

**TTW Public Co Ltd (TTW TB) - SELL, Price Bt8.65, TP Bt10.00****Results Comment**

Saksid Phadthanarak | Email: saksid.pha@thanachartsec.co.th

**Good results via higher equity income**

- TTW posted 3Q22 earnings of Bt964m, up 4% y-y and 18% q-q. The results were slightly higher than what we had expected. The earnings growth year on year and quarter on quarter was mainly due to higher earnings contribution from its 25%-owned CK Power (CKP TB, Bt5.05, BUY).
- TTW's 9M22 earnings make up 80% of our full-year forecast. We expect softer earnings in 4Q22F due to lower equity income as 4Q is normally a low season for CKP.
- We have a SELL rating on TTW given our forecast on the three consecutive earnings falls in 2022-24F due to PWA reducing tap water purchase and a risk of PTW's concession ending in October 2023. PTW contributes around 35% of TTW's total earnings.
- TTW's sales in 3Q22 were flat year on year. Despite the average selling price hike by 4% y-y following the inflation, its sales volume fell by 5% y-y at TTW plant and 1% y-y at PTW plant due to PWA's policy to lower tap water purchase from TTW.
- Higher electricity and chemical prices caused its gross margin to fall to 65% in 3Q22 vs. 68% in 3Q21 while SG&A expenses slightly dropped by 1% y-y mainly due to lower CSR expenses.
- Its equity income was at Bt365m in 3Q22 vs. Bt309m in 3Q21 mainly due to CKP's strong earnings growth.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	1,441	1,421	1,405	1,427	1,435	Revenue	1	(0)	77	5,531	5,349
<b>Gross profit</b>	<b>976</b>	<b>941</b>	<b>947</b>	<b>951</b>	<b>934</b>	<b>Gross profit</b>	<b>(2)</b>	<b>(4)</b>	<b>75</b>	<b>3,752</b>	<b>3,549</b>
SG&A	130	142	129	140	128	SG&A	(9)	(1)	80	498	508
Operating profit	847	799	818	811	806	Operating profit	(1)	(5)	75	3,254	3,041
<b>EBITDA</b>	<b>1,178</b>	<b>1,135</b>	<b>1,144</b>	<b>1,142</b>	<b>1,140</b>	<b>EBITDA</b>	<b>(0)</b>	<b>(3)</b>	<b>76</b>	<b>4,493</b>	<b>4,284</b>
Other income	4	5	3	2	2	Other income	9	(33)	43	19	19
Other expense	0	0	0	0	0	Other expense					
Interest expense	62	61	49	39	39	Interest expense	2	(36)	67	190	154
<b>Profit before tax</b>	<b>788</b>	<b>743</b>	<b>772</b>	<b>774</b>	<b>769</b>	<b>Profit before tax</b>	<b>(1)</b>	<b>(2)</b>	<b>75</b>	<b>3,083</b>	<b>2,905</b>
Income tax	162	156	166	168	167	Income tax	(0)	3	81	617	581
Equity & invest. income	309	31	10	216	365	Equity & invest. income	69	18	107	552	551
Minority interests	(4)	(3)	(3)	(3)	(3)	Minority interests	na	na	59	(15)	(15)
Extraordinary items	0	0	0	0	0	Extraordinary items					
<b>Net profit</b>	<b>931</b>	<b>615</b>	<b>613</b>	<b>820</b>	<b>964</b>	<b>Net profit</b>	<b>18</b>	<b>4</b>	<b>80</b>	<b>3,003</b>	<b>2,861</b>
<b>Normalized profit</b>	<b>931</b>	<b>615</b>	<b>613</b>	<b>820</b>	<b>964</b>	<b>Normalized profit</b>	<b>18</b>	<b>4</b>	<b>80</b>	<b>3,003</b>	<b>2,861</b>
EPS (Bt)	0.23	0.15	0.15	0.21	0.24	EPS (Bt)	18	4	80	0.75	0.72
Normalized EPS (Bt)	0.23	0.15	0.15	0.21	0.24	Normalized EPS (Bt)	18	4	80	0.75	0.72
Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22		3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	2,965	3,664	2,542	3,196	2,618	Sales growth	(7.4)	(7.9)	(4.3)	(3.3)	(0.5)
A/C receivable	508	514	524	509	504	Operating profit growth	(12.1)	(12.8)	(9.3)	(11.0)	(4.8)
Inventory	26	25	26	27	28	EBITDA growth	(6.4)	(5.9)	(2.6)	(4.9)	(3.2)
Other current assets	46	26	65	53	50	Norm profit growth	0.2	(10.9)	(12.6)	(4.3)	3.5
Investment	6,153	6,224	6,274	6,203	6,415	Norm EPS growth	0.2	(10.9)	(12.6)	(4.3)	3.5
Fixed assets	8,633	8,590	8,483	8,399	8,330	Gross margin	67.7	66.3	67.4	66.7	65.1
Other assets	3,563	3,461	3,248	3,034	2,818	Operating margin	58.7	56.3	58.2	56.8	56.2
<b>Total assets</b>	<b>21,894</b>	<b>22,504</b>	<b>21,160</b>	<b>21,421</b>	<b>20,763</b>	EBITDA margin	81.7	79.9	81.4	80.1	79.5
S-T debt	2,535	2,460	1,460	1,066	1,660	Norm net margin	64.6	43.3	43.6	57.4	67.2
A/C payable	131	130	136	143	157	D/E (x)	0.6	0.5	0.4	0.4	0.4
Other current liabilities	299	432	546	1,002	286	Net D/E (x)	0.3	0.3	0.2	0.2	0.2
L-T debt	5,153	5,038	3,923	4,608	4,443	Interest coverage (x)	19.0	18.6	23.2	29.6	28.9
Other liabilities	246	249	250	256	258	Interest rate	3.2	3.2	3.1	2.8	2.7
Minority interest	38	41	38	41	38	Effective tax rate	20.6	21.0	21.5	21.7	21.8
<b>Shareholders' equity</b>	<b>13,493</b>	<b>14,154</b>	<b>14,807</b>	<b>14,306</b>	<b>13,919</b>	ROA	16.7	11.1	11.2	15.4	18.3
Working capital	403	410	414	393	374	ROE	27.2	17.8	16.9	22.5	27.3
Total debt	7,688	7,498	5,383	5,674	6,103						
<b>Net debt</b>	<b>4,722</b>	<b>3,834</b>	<b>2,842</b>	<b>2,479</b>	<b>3,485</b>						

Sources: Company data, Thanachart estimates

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