

Thai Tap Water Supply Pcl.

January 31, 2025

TTW

คาดการณ์ไตรมาส 4/67 จะ
ลดลงจากผลกระทบครั้งเดียว

OUTPERFORM

Maintain Rating

Valuation: SOTP

Sector: Energy & Utilities
Market Cap: Bt35,910mn
30-day avg turnover: Bt18.60mn

Target Price/Upside: Bt10.30/15.08%

Maintain Target Price

Price (Jan 30, 2025) Bt8.95

No. of shares on issue: 3,990mn
CG Scoring (IOD-Y2023): Excellent
Anti-Corruption Indicator: N/A

Investment fundamentals

Year end Dec 31	2023A	2024E	2025E	2026E
Company Financials				
Revenue (Btmn)	5,709	4,984	5,078	5,183
Core profit (Btmn)	2,932	2,753	2,994	3,111
Net profit (Btmn)	2,932	2,753	2,994	3,111
Net EPS (Bt)	0.73	0.69	0.75	0.78
DPS (Bt)	0.60	0.60	0.60	0.60
BVPS (Bt)	3.82	3.91	4.06	4.24
Net EPS growth (%)	-1.17	-6.10	8.73	3.93
ROA (%)	14.11	13.52	15.05	16.01
ROE (%)	19.58	17.86	18.83	18.79
Net D/E (x)	0.09	0.03	N/A	N/A
Valuation				
P/E (x)	12.45	13.19	12.13	11.67
P/BV (x)	2.40	2.33	2.24	2.15
EV/EBITDA (x)	8.47	9.79	9.12	8.73
Dividend yield (%)	6.56	6.59	6.59	6.59

Investment Topics

- ▶ **คาดการณ์ไตรมาส 4/2567 จะลดลงทั้ง YoY และ QoQ** เราคาดว่า TTW จะรายงานกำไรสุทธิไตรมาส 4/2567 ที่ 712 ลบ. ลดลง 14% YoY และ 22% QoQ กำไรที่ปรับตัวลงเชิง YoY สาเหตุหลักเกิดจากการไม่มีผลประโยชน์ทางภาษีจากการโอนที่ดินในการประชาสัมพันธ์ (กปภ.) จำนวน 73 ลบ. ขณะที่การลดลงเชิง QoQ เกิดจากส่วนแบ่งกำไรจาก CKP ซึ่งเป็นบริษัทร่วมที่การคาดการณ์ว่าจะลดลง 203 ลบ. เนื่องจาก CKP มีแนวโน้มที่จะรายงานผลขาดทุนจากอัตราแลกเปลี่ยนในไตรมาส 4 แทนที่จะเป็นกำไรอย่างไตรมาส 3
- ▶ **คาดการณ์กำไรจากการขายน้ำประปาจะทรงตัวทั้ง YoY และ QoQ** หากไม่รวมส่วนแบ่งกำไรจากการดำเนินงานของ CKP และผลประโยชน์ทางภาษีจากการโอนที่ดินให้ กปภ. เราคาดว่ากำไรจะทรงตัวทั้ง YoY และ QoQ ที่ 618 ลบ. ปริมาณการขายเพิ่มขึ้นอย่างมีนัยสำคัญที่ 9% YoY เป็น 79 ลบ. แต่กำไรยังคงทรงตัว YoY ตามกรราคาขายเฉลี่ยที่ลดลงจาก 17.5 บาท/CUM เป็น 16 บาท/CUM จากการเจรจาเรื่องราคากับ กปภ. ขณะเดียวกัน ผลประกอบการที่ทรงตัวเชิง QoQ สะท้อนถึงการเติบโตของปริมาณการขายที่ทรงตัวเช่นกัน เนื่องจากการขยายตัวต่อไปน่าจะขึ้นอยู่กับปัจจัยหลังจากการลดลง ตัวอย่างเช่น ส่วนแบ่งการตลาดของ PTW เติบโตจาก 77% ในปี 2566 เป็น 86% ในปี 2567

Valuation and Recommendation

- ▶ **คงคำแนะนำ "ซื้อ" และราคาเป้าหมายที่ 10.30 บาท** จากเงินปันผลที่น่าสนใจ การประเมินมูลค่าหุ้น TTW ของเราอิงตามแบบจำลองส่วนลดเงินปันผล โดยใช้ส่วนลดที่ 8% ซึ่งได้ราคาเป้าหมายที่ 8.3 บาท บวกเพิ่มอีก 2 บาทสำหรับ CKP ซึ่งเป็นบริษัทร่วมที่ TTW ถือหุ้นอยู่ 25% นอกจากนี้ เรายังคาดว่าบริษัทฯ จะคงเงินปันผลต่อหัวที่ 0.6 บาท ซึ่งสะท้อนถึงอัตราการจ่ายเงินปันผลที่ 90% (ไม่รวมส่วนแบ่งกำไรจาก CKP) คิดเป็นอัตราผลตอบแทนเงินปันผลต่อปีที่ 6-7%

