

TTW Pcl.

May 14, 2025

TTW

1Q25 earnings beat our estimate slightly

OUTPERFORM

Maintain Rating

Valuation: SOTP
Target Price/Upside:
Bt9.80/10.11%

Maintain Target Price

Price (May 13, 2025)
Bt8.90

Sector: Energy & Utilities

No. of shares on issue:

3,990mn

Market Cap: Bt35,511mn

CG Scoring (IOD-Y2023):

Excellent

30-day avg turnover: Bt14.04mn

Anti-Corruption Indicator:

N/A

Investment fundamentals

Year end Dec 31	2024A	2025E	2026E	2027E
Company Financials				
Revenue (Btmn)	4,984	5,078	5,183	5,283
Core profit (Btmn)	2,790	2,994	3,111	3,221
Net profit (Btmn)	2,790	2,994	3,111	3,221
Net EPS (Bt)	0.70	0.75	0.78	0.81
DPS (Bt)	0.60	0.60	0.60	0.60
BVPS (Bt)	3.93	4.07	4.25	4.46
Net EPS growth (%)	-4.84	7.29	3.93	3.54
ROA (%)	13.83	15.18	15.98	16.52
ROE (%)	18.05	18.76	18.75	18.55
Net D/E (x)	0.06	N/A	N/A	N/A
Valuation				
P/E (x)	13.01	11.86	11.41	11.02
P/BV (x)	2.32	2.19	2.09	2.00
EV/EBITDA (x)	9.87	8.91	8.53	8.14
Dividend yield (%)	6.59	6.74	6.74	6.74

Investment Topics

- **TTW reported 1Q25 earnings of Bt671mn (+33% YoY, -11% QoQ).** The result beat our estimate by 6%, mainly due to a higher-than-expected GPM by 0.9 ppt thanks to lower electricity costs. The YoY earnings increase and QoQ contraction were attributed to the share of profit from CKP of Bt17mn (vs. a loss of Bt115mn in 1Q24 and a profit of Bt135mn in 4Q24).
- **Strong margin of tap water business.** Excluding share of profit from CKP, earnings from the tap water business reached Bt653mn (+6% YoY and QoQ). This growth was supported by a robust GPM of 81.5 ppt (+1.4 ppt YoY, +1.2 ppt QoQ), driven by efficiency improvements in water distribution centers since 2Q24 and a 1% rise in average selling price to Bt16.2/CUM, reflecting CPI-based adjustments.
- **Expect 2Q25 earnings to grow YoY and QoQ.** We believe the improvement will be driven by a YoY increase in share of profit from CKP, supported by higher water inflows as the climate shifts from El Niño in 2Q24 to an ENSO-neutral pattern. On a QoQ basis, earnings should also benefit from the start of the rainy season.

Valuation and Recommendation

- **Maintain Outperform rating with a YE2025 TP of Bt9.80.** Our TTW valuation is based on an SOTP methodology with an 8% discount rate, yielding a target price of Bt8.3, plus Bt1.5 from its 25% stake in CKP. We maintain Outperform rating due to a total shareholder return (TSR) of 17% with its consistent dividend of Bt0.6/share.

Analyst

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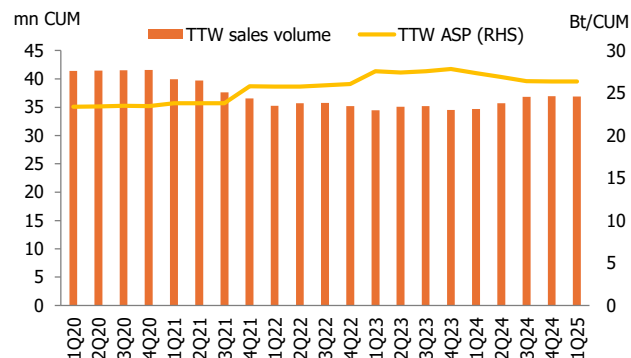
Assistant Analyst

