

5 August 2021

Company Note

Rating

BUY

(Unchanged)

Company

JWD Infologistics

Bloomberg

JWD TB

SET

JWD

Exchange

SET

Sector

Thai Transportation

Net profit before extras projected at 2x YoY and +18% QoQ

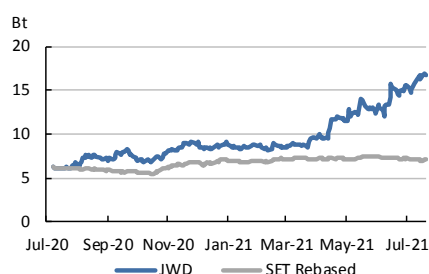
12mth price target (THB) 20.00

Current price (04/08/2021)	16.80
Upside/Downside	19%
CG rating	5
ESG rating	-
Thai CAC	n/a

Share summary

Issued shares :	(m shrs)	1,020.0
Market capitalization:	(THB bn)	17.1
	(USD bn)	0.5
Avg. Daily Turnover:	(THBm)	83.9
	(USDm)	2.6
Foreign Limit/Actual	(%)	49/5
Free Float:	(%)	41.2
NVDR:	(%)	1.5

Share price / rel. to SET



Source: Bloomberg Finance LP

Performance (%)	1m	3m	12m
JWD	10.53	43.59	177.69
SET	(2.07)	(0.22)	15.50

Major Shareholders

	%
Bunditkrisada family	42.68
Nimitpanya family	16.43
Hongkong and Shanghai Banking Corp.	4.32

Source: SET

Rasmiman Sermprasert

(ID: 018175)

(66) 2633 6421

rasmiman@tisco.co.th

Expect impressive 2Q21F earnings with sustained growth momentum

We are upbeat on JWD's 2Q prospects, expecting to see net profit double YoY before extra items (+18% QoQ). All businesses are expected to grow while additional JV in the transportation business (VNS Transport), bigger non-controlling interest in EMLOG, and solid equity income contribution from Transimex should also help. We maintain our 2021-23F revenue and earnings forecasts as well as our TP of Bt20.00. Buy reiterated.

2Q21F revenue growth of 35% YoY and 12% QoQ expected

JWD's cold storage, general warehouse, automotive, and transport businesses (fleet and barge terminal) should all book decent 2Q growth YoY and QoQ. For Dangerous Goods business, we anticipate solid growth YoY but more sideways QoQ performance. Overall GPM should be stable YoY and QoQ at 24% while SG&A to sales is projected to fall YoY but remain flat QoQ. Equity income from JV investments is expected to rise by 11% YoY and 20% QoQ, mainly from Transimex. We expect a gain of cBt10m from the sale of JWD Navanakorn to the AIMIRT.

2021-31F earnings maintained

We maintain our revenue and earnings forecasts. Our assumptions for gross profit margin and SG&A to sales ratio are also unchanged.

Unchanged target price of Bt20.00 is based on DCF method

Our unchanged TP of Bt20.00 is based on DCF and supported by the company's secured long-term revenue concessions, occupancy rates, and improving profit margins. Our assumptions include a WACC of 6.3%, CoE of 10.2%, Rf of 1.1%, market-risk premium of 8.4%, beta of 1.1x, average CoD of 4%, and terminal growth rate of 1%. Key risks include sudden concession termination, difficulty acquiring land bank or leasing assets, and delay in M&A.

Forecasts and ratios

Year ended Dec 31	2019	2020	2021F	2022F	2023F
Revenue (THBm)	3,562	3,858	4,557	5,079	5,349
EBITDA (THBm)	853	1,161	1,333	1,629	1,728
Net profit (THBm)	363	290	435	633	689
EPS (THB)	0.36	0.28	0.43	0.62	0.68
EPS (% YoY)	61.6%	-20.1%	50.1%	45.5%	8.8%
EPS vs Cons (%)	-	-	(3)	7	-
PER (X)	23.8	24.6	39.4	27.1	24.9
Yield (%)	1.5	1.3	1.5	2.2	2.4
P/BV (X)	5.0	5.5	5.2	4.8	4.5
EV/EBITDA (X)	13.2	10.1	15.8	13.1	12.6
ROE (%)	11.0	8.9	13.6	18.6	18.7