Analyst

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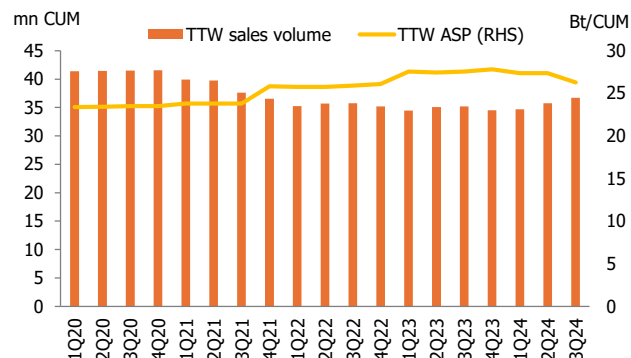
Assistant Analyst

Chitsanupong Chaopaknam

	4Q23	1Q24	2Q24	3Q24	4Q24E	%YoY	%QoQ	2024E	% change
Financials									
Sales (Btmn)	1,266	1,221	1,248	1,258	1,257	-0.7	-0.1	4,984	-12.7
EBITDA (Btmn)	945	947	930	946	946	0.1	-0.1	3,769	-15.7
Operating profit (Btmn)	800	801	779	797	796	-0.6	-0.1	3,172	-3.6
Core profit (Btmn)	826	503	623	916	712	-13.8	-22.2	2,753	-6.1
Net profit (Btmn)	826	503	623	916	712	-13.8	-22.2	2,753	-6.1
Net EPS (Bt)	0.21	0.13	0.16	0.23	0.18	-13.8	-22.2	0.69	-6.1
Performance Drivers									
Volume-TTW (mn CUM)	35	35	36	37	37	6.9	0.3	144	3.5
Volume-PTW (mn CUM)	36	37	40	40	40	10.8	-0.2	157	12.9
Share of profit (Btmn)	136	-115	18	297	94	-30.5	-68.3	295	-19.2
Ratios									
						Change		2024E	Change
Gross margin (%)	81.1	80.1	78.3	78.2	78.5	-2.6	0.3	78.8	-3.0
EBITDA margin (%)	74.6	77.6	74.5	75.2	75.2	0.6	0.0	75.6	-2.7
Optg. margin (%)	63.2	65.7	62.4	63.3	63.3	0.1	-0.0	63.7	6.0
ROE (%)	22.3	13.0	16.2	24.4	18.5	-3.8	-5.8	17.8	-1.7

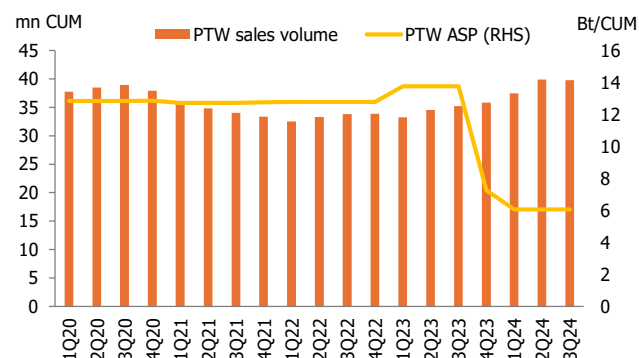
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Fig 1 TTW's sales volume and average selling price