Chitsanupong Chaopaknam

	1Q24	2Q24	3Q24	4Q24	1Q25	%YoY	%QoQ	1Q25E	% Var	%YTD2025	2025E
Financials											
Sales (Btmn)	1,221	1,248	1,258	1,258	1,251	2.5	-0.5	1,250	0.1	25.1	5,078
EBITDA (Btmn)	947	930	946	951	982	3.7	3.2	971	1.1	26.0	3,856
Operating profit (Btmn)	801	779	797	794	839	4.7	5.6	814	3.1	26.5	3,256
Core profit (Btmn)	503	623	916	750	671	33.3	-10.5	631	6.4	24.0	2,994
Net profit (Btmn)	503	623	916	750	671	33.3	-10.5	631	6.4	24.0	2,994
Net EPS (Bt)	0.13	0.16	0.23	0.19	0.17	33.3	-10.5	0.16	6.4	24.0	0.75
Performance Drivers											
Volume-TTW (mn CUM)	35	36	37	37	37	6.4	-0.2	37	0.0	25.2	146
Volume-PTW (mn CUM)	37	40	40	40	39	2.8	-2.9	39	0.0	24.1	160
Share of profit (Btmn)	-115	18	297	135	18	115.3	-87.0	2	604.6	3.6	490
Ratios											
						Change				Avg YTD	2025E
Gross margin (%)	80.1	78.3	78.2	80.3	81.5	1.4	1.2	80.6	0.9	81.5	79.3
EBITDA margin (%)	77.6	74.5	75.2	75.6	78.5	0.9	2.9	77.7	0.8	78.5	75.9
Optg. margin (%)	65.7	62.4	63.3	63.2	67.1	1.4	3.9	65.1	2.0	67.1	64.1
ROE (%)	13.0	16.2	24.4	19.5	17.1	4.1	-2.4	16.1	1.0	17.1	18.7

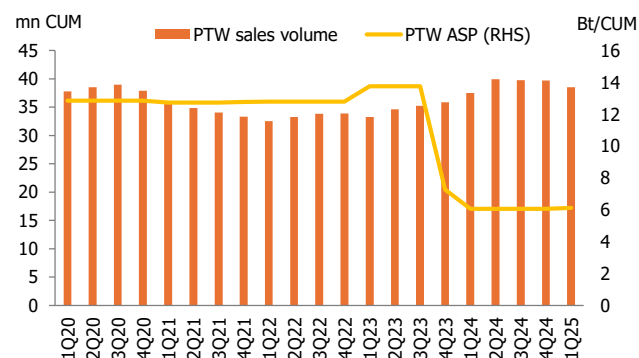
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Fig 1 TTW's sales volume and average selling price



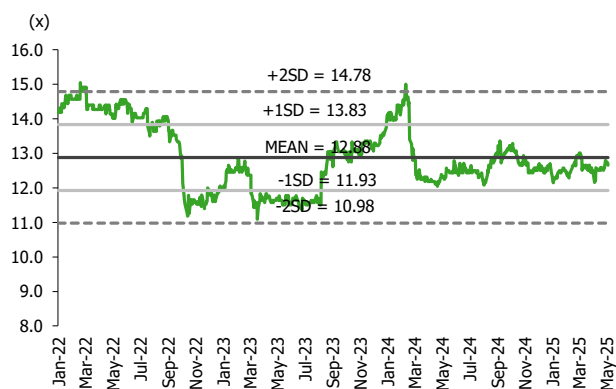
Source: Company Data, KS Research

Fig 2 PTW's sales volume and average selling price



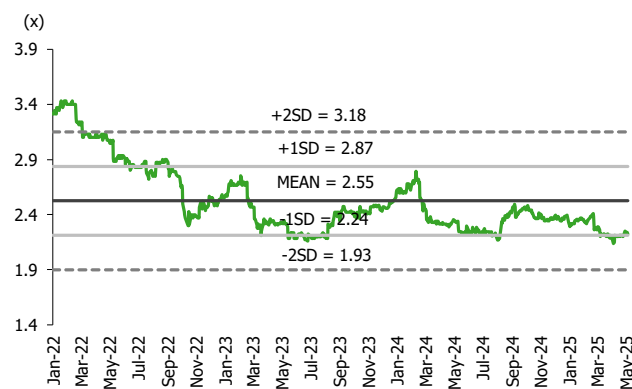
Source: Company Data, KS Research

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)	2023A	2024A	2025E	2026E	2027E
Revenue	5,709	4,984	5,078	5,183	5,283
Cost of sales and services	-1,040	-1,036	-1,053	-1,076	-1,097
Gross Profit	4,670	3,948	4,025	4,106	4,185
SG&A	-318	-302	-286	-292	-297
Other income	118	128	116	117	119
EBIT	3,689	3,547	3,765	3,855	3,961
EBITDA	4,469	3,773	3,856	3,932	4,007
Interest expense	-147	-131	-127	-77	-56
Equity earnings	365	336	490	519	565
EBT	3,542	3,415	3,638	3,778	3,905
Income tax	-596	-616	-629	-652	-668
NPAT	2,946	2,799	3,008	3,126	3,237
Minority Interest	-14	-9	-15	-15	-15
Core Profit	2,932	2,790	2,994	3,111	3,221
Extraordinary items	-	-	-	-	-
FX gain (loss)	-	-	-	-	-
Reported net profit	2,932	2,790	2,994	3,111	3,221

