

BUY (Unchanged)

Change in Numbers

TP: Bt 4.60

(From Bt5.30)

Upside : 21.1%**25 JULY 2022**

Small Cap Research

Namyong Terminal Pcl (NYT TB)

Slower business momentum

We expect slower momentum for NYT of both auto exports and its marine cargo business. We cut our earnings by 21/30/20% in 2022-24F, resulting in a 9% fall in 2022F earnings. However, we reaffirm our BUY call after the 25% drop in its share price from this year's peak and the prospects for an earnings turnaround in 2023-24F.

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Cutting our earnings but still a BUY

We cut our earnings estimates for NYT by 21/30/20% in 2022-24F on soft auto exports and a weaker-than-expected marine cargo business. Despite rolling over to a 2023F base year, our DCF-based 12-month TP falls to Bt4.6 (from Bt5.3). However, we reaffirm our BUY call on NYT. *First*, we believe NYT's current share price, having fallen 25% from this year's peak of Bt5.1, already reflects the bad news. *Second*, we estimate EPS to turn around by 19/38% in 2023-24F after declining by 9% this year on the back of improving auto exports, the full-year operation of its Seahorse Ferries marine cargo business and a new warehouse providing more rental income. *Lastly*, despite our earnings cuts, we still expect decent dividend yields of 3.8/4.5% in 2022-23F.

Weak auto exports

Thailand's auto exports in 1H22 fell by 5% y-y to 449,644 units. The top five export regions in 5M22 were Asia at 31%, Oceania 28%, the Middle East 16%, the Americas 16% and Europe 6%. While exports to Asia, Oceania and Europe fell 9%, 5% and 38% y-y, respectively, exports to the Middle East and the Americas grew 22% and 11% y-y. Although we expect an improvement after shortages on the supply chain side in 2H22F, our concern lies with continued weak global demand from inflation and higher interest rates. We therefore revise down our auto export growth assumptions to -5/+3/+8% (from +4/+8/+4%) in 2022-24F.

Slow marine cargo business

NYT's Seahorse Ferries marine cargo business launched its first Sattahip-Songkhla route early this year. However, its second Sattahip-Prachuap Khiri Khan route has yet to commence operation. Due to the delay in the second route's operation and the sharp rise in oil prices, we now estimate Seahorse to make higher losses of Bt61/10m in 2022-23F before turning a profit of Bt34m in 2024F. Our previous earnings contribution estimates were a Bt33m loss in 2022F and a profit of Bt18/48m in 2023-24F. Note that Seahorse made a Bt80m loss in 2021.

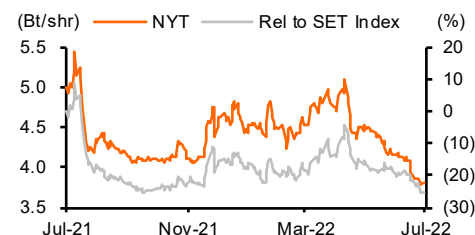
Progress of new warehouse

The warehouse business contributes 20% of NYT's revenues in normal years. Its existing leased space of 274,531 sqm at Laem Chabang and Rayong is fully occupied. NYT has bought a new 37-rai land plot in WHA Chonburi Industrial Estate to build a new factory and warehouse for rent with total space of 34,000 sqm. The construction is scheduled to be completed in 1Q23. We estimate the new warehouse's utilization rate at 50/85/95% in 2023-25F. Together with the existing warehouse, we expect warehouse revenue growth of 2/5/7% in 2022-24F, respectively.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	1,334	1,399	1,573	1,765
Net profit	243	222	262	363
Consensus NP	—	282	373	454
Diff frm cons (%)	—	(21.5)	(29.6)	(20.1)
Norm profit	243	222	262	363
Prev. Norm profit	—	282	373	454
Chg frm prev (%)	—	(21.5)	(29.7)	(20.0)
Norm EPS (Bt)	0.2	0.2	0.2	0.3
Norm EPS grw (%)	3.6	(8.7)	18.5	38.2
Norm PE (x)	19.4	21.3	18.0	13.0
EV/EBITDA (x)	4.3	5.3	4.9	3.9
P/BV (x)	1.5	1.4	1.4	1.4
Div yield (%)	4.2	3.8	4.5	6.2
ROE (%)	7.5	6.8	7.9	10.6
Net D/E (%)	(34.6)	(20.5)	(23.1)	(30.2)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 25-Jul-22 (Bt)	3.80
Market Cap (US\$ m)	128.7
Listed Shares (m shares)	1,240.0
Free Float (%)	40.9
Avg Daily Turnover (US\$ m)	0.3
12M Price H/L (Bt)	5.45/3.80
Sector	Transportation
Major Shareholder	Nam Yuen Yong Shipping 25.2%

