AMATA VN Pcl (AMATAV TB) - SELL, Price Bt6.90, TP Bt6.60

Results Comment

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

Good 2Q22, as expected

- AMATAV reported net profit of Bt470m in 2Q22. Excluding FX gain of Bt46m and gain on factory sales of Bt364m, we estimate a normalized profit of Bt60m, recovering from Bt4m in 2Q21 and turning around from a loss of Bt44m in 1Q22.
- While profit from rental of factories dropped, land transfer was the key profit driver in 2Q22.
- Land transfer (61% of gross profit) registered revenue of Bt200m in 2Q22 (vs. none in 1Q22 and 2Q21) at gross margin 42%. There was industrial land pre-sales of 46 rai 2Q22 which was transferred to recognize revenue in the quarter.
- Gross profit from factory rental (16% of gross profit) dropped by 57% y-y and 50% q-q due to sales of asset to customers. Gross profit from utilities and service (23% of gross profit) was up by 69% y-y and 48% q-q, due to increasing of utilities consumption, aligned with the increase of land sales in the North in 2021.
- 6M22 accounted for 7% of our full-year normalized profit forecast. We maintain our project as we expect earnings to come in 2H22. We however maintain our SELL rating as we see AMATAV being fully valued.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Revenue	123	120	1,310	148	421
Gross profit	**67**	**70**	**375**	**63**	**136**
SG&A	31	41	54	55	40
Operating profit	36	29	321	8	95
EBITDA	**57**	**52**	**340**	**25**	**107**
Other income	16	11	14	23	28
Other expense	0	0	11	0	0
Interest expense	36	36	45	33	38
Profit before tax	**16**	**4**	**280**	**(1)**	**86**
Income tax	6	7	33	(20)	(13)
Equity & invest. income	0	0	0	0	0
Minority interests	(6)	(8)	(38)	(62)	(39)
Extraordinary items	39	92	341	519	410
Net profit	**43**	**81**	**550**	**475**	**470**
Normalized profit	**4**	**(11)**	**209**	**(44)**	**60**
EPS (Bt)	0.05	0.09	0.59	0.51	0.50
Normalized EPS (Bt)	0.00	(0.01)	0.22	(0.05)	0.06

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	184	243	29	1,997	3,027
Gross profit	**114**	**102**	**31**	**636**	**892**
SG&A	(27)	29	55	173	203
Operating profit	1,097	165	22	462	689
EBITDA	**324**	**87**	**24**	**548**	**768**
Other income	21	79	92	57	57
Other expense			na	5	5
Interest expense	16	6	50	143	137
Profit before tax	**na**	**446**	**23**	**371**	**604**
Income tax	na	na	(44)	74	121
Equity & invest. income					
Minority interests	na	na	134	(76)	(109)
Extraordinary items	(21)	944	116	800	0
Net profit	**(1)**	**991**	**93**	**1,021**	**374**
Normalized profit	**na**	**1,480**	**7**	**221**	**374**
EPS (Bt)	(1)	991	93	1.09	0.40
Normalized EPS (Bt)	na	1,480	na	0.24	0.40

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Cash & ST investment	617	408	1,075	1,392	1,782
A/C receivable	80	89	771	540	464
Inventory	457	1,218	1,006	1,050	1,030
Other current assets	244	291	395	416	501
Investment	0	0	0	0	0
Fixed assets	647	677	603	776	824
Other assets	7,532	7,917	7,997	7,937	8,710
Total assets	**9,578**	**10,599**	**11,847**	**12,112**	**13,312**
S-T debt	1,064	1,183	1,785	1,752	2,255
A/C payable	89	115	630	591	579
Other current liabilities	475	1,028	617	789	535
L-T debt	3,027	2,868	2,656	2,535	2,509
Other liabilities	790	845	1,119	953	1,236
Minority interest	705	733	768	784	839
Shareholders' equity	**3,428**	**3,827**	**4,272**	**4,707**	**5,358**
Working capital	449	1,192	1,147	999	915
Total debt	4,091	4,052	4,440	4,287	4,765
Net debt	**3,474**	**3,644**	**3,365**	**2,895**	**2,982**

Financial Ratios					
(%)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Sales growth	2.8	5.1	1,040.0	26.4	242.7
Operating profit growth	3.0	(8.2)	1,063.8	(77.1)	165.3
EBITDA growth	1.3	(3.7)	211.8	(53.9)	86.9
Norm profit growth	(40.0)	na	na	na	1,479.7
Norm EPS growth	(40.0)	na	na	na	1,479.7
Gross margin	54.7	57.9	28.6	42.6	32.2
Operating margin	29.3	23.7	24.5	5.4	22.7
EBITDA margin	46.6	42.9	25.9	17.0	25.4
Norm net margin	3.1	(9.4)	16.0	(29.8)	14.2
D/E (x)	1.0	0.9	0.9	0.8	0.8
Net D/E (x)	0.8	0.8	0.7	0.5	0.5
Interest coverage (x)	1.6	1.4	7.6	0.8	2.8
Interest rate	3.5	3.5	4.2	3.0	3.4
Effective tax rate	39.6	189.3	11.6	1,393.2	(15.6)
ROA	0.2	(0.4)	7.5	(1.5)	1.9
ROE	0.5	(1.2)	20.7	(3.9)	4.8

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 65 Derivative Warrants which are ADVANC16C2210A, ADVANC16C2211A, AMAT16C2209A, AOT16C2212A, AOT16C2209A, BANPU16C2210A, BCH16C2211A, BGRI16C2209A, BLA16C2208A, BLA16C2209A, CBG16C2210A, CENTEL16C2209A, COM716C2208A, COM716C2209A, COM716C2211A, COM716C2211B, COM716C2211C, CPALL16C2211A, EA16C2209A, EA16C2211A, ESSO16C2209A, ESSO16C2209B, FORTH16C2211A, GPSC16C2209A, GULF16C2210A, GUNK16C2209A, HANA16C2209A, HANA16C2211A, IVL16C2209A, IVL16C2211A, JMART16C2210A, JMART16C2211A, JMT16C2210A, JMT16C2211A, KBAN16C2208A, KBAN16C2209A, KBANK16C2211A, KCE16C2208A, KCE16C2209A, KCE16C2211A, KTC16C2211A, KTC16C2209A, MINT16C2211A, MTC16C2209A, PTG16C2211A, PTG16C2209A, PTTE16C2209A, RBF16C2209A, RCL16C2208A, SAWAD16C2211A, S5016C2209A, S5016P2209A, SAWA16C2209A, SCB16C2211A, SCB16C2208A, SET5016C2209B, SET5016P2209B, SPRC16C2209A, STEC16C2209A, TIDLOR16C2212A, TOP16C2211A, TTA16C2208A, TTA16C2211A, TU16C2210A, WHA16C2209A (underlying securities are ADVANC, AMATA, AOT, BANPU, BCH, BGRIM, BLA, CBG, CENTEL, COM7, CPALL, EA, ESSO, FORTH, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MINT, MTC, PTG, PTTEP, RBF, RCL, SAWAD, SCB, SET50, SPRC, STEC, TIDLOR, TOP, TTA, TU, WHA). 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: The One Enterprise Pcl. (ONEE TB)