

Triple i Logistics

III TB / III.BK

August 10, 2022

Result beat! Good 2H22 outlook

Both NPAT and core profit beat our estimates

III posted a 2Q22 bottom-line of Bt119m, up by 39% YoY and 6% QoQ. NPAT was 9% ahead of our estimate (higher other income and lower SG&A expenses than we had assumed). Stripping out extra items, core earnings would be Bt125m, up by 40% YoY and 8% QoQ. The core number was 14% beyond our estimate (greater other income than assumed).

Result highlights

Revenue increased 13% YoY, with higher numbers across almost all businesses. But the top-line dipped 3% QoQ, due to the impact of lockdowns in China. GM was 20.0% in 2Q22, down from 21.4% in 2Q21 but up from 16.1% in 1Q22. Equity earnings shot up 51% YoY (higher profits at ANI, DG Packaging, and a YoY turnaround at SAL) but slid 15% QoQ (a lower QoQ profit at SAL). SG&A expenses increased by 2% YoY and 8% QoQ.

Outlook

Our model points to YoY and QoQ core profit expansion for 3Q22, driven by ongoing profit growth at ANI, favorable seasonality at SAL (the second-quarter of each year is typically low season), and heavier demand tied to the easing of lockdowns in China. We expect increased air flight frequency and higher equity income to build strong earnings growth momentum.

What's changed?

Our 2022 core profit forecast stands unchanged at Bt444m, up 19% YoY.

Recommendation

We expect strong earnings growth—3Q22 through 2023—to fuel stock price expansion. And there's scope for upside to our long-term profit forecasts and target price from new business tied to rail logistics. Our BUY call stands to a YE22 target price of Bt25.

Sector: Logistics

OVERWEIGHT

Rating: BUY

Target Price: Bt25.00

Price (August 9, 2022): Bt13.90

Key statistics

Market cap	Bt8.9bn	USD0.2bn
12-mth price range	Bt10.5/Bt18.5	
12-mth avg daily volume	Bt126m	USD3.5m
# of shares (m)	641	
Est. free float (%)	50.0	
Foreign limit (%)	49.0	

Share price perf. (%)	1M	3M	12M
Relative to SET	(3.9)	(2.6)	6.3
Absolute	-	(2.8)	11.2

Financial summary

FY Ended 31 Dec	2021	2022E	2023E	2024E
Revenues (Btm)	2,939	2,940	3,932	5,157
Net profit (Btm)	377	442	524	582
EPS (Bt)	0.61	0.71	0.84	0.94
EPS growth (%)	+180.8%	+17.1%	+18.6%	+11.1%
Core profit (Btm)	373	444	524	582
Core EPS (Bt)	0.49	0.58	0.69	0.76
Core EPS growth (%)	+105%	+19.0%	+17.9%	+11.1%
PER (x)	24.5	19.5	16.5	14.8
PBV (x)	5.3	4.2	3.6	3.0
Dividend (Bt)	0.3	0.5	0.5	0.5
Dividend yield (%)	2.0	3.6	3.2	3.2
ROE (%)	24.9	23.4	23.5	22.0

CG / CAC Anti-Corruption Certification



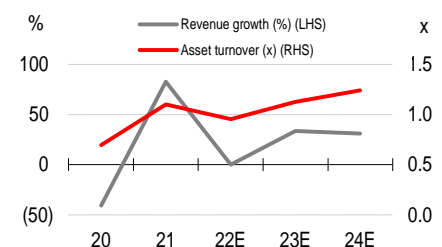
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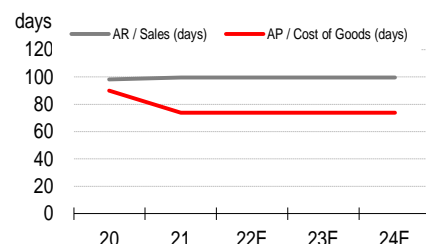
III: Financial Tables – Year