Sources: Bloomberg, Company data, Thanachart estimates

Cutting our earnings but still a BUY

Our earnings are cut by 21/30/20% in 2022-24F

We cut our earnings estimates for Namyong Terminal Pcl (NYT) by 21/30/20% in 2022-24F on the back of weaker-than-expected auto exports and a worse-than-expected performance of the company's Seahorse Ferries marine cargo business. We therefore lower our assumptions for Thailand's auto exports by 8.7/12.9/9.2% in 2022-23F while we also forecast a higher loss from the marine cargo business. Details are shown in Exhibit 1. Though we roll over our valuation base year to 2023F, given our earnings cuts, we lower our DCF-based 12-month TP to Bt4.60 from Bt5.30/share previously.

Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2020	2021	2022F	2023F	2024F
Thailand's auto exports (units)					
- New	735,842	959,194	911,234	938,571	1,013,657
- Old			997,562	1,077,367	1,116,915
- Change (%)			(8.7)	(12.9)	(9.2)
Revenue from terminal service (Bt m)					
- New	878	1,006	996	1,042	1,133
- Old			1,064	1,164	1,226
- Change (%)			(6.4)	(10.4)	(7.6)
Gross margin (%)					
- New	48.1	42.5	36.1	36.8	40.4
- Old			39.3	41.8	44.1
- Change (pp)			(3.2)	(5.0)	(3.7)
SG&A to sales (%)					
- New	13.5	15.1	11.7	11.3	10.5
- Old			11.2	10.3	9.7
- Change (pp)			0.5	1.0	0.8
Seahorse business' loss (Bt m)					
- New	(2)	(80)	(61)	(10)	34
- Old			(33)	18	48
- Change (%)			n.a.	n.a.	(29.2)
Net profit (Bt m)					
- New	234	243	222	262	363
- Old			282	373	454
- Change (%)			(21.5)	(29.7)	(20.0)

Sources: Company data, Thanachart estimates

We maintain BUY on NYT

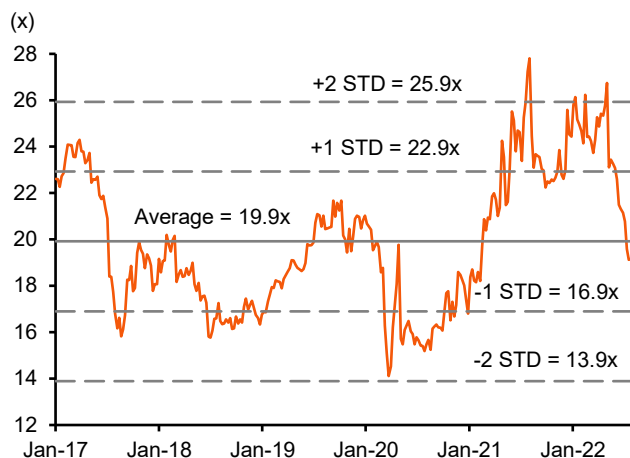
Though our TP is cut, we maintain our BUY rating on NYT for the following reasons:

First, we believe NYT's current share price, after falling by 25% from this year's peak of Bt5.10, already reflects market concerns about Thailand auto export slowdown and the bad news about its marine cargo business delay.

