD, SCB, SPRC, SYNEX, TOP, TRUE, TTA). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: SCG Packaging Pcl (SCGP TB)