

Nex Point Pcl. (NEX TB) - BUY, Price Bt18.70, TP Bt25.00**Results Comment**

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

Much lower-than-expected 3Q22 profit

- NEX's profit turned to a slim positive at Bt8m in 3Q22, after it had been making losses over the past three years, given this is the first quarter that NEX began to officially delivery its E-bus products. However, the profit was much below our expectation due to lower-than-expected distribution margin and number of E-bus sold this quarter.
- Total revenue jumped to Bt1.4bn in 3Q22, supported by its first lot of 221 E-buses delivery this quarter at an average selling price of Bt4.8m per unit.
- Gross margin is much lower-than-expected at 6.8% in 3Q22, mainly since its E-bus distribution margin was only 5%, versus our assumptions of 10-15% as a sole selling agent.
- Total SG&A expense was well controlled at Bt69m in 3Q22, up 30% y-y in-line with its business expansion but fell 7% q-q on lower marketing activities to promote its E-bus products.
- Equity income, mainly from its 45%-owned E-bus production plant (Absolute Assembly, AAB), also missed our expectation at Bt6m loss in 3Q22. This was since we assumed the group to sell total of 500 E-buses this quarter (actual = 221 E-buses).
- As total number of E-bus sale by NEX this year looks to come in below our assumption of 1,500 unit, we see a significant downside to our numbers. However, we maintain our BUY on NEX as our best play on emerging EV demand in Thailand.

Income Statement					
(consolidated)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22
Revenue	112	160	155	210	1,379
Gross profit	18	36	27	38	94
SG&A	53	66	70	74	69
Operating profit	(34)	(30)	(43)	(35)	25
EBITDA	(11)	(7)	(18)	(9)	47
Other income	4	5	6	8	10
Other expense	0	0	0	0	0
Interest expense	2	2	2	2	4
Profit before tax	(32)	(27)	(39)	(29)	31
Income tax	3	(37)	(1)	(1)	6
Equity & invest. income	19	(15)	(22)	(36)	(6)
Minority interests	(4)	(5)	(3)	(3)	(11)
Extraordinary items	0	(6)	0	7	0
Net profit	(20)	(16)	(63)	(59)	8
Normalized profit	(20)	(10)	(63)	(66)	8
EPS (Bt)	(0.01)	(0.01)	(0.04)	(0.04)	0.00
Normalized EPS (Bt)	(0.01)	(0.01)	(0.04)	(0.04)	0.00

Balance Sheet					
(consolidated)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	852	971	818	516	395
A/C receivable	130	199	176	278	767
Inventory	124	139	158	181	480
Other current assets	210	435	490	585	662
Investment	852	837	815	779	773
Fixed assets	539	539	546	540	555
Other assets	788	793	829	812	1,485
Total assets	3,494	3,913	3,832	3,690	5,115
S-T debt	0	7	7	7	0
A/C payable	128	164	136	230	1,120
Other current liabilities	136	564	540	366	276
L-T debt	0	0	0	0	0
Other liabilities	152	108	145	128	762
Minority interest	206	211	208	222	212
Shareholders' equity	2,872	2,859	2,796	2,736	2,744
Working capital	125	174	199	229	127
Total debt	0	7	7	7	0
Net debt	(852)	(964)	(810)	(508)	(395)

Sources: Company data, Thanachart estimates

Income Statement				9M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F	
Revenue	556	1,131	16	10,869	17,550	
Gross profit	144	416	11	1,465	2,515	
SG&A	(7)	30	28	765	1,087	
Operating profit	na	na	na	701	1,427	
EBITDA	na	na	na	797	1,560	
Other income	24	131	111	22	23	
Other expense				0	0	
Interest expense	151	98	15	51	102	
Profit before tax	na	na	na	672	1,349	
Income tax	na	123	na	101	202	
Equity & invest. income	na	na	na	492	1,156	
Minority interests	na	na	na	(10)	(16)	
Extraordinary items				0	0	
Net profit	na	na	na	1,054	2,287	
Normalized profit	na	na	na	1,054	2,287	
EPS (Bt)	na	na	na	0.56	1.21	
Normalized EPS (Bt)	na	na	na	0.56	1.21	