Second, we expect NYT's earnings to reach bottom in this year. We estimate its earnings to decline by 9% this year to Bt222m because of weak auto exports and a loss from the marine cargo business. However, we forecast earnings to turn around by 19/38% in 2023-24F on the back of improving auto exports, the full-year operation of its Seahorse marine cargo business and a new warehouse bringing in more rental income.

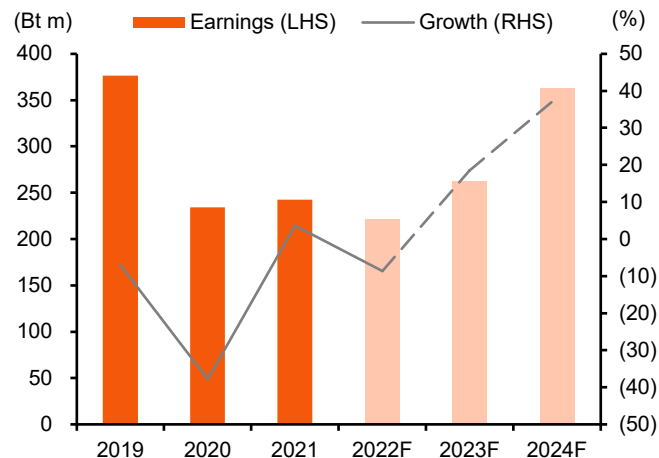
Lastly, despite our earnings cuts, we still expect NYT to offer decent dividend yields of 3.8/4.5% in 2022-23F.

Ex 2: NYT's PE Band



Sources: Bloomberg, Thanachart estimates

Ex 3: NYT's Earnings And Growth



Sources: Company data, Thanachart estimates

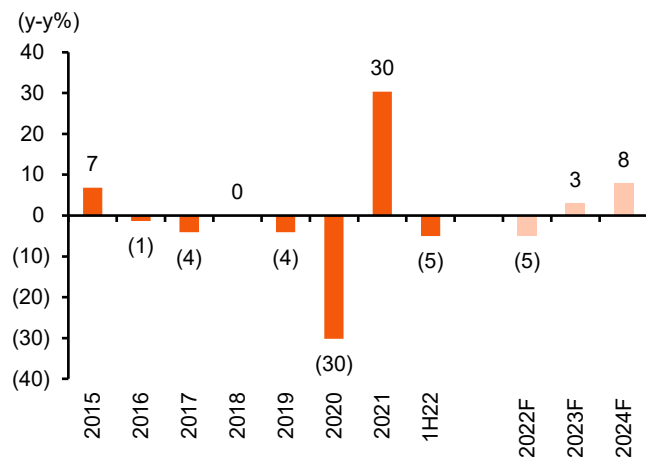
Thailand's weak auto exports

We estimate auto export growth of -5/+3/+8% in 2022-24F

According to the Federation of Thai Industries, Thailand's auto exports in 1H22 declined by 5% y-y to 449,644 units. Thailand's top five auto export destinations by region in 5M22 were Asia at 31%, Oceania 28%, the Middle East 16%, the Americas 16% and Europe 6%. While Thailand's auto exports to Asia, Oceania and Europe fell by 9%, 5% and 38% y-y, respectively, exports to the Middle East and the Americas grew 22% and 11% y-y.

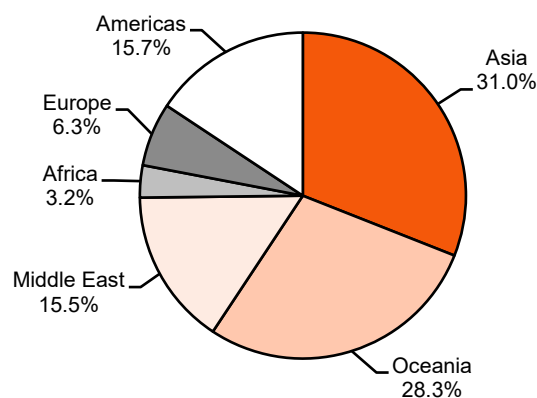
Previously, our concern for Thailand's auto exports was on the supply side because of the chip shortage situation caused by the Ukraine-Russia war and COVID-19 lockdowns in China. We now expect an improvement to shortages on the supply chain side in 2H22F after the easing of China's lockdowns and the resumption of auto part makers' operations in Ukraine. However, our new concern lies with the global demand side on the back of rising inflation and higher interest rates. We therefore revise down our auto export growth assumptions to -5/+3/+8% from +4/+8/+4% in 2022-24F.

