

The ONE Enterprise (ONEE TB) - BUY, Price Bt9.15, TP Bt14.00

Results Comment

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

Weaker-than-expected 2Q22

- ONEE posted 2Q22 net profit of Bt179m, falling 32% y-y and 28% q-q. This was lower than expected on gross margin. 1H22 accounted for 41% of our projection. We see some downside risk to our number
- 2Q22 total revenue was up by 7% y-y driven by all business segment post-reopening except advertising income but dropped 5% q-q mainly due to high base of copyright sales. 2Q22 gross margin was 44% vs. 54% in 2Q21 and 46% in 1Q22. The margin decreases were due to the impact of weakening advertising business and product mix.
- Advertising income in 2Q22 (52% of total revenue) decreased 6% y-y but up 6% q-q on seasonality impact. The y-y dropped was due to ad spenders being more cautious about inflationary pressure hitting purchasing power.
- Copyright revenue (23% of total revenue) increased 7% y-y but declined 26% q-q from high-base. The copyright revenue was generated from the activities of selling copyright of ONEE's programs to overseas and revenues from online platform.
- Production and service (7% of total revenue) was up 39% y-y but dropped 18% in 2Q22. Radio production (4% of total revenue) was up 8% y-y and 23% q-q.
- Revenue from other Related Business i.e. artist management and merchandise sales (14% of total revenue) was up 56% y-y but down 7% q-q.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Revenue	1,394	1,086	1,524	1,572	1,490
Gross profit	757	564	734	716	659
SG&A	414	371	521	435	450
Operating profit	343	193	213	281	209
EBITDA	606	464	513	586	537
Other income	19	23	22	16	46
Other expense	0	0	0	0	0
Interest expense	37	35	19	7	3
Profit before tax	325	181	216	290	252
Income tax	62	12	13	41	73
Equity & invest. income	(1)	(1)	2	1	(0)
Minority interests	(0)	(0)	(0)	0	(0)
Extraordinary items	0	0	0	0	0
Net profit	262	168	205	250	179
Normalized profit	262	168	205	250	179
EPS (Bt)	0.11	0.07	0.09	0.11	0.08
Normalized EPS (Bt)	0.11	0.07	0.09	0.11	0.08

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Cash & ST investment	813	825	2,462	1,039	978
A/C receivable	1,237	984	1,145	1,325	1,492
Inventory	562	569	564	570	594
Other current assets	112	121	123	1,294	1,315
Investment	13	10	12	13	13
Fixed assets	809	798	807	812	811
Other assets	4,380	4,313	4,192	4,236	4,258
Total assets	7,924	7,621	9,305	9,289	9,461
S-T debt	624	2,509	311	0	0
A/C payable	829	912	931	1,135	1,241
Other current liabilities	791	720	795	647	705
L-T debt	2,664	312	0	0	0
Other liabilities	458	443	423	411	405
Minority interest	0	0	0	0	0
Shareholders' equity	2,557	2,725	6,845	7,096	7,110
Working capital	970	642	778	760	846
Total debt	3,289	2,821	311	0	0
Net debt	2,476	1,996	(2,150)	(1,039)	(978)

Sources: Company data, Thanachart estimates

Income Statement (6M as)					
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	(5)	7	49	6,246	7,099
Gross profit	(8)	(13)	45	3,064	3,507
SG&A	3	9	48	1,829	1,975
Operating profit	(26)	(39)	40	1,235	1,532
EBITDA	(8)	(11)	48	2,344	2,659
Other income	182	144	69	91	103
Other expense					
Interest expense	(60)	(93)	38	24	13
Profit before tax	(13)	(22)	42	1,302	1,622
Income tax	78	18	44	260	324
Equity & invest. income					
Minority interests					
Extraordinary items					
Net profit	(28)	(32)	41	1,042	1,303
Normalized profit	(28)	(32)	41	1,042	1,303
EPS (Bt)	(28)	(32)	41	0.44	0.55
Normalized EPS (Bt)	(28)	(32)	41	0.44	0.55

Financial Ratios (%)					
	2Q21	3Q21	4Q21	1Q22	2Q22
Sales grow th	138.3	42.6	52.9	17.1	6.9
Operating profit grow th	177.0	12.4	(5.1)	10.4	(39.2)
EBITDA grow th	119.1	45.5	19.0	18.1	(11.4)
Norm profit grow th	130.2	6.9	(20.9)	29.7	(31.7)
Norm EPS grow th	130.2	6.9	(20.9)	29.7	(31.7)
Gross margin	54.3	51.9	48.1	45.5	44.2
Operating margin	24.6	17.7	14.0	17.9	14.0
EBITDA margin	43.5	42.8	33.7	37.3	36.0
Norm net margin	18.8	15.5	13.5	15.9	12.0
D/E (x)	1.3	1.0	0.0	-	-
Net D/E (x)	1.0	0.7	(0.3)	(0.1)	(0.1)
Interest coverage (x)	16.4	13.2	26.9	89.3	207.0
Interest rate	4.3	4.6	4.9	16.9	na
Effective tax rate	19.0	6.4	5.8	14.1	28.9
ROA	13.3	8.6	9.7	10.8	7.6
ROE	43.2	25.4	17.2	14.4	10.1

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