PROFIT & LOSS (Btm)	2020	2021	2022E	2023E	2024E
Revenue	1,607	2,939	2,940	3,932	5,157
Cost of sales and services	(1,273)	(2,412)	(2,400)	(3,257)	(4,424)
Gross profit	334	527	541	675	733
SG&A	(321)	(361)	(336)	(356)	(403)
EBIT	13	166	205	319	330
Interest expense	(31)	(28)	(33)	(30)	(30)
Other income/exp.	57	74	45	20	20
EBT	38	212	216	309	320
Corporate tax	(13)	(62)	(51)	(62)	(64)
After-tax net profit (loss)	26	150	166	247	256
Minority interest	(14)	0	0	0	0
Equity earnings from affiliates	135	223	279	277	326
Extra items	(13)	4	(2)	0	0
Net profit (loss)	134	377	442	524	582
Reported EPS	0.22	0.61	0.71	0.84	0.94
Fully diluted EPS	0.22	0.50	0.58	0.69	0.76
Core net profit	147	373	444	524	582
Core EPS	0.24	0.49	0.58	0.69	0.76
EBITDA	114	266	305	419	430
KEY RATIOS					
Revenue growth (%)	(40.7)	82.9	0.0	33.7	31.2
Gross margin (%)	20.8	17.9	18.4	17.2	14.2
EBITDA margin (%)	7.1	9.1	10.4	10.7	8.3
Operating margin (%)	0.8	5.6	7.0	8.1	6.4
Net margin (%)	8.4	12.8	15.0	13.3	11.3
Core profit margin (%)	9.1	12.7	15.1	13.3	11.3
ROA (%)	5.8	14.1	14.3	15.0	14.0
ROCE (%)	7.5	17.2	17.6	18.4	17.6
Asset turnover (x)	0.7	1.1	1.0	1.1	1.2
Current ratio (x)	0.9	1.3	1.4	1.4	1.4
Gearing ratio (x)	0.6	0.4	0.3	0.3	0.2
Interest coverage (x)	0.4	5.9	6.2	10.6	11.1
BALANCE SHEET (Btm)					
Cash & Equivalent	110	168	455	742	1,175
Accounts receivable	433	801	802	1,072	1,406
Inventory	1	1	1	1	1
PP&E-net	437	327	327	327	327
Other assets	1,424	1,652	1,637	1,637	1,637
Total assets	2,406	2,950	3,222	3,780	4,547
Accounts payable	314	488	486	659	896
ST debts & current portion	284	278	278	278	358
Long-term debt	449	339	339	339	339
Other liabilities	68	100	88	88	88
Total liabilities	1,115	1,205	1,191	1,364	1,680
Paid-up capital	305	310	310	310	310
Share premium	709	771	771	771	771
Retained earnings	238	541	828	1,212	1,654
Shareholders equity	1,291	1,745	2,032	2,416	2,866
Minority interests	0	0	0	0	0
Total Liab.&Shareholders' equity	2,406	2,950	3,222	3,780	4,547
CASH FLOW (Btm)					
Net income	134	377	442	524	582
Depreciation and amortization	101	100	100	100	100
Change in working capital	(36)	(136)	(25)	(97)	(98)
FX, non-cash adjustment & others	(125)	(227)	(236)	(248)	(297)
Cash flows from operating activities	75	115	281	279	287
Capex (Invest)/Divest	(320)	(180)	193	176	226
Others	89	191	1	1	1
Cash flows from investing activities	(231)	12	194	178	227
Debt financing (repayment)	126	11	0	1	87
Equity financing	0	0	0	0	1
Dividend payment	(91)	(121)	(155)	(140)	(140)
Others	(31)	41	(33)	(30)	(31)
Cash flows from financing activities	4	(69)	(188)	(169)	(82)
Net change in cash	(152)	58	287	288	432
Free cash flow (Btm)	(245)	(65)	474	456	513
FCF per share (Bt)	(0.4)	(0.1)	0.8	0.7	0.8
Key Statistics					
NP ANI	237	296	383	361	391
NP SAL	(33.9)	(16.5)	52.8	48.0	160.0