Ex 4: Thailand's Auto Export Growth



Sources: The Federation of Thai Industries, Thanachart estimates

Ex 5: Thailand's Auto Export Breakdown By Region*



Source: Thailand Automotive Institute

Note: * In 5M22

Ex 6: 12-month DCF-based TP Calculation Using A Base Year Of 2023F

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal value
EBITDA excl. depre from right of use	805	941	1,037	1,222	1,166	1,197	1,227	1,259	1,292	1,325	1,380	—
Free cash flow	425	648	755	888	758	798	839	1,012	1,042	1,072	224	2,150
PV of free cash flow	423	520	535	562	427	401	376	405	357	326	61	581
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.2											
WACC (%)	11.6											
Terminal growth (%)	2.0											
Enterprise value - add investments	4,975											
Net debt (end-2022F)	(672)											
Minority interest	(7)											
Equity value	5,654											
# of shares (m)	1,240											
Target price/share (Bt)	4.60											

Sources: Company data, Thanachart estimates

Valuation Comparison**Ex 7: Valuation Comparison With Regional Peers**

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		—Div yield—	
			22F	23F	22F	23F	22F	23F	22F	23F	22F	23F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
China Merchants Port Holding	144 HK	Hong Kong	(0.4)	2.4	6.0	5.8	0.5	0.4	14.5	9.0	7.1	7.3
Cosco Shipping Ports Ltd.	1199 HK	Hong Kong	11.2	7.6	49.1	45.6	3.2	3.0	13.4	12.5	0.8	0.9
Port of Tauranga Ltd.	POT NZ	New Zealand	5.3	7.5	41.9	39.0	3.2	3.2	26.5	25.0	2.2	2.3
Hutchison Port Holdings TR-U	HPHT SP	Singapore	(18.7)	(8.0)	1.5	1.6	0.1	0.1	6.9	7.1	63.8	62.5
Namyong Terminal Pcl *	NYT TB	Thailand	(8.7)	18.5	21.3	18.0	1.4	1.4	5.3	4.9	3.8	4.5
Precious Shipping *	PSL TB	Thailand	15.0	(2.0)	5.7	5.8	1.7	1.5	4.8	4.6	9.2	9.0
Average			(2.3)	5.6	23.9	22.0	1.7	1.6	13.3	11.7	15.5	15.5

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS.

Based on 25 Jul 2022 closing prices

COMPANY DESCRIPTION

Namyong Terminal Pcl (NYT) is the largest, most fully integrated Roll-on-Roll-off (Ro-Ro) terminal operator in Thailand, located at Laem Chabang Port, Sriracha, Chonburi province. The firm began operating as a Ro-Ro terminal service provider for cars and general cargo exports and imports in 2002. NYT now holds a near monopoly position with around a 76% auto export market share each year.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Holds a near-monopoly position as a terminal operator for auto exports/imports.
- Net-cash company with a strong financial position.
- Low-risk business model given its concession with the Port Authority of Thailand (PAT).
- Expanding its supporting area and warehouse businesses to further diversify its portfolio.
- Expanding to high-growth potential logistics business.

O — Opportunity

- Government's investment policy.
- Strong demand for logistics business in Thailand.
- Thailand's auto export recovery.

W — Weakness

- Very dependent on Thailand's auto export industry.
- Under the direct control of the PAT.

