Wice Logistics Pcl (WICE TB) - BUY, Price Bt17.20, TP Bt28.00

Results Comment

Rata Limsuthiwanpoom | Email: rata.lim@thanachartsec.co.th

Strong 1Q22 as expected

- WICE reported net profit of Bt158m. Excluding FX gain, its normalized profit came out strong as expected at Bt146m, rising 84% y-y but falling 20% q-q on seasonal impact. 1Q22 profit accounted for 22% of our projection. Moving into stronger season in 2H, we expect an improving earnings momentum and reaffirm our BUY call.
- Key earnings growth driver y-y was sea freight and cross-border trucking.
- Sea freight (64% of 1Q22 gross profit) gross profit grew 204% y-y and flat 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. The soften freight rate q-q due to seasonality was offset by rising volume.
- Cross-border trucking service (15%) via 51%-stake Euro Total Logistics (ETL): better gross margin was the key driver, which we believe due to better cost management and the use of high-margin Lao-China highspeed rail. Revenue increased only 4% y-y but fail sharply 28% q-q because closure of the border checkpoint in China has hindered the cross-border trucking land transport. Gross margin was 16.2% in 1Q22, rising from 11.2% in 4Q21 and 12.4% in 1Q21.
- Air freight (15%) gross profit dropped 36% y-y and 32% q-q as expected due to normalized freight rate and lower mix of high-priced charter flights.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Revenue	1,285	1,699	2,274	2,379	2,155
Gross profit	**219**	**301**	**353**	**370**	**343**
SG&A	99	142	124	113	154
Operating profit	120	160	229	256	188
EBITDA	**135**	**177**	**248**	**279**	**214**
Other income	0	0	0	0	1
Other expense	0	0	0	0	0
Interest expense	3	4	2	5	6
Profit before tax	**117**	**156**	**227**	**251**	**183**
Income tax	20	35	46	47	30
Equity & invest. income	0	0	(0)	0	0
Minority interests	(18)	(17)	(28)	(22)	(6)
Extraordinary items	2	8	9	(2)	11
Net profit	**82**	**111**	**162**	**180**	**158**
Normalized profit	**79**	**104**	**153**	**182**	**146**
EPS (Bt)	0.13	0.17	0.25	0.28	0.24
Normalized EPS (Bt)	0.12	0.16	0.23	0.28	0.22

Income Statement			**3M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	(9)	68	23	9,174	9,835
Gross profit	**(7)**	**56**	**23**	**1,501**	**1,709**
SG&A	36	56	28	553	587
Operating profit	(27)	56	20	949	1,121
EBITDA	**(23)**	**59**	**20**	**1,046**	**1,247**
Other income	348	428	na	0	0
Other expense					
Interest expense	24	85	38	17	6
Profit before tax	**(27)**	**56**	**20**	**932**	**1,115**
Income tax	(35)	54	16	186	223
Equity & invest. income	872	(37)	na	0	0
Minority interests	na	na	8	(75)	(105)
Extraordinary items	na	423	na	0	0
Net profit	**(13)**	**93**	**24**	**671**	**787**
Normalized profit	**(20)**	**84**	**22**	**671**	**787**
EPS (Bt)	(13)	93	24	1.03	1.21
Normalized EPS (Bt)	(20)	84	22	1.03	1.21

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash & ST investment	489	498	804	839	1,006
A/C receivable	1,073	1,321	1,551	1,667	1,486
Inventory	0	0	0	0	0
Other current assets	53	41	59	66	80
Investment	0	0	0	0	0
Fixed assets	212	227	237	350	355
Other assets	450	485	513	573	576
Total assets	**2,277**	**2,573**	**3,164**	**3,495**	**3,503**
S-T debt	70	73	91	92	136
A/C payable	805	1,010	1,265	1,280	1,090
Other current liabilities	92	122	178	252	322
L-T debt	112	104	166	201	181
Other liabilities	133	162	163	167	129
Minority interest	99	116	181	204	192
Shareholders' equity	**966**	**985**	**1,120**	**1,298**	**1,452**
Working capital	268	311	286	387	396
Total debt	182	178	257	293	317
Net debt	**(307)**	**(321)**	**(547)**	**(546)**	**(689)**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Sales growth	98.9	63.8	151.1	69.1	67.7
Operating profit growth	165.7	81.9	164.6	144.2	56.4
EBITDA growth	103.8	88.1	134.1	132.5	58.8
Norm profit growth	260.6	99.8	212.5	161.2	84.2
Norm EPS growth	260.6	99.8	212.5	161.2	84.2
Gross margin	17.1	17.7	15.5	15.5	15.9
Operating margin	9.4	9.4	10.1	10.8	8.7
EBITDA margin	10.5	10.4	10.9	11.7	9.9
Norm net margin	6.2	6.1	6.7	7.7	6.8
D/E (x)	0.2	0.2	0.2	0.2	0.2
Net D/E (x)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)
Interest coverage (x)	39.6	39.4	106.8	54.8	33.9
Interest rate	8.3	10.0	4.3	7.4	8.3
Effective tax rate	16.9	22.6	20.1	18.6	16.6
ROA	14.7	17.1	21.3	21.9	16.7
ROE	34.5	42.6	58.1	60.4	42.6

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies.

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 65 Derivative Warrants which are AMAT16C2206A , AOT16C2206A , AWC16C2207A , BAM16C2206A , BAM16C2207A , BANP16C2205A , BANP16C2207A , BCH16C2207A , BEC16C2207A , BGRI16C2205A , BLA16C2208A, BLA16C2205A , CBG16C2205A , CBG16C2207A , CHG16C2207A , COM716C2208A, COM716C2205A , CPF16C2205A , DOHO16C2207A , EA16C2205A , EA16C2206A , EA16C2207A , GPSC16C2205A , GPSC16C2206A , GPSC16C2207A , GULF16C2205A , GULF16C2207A , GUNK16C2205A , GUNK16C2206A , GUNK16C2207A , HANA16C2205A , HANA16C2207A , INTU16C2205A , IRPC16C2205A , IVL16C2206A , JMAR16C2205A , JMAR16C2206A , JMT16C2205A , JMT16C2207A , KBAN16C2208A, KBAN16C2206A , KCE16C2209A, KCE16C2208A, KCE16C2205A , KCE16C2205B , MEGA16C2207A , MINT16C2207A , OR16C2205A , PTT16C2205A , PTTE16C2209A, PTTG16C2207A , RCL16C2208A, RCL16C2205A , RS16C2205A , S5016C2206A , S5016P2206A , S5016P2206B , SAWA16C2205A , SCB16C2208A, SYNE16C2206A , TOP16C2206A , TRUE16C2205A , TRUE16C2205B , TTA16C2208A, TTA16C2207A , (underlying securities are AMATA , AOT , AWC , BAM , BANPU , BBL , BCH , BEC , BGRIM , BLA , CBG , CHG , COM7 , CPF , DOHOME , EA , GPSC , GULF , GUNKUL , HANA , INTUCH , IRPC , IVL , JMART , JMT , KBANK , KCE , MEGA , MINT , OR , PTT, PTTEP, PTTGC , RCL , RS , SAWAD , SCB, SET50 , 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)