

23 February 2022

## Result Review

Rating

**BUY**

(Unchanged)

Company

## Triple I Logistics

Bloomberg

III TB

SET

III

Exchange

SET

Sector

Thai Transportation

## 2021 results meet, Buy reiterated

**12mth price target (THB) 20.00**

Current price (22/02/2022)	16.50
Upside/Downside	21%
CG rating	5
ESG rating	n/a
Thai CAC	Declared

### Share summary

Issued shares :	(m shrs)	620.7
Market capitalization:	(THB bn)	11.5
	(USD bn)	0.4
Avg. Daily Turnover:	(THBm)	198.8
	(USDm)	6.2
Foreign Limit/Actual	(%)	49/12
Free Float:	(%)	34.9
NVDR:	(%)	7.4

### Financial Summary

Year	2020	2021	2022F	2023F
Net Profit (Bt,m)	162	377	484	552
EPS (Bt)	0.27	0.56	0.68	0.72
EPS Growth (%)	1.1	106.2	20.9	6.3
PER (x)	17.0	29.3	24.2	22.8
PBV (x)	7.8	5.7	4.7	4.0
Div Yield (%)	0.6	1.8	1.5	1.6

Source: TISCO Research Estimates

**III did not disappoint with a record high net profit of Bt114m for 4Q21, surging 136% YoY and 14% QoQ, lifting 2021 net profit to Bt377m (+132% YoY), in line with our forecast.** We maintain our forecasts and Buy rating on the positive outlook for III's core business. We believe volume growth from clients and pick-up in warehouse and ground handling work amid Thailand's post-Covid reopening should outweigh freight cost drag.

- Total operating revenue for 4Q doubled YoY and surged 75% QoQ, driven by all key BUs. Full year revenue growth was also robust at 84%. The Air BU, making up a chunky 56% of total revenue, saw revenue jump 82% YoY and 102% QoQ in 4Q21 and 80% YoY for 2021. Meanwhile, the Logistics BU, the second-largest contributor (24% of total revenue) grew almost 5x YoY and +139% QoQ for 4Q21 and +175% YoY for 2021. Also strong were the Sea BU (+154% YoY, +24% QoQ for 4Q21 and +118% YoY for 2021) and Chemical BU (+39% YoY, +6% QoQ for 4Q21 and +46% YoY for 2021).
- Blended GPM for 4Q21 narrowed YoY and QoQ to 14.5% from 19.6% and 19.7%, respectively, due to lower GPM in all BUs. We first highlight the GPM of the Air BU which plunged YoY and QoQ to 9% from 13.1% and 11.2%, respectively. Similarly, the Sea BU GPM narrowed to 24.9% from 39.7% and 27.2%, Logistics BU GPM narrowed to 17.3% from 35.4% and 32.4%, and Chemical BU GPM narrowed to 24.8% from 24.7% and 25.1% in 4Q21. On a full year basis, GPM of the Air BU contracted to 11.8% from 12.9%, Sea GPM contracted to 27.2% from 47.3%, Logistics GPM contracted to 24.8% from 33.6% and Chemical GPM contracted to 25.7% from 26.4%.
- SG&A to sales in 4Q21 fell YoY and QoQ to 10.6% from 15.5% and 13.2%, respectively, and to 17.9% from 20.8% for 2021. Equity income soared 53% YoY and 64% QoQ for 4Q21 and was +65% YoY for 2021, mainly from ANI (additional contribution from 20% stake in GSA Malaysia).
- Our 2022-23F revenue and earnings forecasts and TP are unchanged. The company announced a dividend of Bt0.30 per share (XD: 26-Apr.).

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Figure 1. III Flash Result : 4Q21

Bt,m	4Q21	4Q20	% YoY	3Q21	% QoQ	2021	2020	% YoY
Revenue	1,059	518	104.6%	606	74.9%	2,939	1,607	82.9%
Cost of revenue	905	416	117.6%	486	86.2%	2,412	1,273	89.4%
Gross Profit	154	101	51.4%	119	28.7%	527	334	57.8%
SG&A	112	80	39.6%	80	39.5%	361	321	12.4%
Share of profit of investments in JV	77	50	52.5%	47	64.1%	223	135	64.9%
EBIT	131	73	80.7%	140	-6.4%	463	205	125.8%
EBITDA	131	95	37.6%	166	-20.7%	563	306	83.9%
Financial cost	6	10	-35.9%	7	-11.0%	28	31	-10.8%
Net Profit before Tax	125	63	99.3%	133	-6.1%	435	174	150.5%
Income tax expenses	10	4	147.2%	39	-74.9%	62	13	386.4%
Net profit before extra items	115	59	96.1%	94	22.1%	373	161	131.9%
Extra items	(1)	(8)	n.a.	6	n.a.	4	(13)	n.a.
<b>Net profit</b>	<b>114</b>	<b>48</b>	<b>135.9%</b>	<b>100</b>	<b>13.6%</b>	<b>377</b>	<b>162</b>	<b>132.2%</b>
EPS (Bt)	0.17	0.08	111.1%	0.15	13.6%	0.56	0.27	106.2%
Gross Margin (%)	14.5%	19.6%		19.7%		17.9%	20.8%	
SG&A expenses to sales ratio (%)	10.6%	15.5%		13.2%		12.3%	20.0%	
Net Profit Margin (%)	10.8%	9.3%		16.6%		12.8%	10.1%	

Source: Company data

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 <b>Corporate Governance Report of Thai Listed Companies 2021</b>	Score Range	Level	Description
	90 - 100	5	Excellent
	80 - 89	4	Very Good
	70 - 79	3	Good
	60 - 69	2	Satisfactory
	50 - 59	1	Pass
	< 50	n.a.	n.a.
		N/R	Does not appear in the CGR report

## Anti-Corruption Progress Indicator :

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 26, 2021) are categorised into :

Certified :	Companies certified by CAC.
Declared :	Companies that have declared their intention to join CAC.
Ensure its compliance by parent company	Ensure its compliance by parent company The company declares that its parent company is under the Bribery Act or other similar laws that required parent company to be responsible for bribery act of its overseas subsidiaries. Such responsibilities shall include the establishment of policy, practices and investigation and ensure that its subsidiaries regularly comply with the policy and practices.
n.a.	Not intention to join CAC. / no policy

## Disclaimer

The disclosure of the Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 26, 2021)

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## ESG Rating

The Thaipat ESG Index is designed to represent the performance of the selected Thai listed companies that are constituents of the ESG100 Universe, the 100 outstanding performers in terms of Environmental, Social and Governance (ESG) listed in Thai stock market (Both SET and mai), assessed by ESG Rating company, a whole subsidiary of Thaipat Institute.

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