Source: Company data, TISCO Research estimates

JWD 2Q21F Preview

Figure 1. JWD 2Q21F Preview

Bt,m	2Q21F	2Q20	% YoY	1Q21	% QoQ
Revenue	1,177	874	34.7%	1,050	12.1%
Cost of revenue	894	660	35.5%	798	12.0%
Gross Profit	283	214	32.3%	251	12.5%
SG&A	161	164	-1.5%	144	12.1%
Share of profit of investments in JV	35	31	10.6%	29	20.0%
EBIT	175	95	83.9%	155	12.7%
EBITDA	425	256	65.9%	399	6.5%
Financial cost	47	48	-2.5%	47	0.0%
Net Profit before Tax	128	47	173.2%	108	18.2%
Income tax expenses	14	2	767.1%	12	18.2%
Net profit before extra items	114	48	137.4%	97	18.1%
Extra items	10	-	n.a.	44	-77.3%
Net profit	124	48	158.2%	141	-11.7%
EPS (Bt)	0.12	0.05	158.2%	0.14	-11.7%
Gross Margin (%)	24.0%	24.5%		23.9%	
SG&A expenses to sales ratio (%)	13.7%	18.7%		13.7%	
Net Profit Margin (%)	10.6%	5.5%		13.4%	

Source: Company data

JWD Infologistics

Rating : BUY

Bloomberg: JWD TB

Target price (THB)

20.00

Current Price (THB)

16.80

52-week Range

6.05 - 16.9

Market Capitalization

THBm

17,136

USDm

521

Fiscal year end 31-Dec

2019

2020

2021F

2022F

2023F

Income Statement (THBm)

Sales and Service Incomes	3,562	3,858	4,557	5,079	5,349
Cost of Sales and Services	2,566	2,898	3,488	3,880	4,058
Gross Profit	996	960	1,069	1,199	1,291
S&A Expenses	698	644	685	716	754
Interest Expense	107	191	191	174	190
Net Result of Inv. in Asso.	115	117	128	232	256
Other Income	98	65	75	94	99
Income Tax from Operations	47	25	66	110	120
Net (Profit) Loss of M.I.	10	8	8	8	8
Net Profit before Extra. Items	368	290	381	633	689
Extra items	(5)	0	54	0	0
Net Profit	363	290	435	633	689

Cash Flow (THBm)

Net Profit	363	290	435	633	689
Depreciation and Amortization	354	371	388	404	421
Change in working capital	(43)	(35)	(22)	(20)	(18)
Cash flow from operations (CFO)	707	773	837	890	933
Investment	0	0	0	0	0
Capex	(881)	(896)	(907)	(918)	(929)
Cash Flows from Investing (CFI)	(881)	(896)	(907)	(918)	(929)
Debt financing	300	300	250	250	200
Dividend paid	(158)	(175)	(188)	(202)	(212)
Share capital and premium	0	0	0	0	0
Cash Flows from Financing (CFF)	142	125	62	48	(12)
Net cash increase/Decrease	(32)	3	(8)	20	(8)

Balance Sheet (THBm)

Current Assets	1,687	1,799	1,853	1,933	1,986
Current Liabilities	1,512	1,587	1,628	1,668	1,710
Total Assets	7,819	9,474	10,451	10,382	11,115
Total Liabilities	4,549	6,222	6,977	6,655	7,113
Minority Interest	120	133	187	187	187
Total Equity	3,427	3,252	3,474	3,727	4,003
Paid-up Capital	510	510	510	510	510
Share Premium	1,336	1,336	1,336	1,336	1,336
Warrant	0	0	0	0	0
Retained Earnings	969	455	629	883	1,158
Equity Adjustment	(193)	(193)	(193)	(193)	(193)

Key Company Metrics

Sales growth (%)	11.0	8.3	18.1	11.5	5.3
Net Profit growth (%)	61.6	(20.1)	50.1	45.5	8.8
Gross Margin (%)	28.0	24.9	23.5	23.6	24.1
SG&A to sale (%)	19.6	16.7	15.0	14.1	14.1
EBITDA Margin (%)	23.9	30.1	29.2	29.2	29.2
Net Margin (%)	10.2	7.5	9.6	12.5	12.9
ROE (%)	11.7	12.1	12.1	12.1	11.8
ROA (%)	5.9	5.9	5.9	5.9	5.8
Net debt/equity (x)*	0.8	0.9	0.7	0.7	0.8
Net interest cover (x)	9.0	5.5	5.9	6.9	6.6