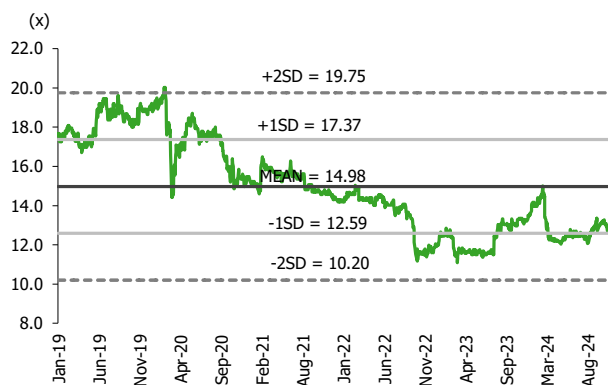
Source: Company Data, KS Research

Fig 2 PTW's sales volume and average selling price



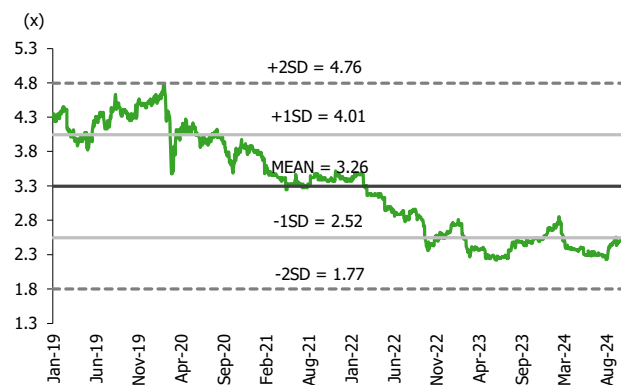
Source: Company Data, KS Research

Fig 3 PER band



Source: LSEG

Fig 4 PBV band



Source: LSEG

KS ESG analysis: TTW PCL

LSEG ESG score: C Source: LSEG
SETESG score: AA
THSI certified: No
DJSI certified: No

2023 Awards

- Sustainability Disclosure Award 2023
- Quality persons of the year 2023
- Certified as a level 3 green industry

Company overview

- TTW Public Company Limited is a Thailand-based company, which is engaged in the production and sale of treated water to the Provincial Waterworks Authority (PWA) in the vicinity of West Bangkok.

Analyst opinion

- TTW has shown fair governance but still has areas to improve in both environmental and social aspects. The company does well in water management but needs to get better at managing energy use and reducing greenhouse gas emissions. On the social side, the company takes good care of its employees, with no injuries causing lost time and more money spent on employee training.

Environmental

(LSEG E score: C-)

	unit	2022	2023
1. Water passed standard	%	100	100
2. Water recycling	mn.m3	6.66	7.46
3. Energy intensity	kWH/m3	0.52	0.61
4. Violated of environmental laws	case	0	0
5. Greenhouse gas emission	tCO2e	83,229	92,965

Analyst comment

- TTW has proven to be a reliable water producer, with 100% of its water meeting quality standards and no violations of environmental laws. The company has increased water recycling by almost 15% in 2023, which not only demonstrates environmental responsibility but also boosts revenue through its water treatment operations. However, the company has faced challenges with worsening energy intensity and higher greenhouse gas emissions.

Social

(LSEG S score: C)

	unit	2022	2023
1. Staff age > 50 years	%	3	4
2. Employee turnover rate	%	0	0
3. Gender diversity	% female	17	17
4. Permanent employees	%	100	100
5. Employee investment	k.baht/person	512	546

Analyst comment

- The percentage of aging employees is relatively low compared to other companies. Gender diversity is around one-fifth, which is consistent with the nature of the business. The company employs 100% permanent staff, helping to stabilize employee income. Additionally, it continues to increase investment in employee training.

Governance

(LSEG G score: B-)

	unit	2022	2023
1. % of independent directors	%	33	33
2. Lost time injury workforce	cases/mn work t	0	0
3. CEO duality		FALSE	FALSE
4. Data breach	case	0	0
5. CGR rating		Excellence	Excellence

Analyst comment

- The company has a low proportion of independent board members. However, it strictly complies with all relevant laws and regulations, as evidenced by its record of zero data breaches. Lost-time injury cases have remained at zero. Furthermore, the CEO does not hold the position of chairman of the board, helping to reduce potential conflicts of interest.