T — Threat

- A new concession not being granted by the PAT.
- New Ro-Ro terminals capturing NYT's market share.
- Natural disasters / disease outbreaks.
- Global economic slowdown

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	3.80	4.60	21%
Net profit 22F (Bt m)	282	222	-21%
Net profit 23F (Bt m)	373	262	-30%
Consensus REC	BUY: 2	HOLD: 1	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022-23F earnings are well below the Bloomberg consensus numbers, which we attribute to us having a more conservative view on Thailand's auto exports and NYT's sea cargo business. However, our DCF TP is above the street's given our more bullish view on NYT's longer term operation and we also roll over our DCF TP to 2023F.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- If NYT fails to win a new concession for Terminal A5 after the existing concession expires in 2026, its terminal service earnings and our call would be subject to downside risks.
- If Thailand's auto exports grow at a slower pace than we currently anticipate, this would represent another downside risk to our earnings forecasts and TP.
- Lower occupancy rates and rental prices for NYT's warehouse business would present a secondary downside risk to our earnings forecasts and TP.
- If NYT's new marine transportation business turns around slower than we currently expect, this would present another secondary downside risk to our numbers.

Source: Thanachart

INCOME STATEMENT

2023-24F sales driven by
rising auto exports, new
leased space & sea cargo

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	1,195	1,334	1,399	1,573	1,765
Cost of sales	621	767	894	995	1,051
Gross profit	574	566	505	578	714
% gross margin	48.0%	42.5%	36.1%	36.8%	40.4%
Selling & administration expenses	160	201	163	178	185
Operating profit	414	366	341	400	529
% operating margin	34.7%	27.4%	24.4%	25.4%	30.0%
Depreciation & amortization	429	469	421	405	412
EBITDA	843	835	763	805	941
% EBITDA margin	70.6%	62.6%	54.5%	51.2%	53.3%
Non-operating income	27	22	24	24	32
Non-operating expenses	(9)	14	0	0	0
Interest expense	(75)	(94)	(93)	(82)	(78)
Pre-tax profit	357	308	272	342	482
Income tax	69	80	63	69	89
After-tax profit	288	228	209	273	393
% net margin	24.1%	17.1%	15.0%	17.4%	22.3%
Shares in affiliates' Earnings	(55)	(25)	(18)	(15)	(14)
Minority interests	1	39	30	5	(17)
Extraordinary items	(6)	0	0	0	0
NET PROFIT	229	243	222	262	363
Normalized profit	234	243	222	262	363
EPS (Bt)	0.2	0.2	0.2	0.2	0.3
Normalized EPS (Bt)	0.2	0.2	0.2	0.2	0.3

BALANCE SHEET

Plans to add new rental
space to its portfolio in
early 2023

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	1,420	1,465	896	1,064	1,384
Cash & cash equivalent	1,302	1,320	750	900	1,200
Account receivables	95	117	115	129	145
Inventories	3	4	5	5	6
Others	20	25	26	29	33
Investments & loans	1,260	1,282	1,282	1,282	1,282
Net fixed assets	1,238	1,606	1,844	1,868	1,785
Other assets	1,775	2,302	2,046	1,830	1,614
Total assets	5,693	6,655	6,069	6,044	6,065
LIABILITIES:					
Current liabilities:	382	604	516	533	548
Account payables	24	37	37	35	32
Bank overdraft & ST loans	0	25	12	19	23
Current LT debt	7	7	1	2	3
Others current liabilities	352	535	466	476	491
Total LT debt	156	156	65	108	128
Others LT liabilities	1,862	2,623	2,212	2,063	1,920
Total liabilities	2,400	3,383	2,793	2,705	2,596
Minority interest	40	23	(7)	(11)	5
Preferreds shares	0	0	0	0	0
Paid-up capital	620	620	620	620	620
Share premium	2,178	2,178	2,178	2,178	2,178
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	455	450	484	553	665
Shareholders' equity	3,254	3,248	3,282	3,351	3,464
Liabilities & equity	5,693	6,655	6,069	6,044	6,065