Financial Ratios					
(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Sales grow th	(55.4)	1.6	(23.7)	9.7	1,130.7
Operating profit grow th	na	na	na	na	na
EBITDA grow th	na	na	na	na	na
Norm profit grow th	na	na	na	na	na
Norm EPS grow th	na	na	na	na	na
Gross margin	16.2	22.6	17.5	18.2	6.8
Operating margin	(30.8)	(18.8)	(27.9)	(16.8)	1.8
EBITDA margin	(9.8)	(4.4)	(11.6)	(4.2)	3.4
Norm net margin	(17.5)	(6.3)	(40.6)	(31.4)	0.6
D/E (x)	-	0.0	0.0	0.0	-
Net D/E (x)	(0.3)	(0.3)	(0.3)	(0.2)	(0.1)
Interest coverage (x)	(5.3)	(3.7)	(9.2)	(5.4)	11.5
Interest rate	na	206.8	106.1	88.3	443.6
Effective tax rate	(7.8)	136.2	2.7	4.2	17.8
ROA	(2.2)	(1.1)	(6.5)	(7.0)	0.7
ROE	(2.7)	(1.4)	(8.9)	(9.5)	1.2

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. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

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 111 Derivative Warrants which are ADVANC16C2302A, ADVANC16C2301A, ADVANC16C2211A, AMATA16C2212A, AMAT16C2209A, AOT16C2302A, AOT16C2212A, AOT16C2209A, BANPU16C2302A, BANPU16C2212A, BBL16C2212A, BCH16C2211A, BH16C2212B, BH16C2212A, BGRIM16C2302A, BGRIM16C2301A, BGRIM16C2212A, BGRI16C2209A, BLA16C2302A, BLA16C2212A, BLA16C2209A, BTS16C2301A, CBG16C2302A, CBG16C2301B, CBG16C2301A, CENTEL16C2209A, COM716C2302A, COM716C2209A, COM716C2211A, COM716C2211B, COM716C2211C, CPALL16C2211A, CPN16C2301A, DTAC16C2212A, DOHOME16C2301A, EA16C2303A, EA16C2209A, EA16C2211A, ESSO16C2302A, ESSO16C2209A, ESSO16C2209B, FORTH16C2211A, GPSC16C2302A, GPSC16C2301A, GPSC16C2209A, GULF16C2302B, GULF16C2302A, GULF16C2301A, GUNKUL16C2302A, GUNKUL16C2301A, GUNK16C2209A, HANA16C2301A, HANA16C2209A, HANA16C2211A, IVL16C2301A, IVL16C2212A, IVL16C2209A, IVL16C2211A, JMART16C2211A, JMT16C2302A, JMT16C2211A, KBANK16C2302A, KBANK16C2301A, KBAN16C2209A, KBANK16C2211A, KCE16C2302A, KCE16C2301B, KCE16C2301A, KCE16C2209A, KCE16C2211A, KTC16C2211A, KTC16C2209A, MINT16C2302A, MINT16C2301A, MINT16C2211A, MTC16C2301A, MTC16C2212A, MTC16C2209A, PSL16C2212A, PTG16C2211A, PTG16C2209A, PTTEP16C2303A, PTTEP16C2212A, PTTE16C2209A, RBF16C2209A, SAWAD16C2211A, S5016C2209A, S5016P2209A, SAWAD16C2302A, SAWA16C2209A, SCB16C2301A, SCB16C2211A, SCGP16C2303A, SCGP16C2212A, SET5016P2212B, SET5016C2212C, SET5016C2212B, SET5016P2212A, SET5016C2209B, SET5016C2212A, SET5016P2209B, SINGER16C2212A, SPRC16C2212A, SPRC16C2209A, STEC16C2209A, TIDLOR16C2212A, TOP16C2211A, TRUE16C2212A, TTA16C2211A, VGI16C2301A, WHA16C2209A (underlying securities are (ADVANC, AMATA, AOT, BANPU, BBL, BCH, BGRIM, BH, BLA, BTS, CBG, CENTEL, COM7, CPALL, CPN, DOHOME, DTAC, EA, ESSO, FORTH, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MINT, MTC, PSL, PTG, PTTEP, RBF, SAWAD, SCB, SET50, SCGP, SINGER, SPRC, STEC, TIDLOR, TOP, TRUE, TTA, VGI, WHA) before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% 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 24.33% 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 LIMITED (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)