* Net debt/equity excluded liabilities related to leases according to the loan agreements

Key Assumptions

Revenue Breakdown (%)					
- Logistics and supply chain	78.1	69.7	65.3	62.8	63.0
- Food services	17.7	26.0	23.3	21.9	21.8
- Other business	4.3	4.3	11.4	15.3	15.2

Quarterly Results (THBm)

	1Q20	2Q20	3Q20	4Q20	1Q21
Sales and Service Incomes	943	874	981	1,060	1,050
Cost of Sales and Services	683	660	747	814	798
Gross Profit	260	214	235	246	251
S&A Expenses	150	164	160	170	144
Interest Expense	51	48	43	48	47
Net Result of Inv. in Asso.	25	31	31	30	29
Other Income	23	14	13	15	19
Income Tax from Operations	16	2	4	4	12
Net (Profit) Loss of M.I.	3	3	2	3	1
Net Profit before Extra. Items	91	45	70	76	96
Extra items	0	0	0	0	44
Net Profit	93	48	73	76	141

Source: Company data, TISCO Research estimates

Company profile

Founded in 1979, JWD Group of Companies has 18 subsidiaries and operates warehouses and yards covering a total storage space of approximately 800,000 sqm. The Group currently employs 1,300 staff and has branch offices in 32 countries. JWD has expertise in logistics and supply chain management. Its services cover three industry sectors that drive the country's economy including Automotive and parts, Chemicals and dangerous goods and Food and cold chain.

Valuation

Target price is based on DCF and supported by the company's secured long-term revenue (concessions) and improving profit margins. Our assumptions include a WACC of 6.3%, CoE of 10.2%, Rf of 1.1%, market-risk premium of 8.4%, beta of 1.1x, average CoD of c4% and terminal growth rate of 1%.

Risk

Key downside risks: 1) Key risks include sudden concession termination, 2) difficulty acquiring land bank or leasing assets, and 3) delay in new M&A/JV projects.

Rasmiman Sermprasert
+66 (2) 633 6421
rasmiman@tisco.co.th

TISCO Securities Company Limited

www.tiscosec.com

Bangkok

48/8 TISCO Tower 4th Floor, North Sathorn Road,
Bangkok 10500, Thailand
Tel : (66) 2633 6000 Ext.5 Fax : (66) 2633 6490, (66) 2633 6660

Chiang Mai

275/4, 2nd Floor, Chang Phuak Road, Chang Phuak,
Muang District, Chiang Mai 50300
Tel. 0 5322 4722 Fax. 0 5322 4711

Nakhon Pathom


386, 388 Petchkasem Road, Prapatone, Muang District,
Nakhon Pathom 73000
Tel: 0 3414 2000 Fax: 0 3425 1676

Nakhon Ratchasima

1936/3 Zone A, Mittraphap Road, Naimuang,
Muang District, Nakhon Ratchasima 30000
Tel: 0 4425 7752 Fax: 0 4425 3752

Udon Thani

227/1 Soi Udondussadee 3, Udondussadee Road,
Muang District, Udon Thani 41000
Tel: 0 4224 6888 Fax: 0 4224 5793

 Corporate Governance Report of Thai Listed Companies 2020	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 November 19, 2020) 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 November 19, 2020)

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, TISCO Securities Company Limited does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.

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.

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable but their accuracy completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information then known to us, and in our opinion are fair and reasonable in the circumstances prevailing at the time. Expressions of opinion contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. TISCO and other companies in the TISCO Group and/or their officers, directors and employees may have positions and may affect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for these companies. No person is authorized to give any information or to make any representation not contained in this document and any information or representation not contained in this document must not be relied upon as having been authorized by or on behalf of TISCO. This document is for private circulation only and is not for publication in the press or elsewhere. TISCO accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or its content. The use of any information, statements forecasts and projections contained herein shall be at the sole discretion and risk of the user.