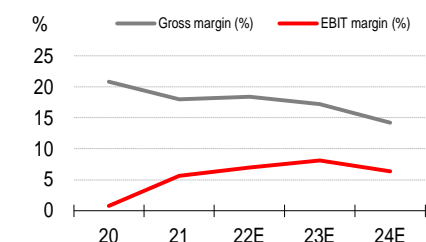
Revenue growth and asset turnover



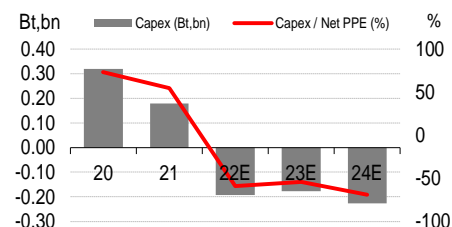
A/C receivable & A/C payable days



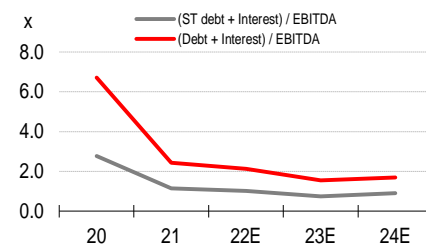
Profit margins



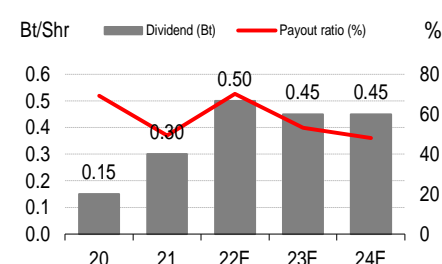
Capital expenditure



Debt serviceability



Dividend payout



III: Financial Tables – Quarter

QUARTERLY PROFIT & LOSS (Btm)	2Q21	3Q21	4Q21	1Q22	2Q22
Revenue	642	606	1,059	745	722
Cost of sales and services	(504)	(486)	(905)	(625)	(577)
Gross profit	137	119	154	120	145
SG&A	(84)	(80)	(112)	(79)	(85)
EBIT	54	39	42	41	59
Interest expense	(7)	(7)	(6)	(9)	(9)
Other income/exp.	2	2	13	10	20
EBT	48	34	48	42	71
Corporate tax	(6)	(11)	(10)	(9)	(16)
After-tax net profit (loss)	43	23	39	33	54
Minority interest	0	0	0	0	0
Equity earnings from affiliates	47	47	77	82	70
Extra items	(4)	31	(1)	(2)	(6)
Net profit (loss)	86	101	114	113	119
Reported EPS	0.14	0.17	0.18	0.18	0.19
Fully diluted EPS	0.11	0.13	0.15	0.15	0.16
Core net profit	89	70	115	115	125
Core EPS	0.15	0.11	0.19	0.19	0.20
EBITDA	79	64	65	62	59

KEY RATIOS

Gross margin (%)	21.4	19.7	14.5	16.1	20.0
EBITDA margin (%)	12.4	10.6	6.1	8.4	8.2
Operating margin (%)	8.4	6.5	3.9	5.5	8.2
Net margin (%)	13.4	16.6	10.8	15.1	16.5
Core profit margin (%)	13.9	11.6	10.9	15.5	17.3
BV (Bt)	2.5	2.6	2.8	3.0	3.1
ROE (%)	22.7	25.8	26.1	24.3	24.9
ROA (%)	12.8	14.0	15.4	14.3	14.8
Current ratio (x)	3.1	2.8	3.0	4.0	3.6
Gearing ratio (x)	0.5	0.5	0.4	0.5	0.5
Interest coverage (x)	0.2	0.2	0.1	0.2	0.2

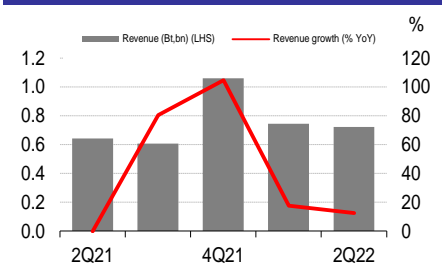
QUARTERLY BALANCE SHEET (Btm)

Cash & Equivalent	107	196	168	172	279
Accounts receivable	538	677	801	628	594
Inventory	1	1	1	1	2
PP&E-net	198	192	191	185	182
Other assets	1,836	1,805	1,788	2,165	2,167
Total assets	2,680	2,872	2,950	3,151	3,223
Accounts payable	327	436	488	319	315
ST debts & current portion	409	352	278	292	387
Long-term debt	407	420	339	591	533
Other liabilities	28	105	100	94	71
Total liabilities	1,172	1,313	1,205	1,296	1,307
Paid-up capital	305	305	310	310	320
Share premium	709	709	771	771	882
Retained earnings	382	382	50	50	50
Shareholders equity	1,509	1,559	1,745	1,855	1,916
Minority interests	0	0	0	0	0
Total Liab.&Shareholders' equity	2,680	2,872	2,950	3,151	3,223

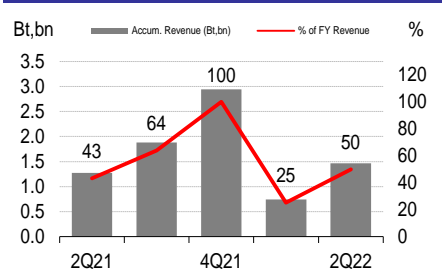
Company profile

Triple i Logistics Plc is a total logistics service provider. The firm offers carrier and freight forwarding services for international and domestic air freight, sea freight, inland transport, and logistics and supply chain management. The firm has four business units—air freight, sea freight & inland transport, logistics management, and chemical & specialty logistics.