Materiality assessment



Year-end 31 Dec

Income Statement (Btmn)						Cashflow (Btmn)					
	2022A	2023A	2024E	2025E	2026E		2022A	2023A	2024E	2025E	2026E
Revenue	5,575	5,709	4,984	5,078	5,183	Net profit	2,967	2,932	2,753	2,994	3,111
Cost of sales and services	-901	-1,040	-1,059	-1,053	-1,076	Depreciation & amortization	1,320	1,177	596	599	614
Gross Profit	4,674	4,670	3,925	4,025	4,106	Change in working capital	-448	519	38	-5	-6
SG&A	-289	-318	-290	-286	-292	Others	296	868	-24	-25	-25
Other income	117	118	133	116	117	CF from operation activities	4,135	5,497	3,363	3,563	3,695
EBIT	3,804	3,689	3,510	3,765	3,855	Capital expenditure	286	-525	-109	-176	-176
EBITDA	4,502	4,469	3,769	3,856	3,932	Investment in subs and affiliates	-429	-179	-122	-287	-316
Interest expense	-169	-147	-134	-127	-77	Others	-	-	-	-	-
Equity earnings	609	365	295	490	519	CF from investing activities	-142	-703	-232	-463	-492
EBT	3,635	3,542	3,376	3,638	3,778	Cash dividend	-2,394	-2,394	-2,394	-2,394	-2,394
Income tax	-657	-596	-614	-629	-652	Net proceeds from debt	-1,565	-1,666	-49	-1,775	-451
NPAT	2,979	2,946	2,762	3,008	3,126	Capital raising	-	-	-	-	-
Minority Interest	-12	-14	-9	-15	-15	Others	-	-	-	-	-
Core Profit	2,967	2,932	2,753	2,994	3,111	CF from financing activities	-3,959	-4,060	-2,443	-4,169	-2,845
Extraordinary items	-	-	-	-	-	Net change in cash	34	734	688	-1,069	358
FX gain (loss)	-	-	-	-	-	Key Statistics & Ratios					
Reported net profit	2,967	2,932	2,753	2,994	3,111	Per share (Bt)					
Balance Sheet (Btmn)						Reported EPS	0.74	0.73	0.69	0.75	0.78
Cash & equivalents	62	595	1,282	213	571	Core EPS	0.74	0.73	0.69	0.75	0.78
Accounts receivable	512	467	408	415	424	DPS	0.60	0.60	0.60	0.60	0.60
Inventories	28	30	27	27	27	BV	3.69	3.82	3.91	4.06	4.24
Total current assets	4,392	3,545	4,200	3,164	3,555	EV	9.67	9.49	9.25	8.81	8.60
Investment in subs & others	6,648	6,827	6,949	7,236	7,552	Free Cash Flow	0.01	0.18	0.17	-0.27	0.09
Fixed assets-net	10,440	9,788	9,301	8,878	8,439	Valuation analysis					
Total assets	21,490	20,277	20,568	19,395	19,664	Reported P/E (x)	12.10	12.45	13.19	12.13	11.67
Short-term debt	1,671	673	2,087	451	1,054	Core P/E (x)	8.38	8.88	10.84	10.11	9.75
Accounts payable	146	153	134	137	139	P/BV (x)	2.44	2.40	2.33	2.24	2.15
Total current liabilities	2,200	1,115	2,510	877	1,482	EV/EBITDA (x)	8.57	8.47	9.79	9.12	8.73
Long-term debt	4,324	3,657	2,193	1,054	0	Price/Cash flow (x)	1,063	49.77	52.81	-33.97	101.44
Total liabilities	6,740	4,996	4,927	3,154	2,706	Dividend yield (%)	6.67	6.56	6.59	6.59	6.59
Paid-up capital	3,990	3,990	3,990	3,990	3,990	Profitability ratios					
Share premium	2,638	2,638	2,638	2,638	2,638	Gross margin (%)	83.85	81.79	78.76	79.27	79.23
Retained earnings	8,812	9,356	9,715	10,315	11,032	EBITDA margin (%)	80.75	78.28	75.62	75.93	75.87
Minority interests	41	42	42	42	42	EBIT margin (%)	68.23	64.61	70.41	74.14	74.38
Total shareholders' equity	14,750	15,282	15,641	16,241	16,958	Net profit margin (%)	53.43	51.61	55.42	59.24	60.32
Total equity & liabilities	21,490	20,277	20,568	19,395	19,664	ROA (%)	13.54	14.11	13.52	15.05	16.01
Key Assumptions						ROE (%)	20.56	19.58	17.86	18.83	18.79
Tap Water Production						Liquidity ratios					
Capacity- Water (k CUM/day)	1,094	1,094	1,094	1,094	1,094	Current ratio (x)	2.00	3.18	1.67	3.61	2.40
Volume-water (k CUM/day)	776	783	846	861	874	Quick ratio (x)	1.76	3.13	1.65	3.55	2.36
Utilization rate (%)	70.95	71.54	77.30	78.66	79.87	Leverage Ratios					
Average Selling Price (Bt/CUM)						D/E ratio (x)	0.46	0.33	0.31	0.19	0.16
- TTW	25.87	27.59	26.74	26.70	26.94	Net debt/EBITDA (x)	0.18	0.09	0.03	N/A	N/A
- PTW	12.79	12.09	6.06	6.11	6.15	Net debt/equity (x)	0.58	0.29	0.14	N/A	N/A
- BIE	24.75	24.75	24.93	24.93	24.93	Int. coverage ratio (x)	22.55	25.13	26.28	29.59	50.20
						Growth					
						Revenue (%)	-1.89	2.41	-12.70	1.88	2.06
						EBITDA (%)	-3.97	-0.73	-15.67	2.31	1.98
						Reported net profit (%)	-4.41	-1.17	-6.10	8.73	3.93
						Reported EPS (%)	-4.41	-1.17	-6.10	8.73	3.93
						Core profit (%)	-4.41	-1.17	-6.10	8.73	3.93
						Core EPS (%)	-4.41	-1.17	-6.10	8.73	3.93

Source: Company, KS estimates

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Neutral: Expected total return between -10% and 10% within a 12-month period

Underperform: Expected total return of -10% or worse within a 12-month period

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