

SCGJWD Logistics Pcl (SJWD TB) - BUY, Price Bt14.50, TP Bt23.00**Results Comment**

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Weak 2Q23 profit, below expectation

- Due to a consolidation of SCGL's operation since 1 February 2023, SJWD reported normalized profit growing 36% y-y (but falling 46% q-q) to Bt125m in 2Q23. Based on 78% new share issued as part of the merger plan, normalized EPS was Bt0.07/share, falling 24% y-y and 54% q-q.
- Net margin dropped to 2.0% in 2Q23 vs. 6.7% in 2Q22 and 4.7% in 1Q23. This was due to SCGL's logistics businesses having lower margin than JWD's, a negative operating leverage due to slow down in businesses and rising interest expense and M&A expenses.
- Transportation and distribution business for cement product was softer due to rising coal price. Cold chain business was also slower due to falling tuna fishing because of global warming.
- 6M23 normalized profit accounted for 32% of our projection. We see downside risk to our number.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	1,373	1,584	1,580	4,885	6,131	Revenue	26	346	37	29,856	31,280
Gross profit	306	350	376	707	736	Gross profit	4	141	42	3,426	3,607
SG&A	211	223	249	479	526	SG&A	10	150	42	2,375	2,291
Operating profit	95	127	128	228	210	Operating profit	(8)	120	42	1,051	1,316
EBITDA	302	348	311	538	669	EBITDA	24	122	51	2,357	3,089
Other income	10	6	29	22	42	Other income	88	341	21	299	315
Other expense	0	0	0	0	0	Other expense					
Interest expense	73	73	74	99	117	Interest expense	18	62	72	300	243
Profit before tax	32	60	82	151	134	Profit before tax	(11)	316	27	1,049	1,387
Income tax	9	16	4	9	38	Income tax	329	318	25	189	250
Equity & invest. income	72	78	130	94	55	Equity & invest. income	(42)	(24)	31	484	561
Minority interests	(3)	0	(9)	(5)	(26)	Minority interests	na	na	na	(240)	(107)
Extraordinary items	62	(10)	(87)	0	4	Extraordinary items	na	(94)	na	0	0
Net profit	154	112	113	231	129	Net profit	(44)	(16)	33	1,104	1,591
Normalized profit	92	122	200	231	125	Normalized profit	(46)	36	32	1,104	1,591
EPS (Bt)	0.15	0.11	0.11	0.15	0.07	EPS (Bt)	(52)	(53)	32	0.68	0.88
Normalized EPS (Bt)	0.09	0.12	0.20	0.15	0.07	Normalized EPS (Bt)	(54)	(24)	32	0.68	0.88

Balance Sheet						Financial Ratios					
(consolidated)						(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	1,086	1,021	924	1,409	1,572	Sales grow th	9.6	16.7	9.7	258.0	346.4
A/C receivable	1,126	1,135	1,138	3,594	3,518	Operating profit grow th	(30.0)	(3.8)	141.8	89.3	120.0
Inventory	125	212	165	127	137	EBITDA grow th	(2.9)	6.2	37.7	75.0	121.6
Other current assets	342	361	307	455	502	Norm profit grow th	(13.2)	(0.3)	16.6	90.6	35.7
Investment	2,645	2,716	2,830	3,446	3,591	Norm EPS grow th	(13.2)	(0.3)	16.6	25.6	(23.6)
Fixed assets	4,821	4,936	4,928	8,115	8,057	Gross margin	22.3	22.1	23.8	14.5	12.0
Other assets	2,875	2,791	2,750	20,067	20,342	Operating margin	6.9	8.0	8.1	4.7	3.4
Total assets	13,019	13,172	13,041	37,212	37,719	EBITDA margin	22.0	22.0	19.7	11.0	10.9
S-T debt	1,418	2,113	2,275	4,567	4,528	Norm net margin	6.7	7.7	12.6	4.7	2.0
A/C payable	1,095	1,112	1,697	2,915	3,001	D/E (x)	1.3	1.5	1.8	0.4	0.4
Other current liabilities	1,034	423	422	920	831	Net D/E (x)	1.1	1.2	1.5	0.3	0.3
L-T debt	3,903	3,997	3,759	3,808	3,707	Interest coverage (x)	4.2	4.8	4.2	5.4	5.7
Other liabilities	1,589	1,429	1,453	2,825	3,253	Interest rate	5.3	5.1	4.9	5.5	5.6
Minority interest	321	311	317	297	330	Effective tax rate	27.9	27.1	4.6	5.8	28.0
Shareholders' equity	3,660	3,787	3,117	21,880	22,068	ROA	2.9	3.7	6.1	3.7	1.3
Working capital	155	235	(395)	805	654	ROE	9.9	13.1	23.1	7.4	2.3
Total debt	5,321	6,109	6,034	8,375	8,235						
Net debt	4,235	5,089	5,110	6,965	6,664						

Sources: Company data, Thanachart estimates

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