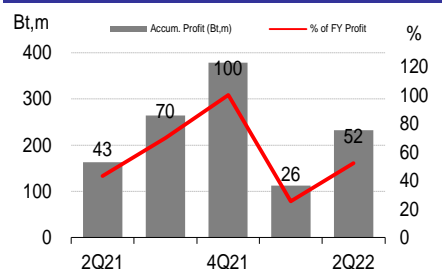
Revenue trend



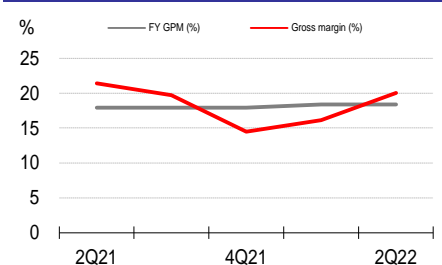
Revenue trend (accumulated)



Net profit trend (accumulated)



Gross profit margin



EBIT margin

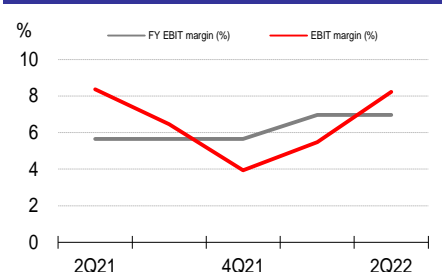


Figure 1 : 2Q22 results

FY Ended 31 Dec (Btm)	2Q22	2Q21	YoY %	1Q22	QoQ %	6M22	6M21	YoY %	6M22 vs. FY22E	
Income Statement										
Revenue	722	642	13	745	(3)	1,467	1,275	15	50	•Revenue expanded YoY, led by heavier sea and air freight business
Cost of sales and services	(577)	(504)	14	(625)	(8)	(1,202)	(1,020)	18	50	
EBITDA	59	79	(25)	62	(5)	122	137	(11)	40	
SG&A	(85)	(84)	2	(79)	8	(164)	(169)	(3)	49	
EBIT	59	54	11	41	45	100	85	18	49	
Interest expense	(9)	(7)	19	(9)	2	(18)	(14)	21	53	•Revenue declined QoQ, due to the impact of lockdowns in China
Other income/exp.	20	2	872	10	106	30	6	384	67	
Equity earnings from affiliates	70	47	51	82	(15)	153	100	53	55	
Extra items	(6)	(4)	nm	(2)	125	(8)	(0)	nm	321	
EBT	71	48	46	42	68	113	77	47	52	
Corporate tax	(16)	(6)	191	(9)	75	(26)	(13)	93	50	•Equity earnings rose YoY, led by higher profits at ANI and DG Packaging
Minority interest	0	0	nm	0	nm	0	0	nm	n.m.	
Net profit (loss)	119	86	39	113	6	232	163	42	52	
Reported EPS	0.19	0.14	36	0.18	6	0.37	0.27	39	52	
Core net profit	125	89	40	115	8	240	164	47	54	
Key ratios										
Gross margin (%)	20.0	21.4		16.1		18.1	19.9			•Equity earnings declined QoQ, due to a lower profit at SAL
EBITDA margin (%)	8.2	12.4		8.4		8.3	10.8			
EBIT margin (%)	8.2	8.4		5.5		6.8	6.7			
SG&A / Revenue (%)	11.8	13.1		10.6		11.2	13.3			
Tax rate (%)	23.0	11.6		22.2		22.7	17.3			
Net margin (%)	16.5	13.4		15.1		15.8	12.8			•Both NPAT and core profit beat our estimates
Current ratio (x)	3.6	3.1		4.0		3.6	3.1			
Gearing ratio (x)	0.5	0.5		0.5		0.5	0.5			
Interest coverage (x)	0.2	0.2		0.2		5.7	5.9			
Balance Sheet										
Cash & Equivalent	279	107	160	172	62					
Total assets	3,223	2,680	20	3,151	2					
ST debts & current portion	387	409	(5)	292	33					
Long-term debt	533	407	31	591	(10)					
Total liabilities	1,307	1,172	12	1,296	1					
Retained earnings	50	382	(87)	50	0					
Shareholders equity	1,916	1,509	27	1,855	3					
Minority interests	0	0	nm	0	nm					
BV (Bt)	3.1	2.5	25	3.0	3					

Source: Bualuang Research estimates

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BCH	BTS	CK	SCC	STEC	TISCO	TRUE	TU	INTUCH	RATCH	VGI	SCGP	TQM	COM7	DOHOME
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CG Rating

Score Range

90 – 100
80 – 89
70 – 79
60 – 69
50 – 00359
Below 50

Score Range



No logo given

Description

Excellent
Very Good
Good
Satisfactory
Pass
N/A

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BUY: Expected positive total returns of 15% or more over the next 12 months.

HOLD: Expected total returns of between -15% and +15% over the next 12 months.

SELL: Expected negative total returns of 15% or more over the next 12 months.

TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

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