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

Sustainable cash inflow stream

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	357	308	272	342	482
Tax paid	(72)	(82)	(60)	(67)	(85)
Depreciation & amortization	429	469	421	405	412
Chg In working capital	25	(10)	1	(16)	(20)
Chg In other CA & CL / minorities	90	178	(91)	(11)	(6)
Cash flow from operations	829	864	544	653	783
Capex	(295)	(571)	(400)	(200)	(100)
Right of use	(1,903)	(789)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	60	(22)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	1,642	758	(416)	(161)	(157)
Cash flow from investments	(496)	(624)	(816)	(361)	(257)
Debt financing	152	25	(110)	52	24
Capital increase	0	0	0	0	0
Dividends paid	(620)	(248)	(188)	(194)	(250)
Warrants & other surplus	(147)	0	0	0	0
Cash flow from financing	(614)	(223)	(298)	(142)	(226)
Free cash flow	534	293	144	453	683

VALUATION

Inexpensive valuation, in our view

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	20.1	19.4	21.3	18.0	13.0
Normalized PE - at target price (x)	24.4	23.5	25.8	21.7	15.7
PE (x)	20.6	19.4	21.3	18.0	13.0
PE - at target price (x)	25.0	23.5	25.8	21.7	15.7
EV/EBITDA (x)	4.2	4.3	5.3	4.9	3.9
EV/EBITDA - at target price (x)	5.4	5.5	6.6	6.1	4.9
P/BV (x)	1.4	1.5	1.4	1.4	1.4
P/BV - at target price (x)	1.8	1.8	1.7	1.7	1.6
P/CFO (x)	5.7	5.5	8.7	7.2	6.0
Price/sales (x)	3.9	3.5	3.4	3.0	2.7
Dividend yield (%)	5.3	4.2	3.8	4.5	6.2
FCF Yield (%)	11.3	6.2	3.0	9.6	14.5
(Bt)					
Normalized EPS	0.2	0.2	0.2	0.2	0.3
EPS	0.2	0.2	0.2	0.2	0.3
DPS	0.2	0.2	0.1	0.2	0.2
BV/share	2.6	2.6	2.6	2.7	2.8
CFO/share	0.7	0.7	0.4	0.5	0.6
FCF/share	0.4	0.2	0.1	0.4	0.6

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

*Earnings are still on a
turnaround trend*

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(15.8)	11.6	4.9	12.5	12.2
Net profit (%)	(39.3)	6.1	(8.7)	18.5	38.2
EPS (%)	(39.3)	6.1	(8.7)	18.5	38.2
Normalized profit (%)	(37.8)	3.6	(8.7)	18.5	38.2
Normalized EPS (%)	(37.8)	3.6	(8.7)	18.5	38.2
Dividend payout ratio (%)	108.5	81.8	80.0	80.0	80.0
Operating performance					
Gross margin (%)	48.0	42.5	36.1	36.8	40.4
Operating margin (%)	34.7	27.4	24.4	25.4	30.0
EBITDA margin (%)	70.6	62.6	54.5	51.2	53.3
Net margin (%)	24.1	17.1	15.0	17.4	22.3
D/E (incl. minor) (x)	0.0	0.1	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.3)	(0.3)	(0.2)	(0.2)	(0.3)
Interest coverage - EBIT (x)	5.6	3.9	3.7	4.9	6.8
Interest coverage - EBITDA (x)	11.3	8.9	8.2	9.8	12.0
ROA - using norm profit (%)	4.7	3.9	3.5	4.3	6.0
ROE - using norm profit (%)	6.6	7.5	6.8	7.9	10.6
DuPont					
ROE - using after tax profit (%)	8.2	7.0	6.4	8.2	11.5
- asset turnover (x)	0.2	0.2	0.2	0.3	0.3
- operating margin (%)	36.1	30.2	26.1	27.0	31.8
- leverage (x)	1.4	1.9	1.9	1.8	1.8
- interest burden (%)	82.7	76.7	74.5	80.7	86.0
- tax burden (%)	80.7	74.0	76.9	79.8	81.5
WACC (%)	11.6	11.6	11.6	11.6	11.6
ROIC (%)	15.1	12.8	12.4	12.2	16.7
NOPAT (Bt m)	334	271	262	319	431
invested capital (Bt m)	2,115	2,117	2,610	2,581	2,417

Sources: Company data, Thanachart estimates

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For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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