Balance Sheet (Btmn)	2023A	2024A	2025E	2026E	2027E
Cash & equivalents	595	197	209	567	402
Accounts receivable	467	492	415	424	432
Inventories	30	28	27	27	27
Total current assets	3,545	3,297	3,160	3,551	3,419
Investment in subs & others	6,827	7,025	7,277	7,593	7,954
Fixed assets-net	9,788	9,693	8,878	8,439	7,986
Total assets	20,277	20,201	19,432	19,701	19,477
Short-term debt	673	2,073	451	1,054	0
Accounts payable	153	261	137	139	142
Total current liabilities	1,115	2,670	877	1,482	431
Long-term debt	3,657	1,587	1,054	0	0
Total liabilities	4,996	4,490	3,154	2,706	1,655
Paid-up capital	3,990	3,990	3,990	3,990	3,990
Share premium	2,638	2,638	2,638	2,638	2,638
Retained earnings	9,356	9,753	10,352	11,069	11,897
Minority interests	42	40	42	42	42
Total shareholders' equity	15,282	15,711	16,278	16,995	17,822
Total equity & liabilities	20,277	20,201	19,432	19,701	19,477

Key Assumptions

Tap Water Production

Capacity- Water (k CUM/day)	1,094	1,094	1,094	1,094	1,094
Volume-water (k CUM/day)	783	846	861	874	887
Utilization rate (%)	71.54	77.30	78.66	79.87	81.10

Average Selling Price (Bt/CUM)

- TTW	27.59	26.64	26.70	26.94	27.18
- PTW	12.09	6.06	6.11	6.15	6.15
- BIE	24.75	24.93	24.93	24.93	24.93

Cashflow (Btmn)	2023A	2024A	2025E	2026E	2027E
Net profit	2,932	2,790	2,994	3,111	3,221
Depreciation & amortization	1,177	603	599	614	629
Change in working capital	519	81	-48	-6	-5
Others	868	-123	74	-25	-25
CF from operation activities	5,497	3,351	3,618	3,695	3,820
Capital expenditure	-525	-508	217	-176	-176
Investment in subs and affiliates	-179	-198	-253	-316	-362
Others	-	-	-	-	-
CF from investing activities	-703	-706	-36	-492	-538
Cash dividend	-2,394	-2,394	-2,394	-2,394	-2,394
Net proceeds from debt	-1,666	-669	-1,155	-451	-1,054
Capital raising	-	-	-	-	-
Others	-	-	-	-	-
CF from financing activities	-4,060	-3,063	-3,549	-2,845	-3,448
Net change in cash	734	-419	33	358	-165

Key Statistics & Ratios

Per share (Bt)

Reported EPS	0.73	0.70	0.75	0.78	0.81
Core EPS	0.73	0.70	0.75	0.78	0.81
DPS	0.60	0.60	0.60	0.60	0.60
BV	3.82	3.93	4.07	4.25	4.46
EV	9.49	9.34	8.61	8.40	8.18
Free Cash Flow	0.18	-0.10	0.01	0.09	-0.04

Valuation analysis

Reported P/E (x)	12.45	13.01	11.86	11.41	11.02
Core P/E (x)	8.88	10.70	9.88	9.53	9.22
P/BV (x)	2.40	2.32	2.19	2.09	2.00
EV/EBITDA (x)	8.47	9.87	8.91	8.53	8.14
Price/Cash flow (x)	49.77	-86.74	####	99.21	-214.84
Dividend yield (%)	6.56	6.59	6.74	6.74	6.74

Profitability ratios

Gross margin (%)	81.79	79.21	79.27	79.23	79.23
EBITDA margin (%)	78.28	75.71	75.93	75.87	75.85
EBIT margin (%)	64.61	71.16	74.14	74.38	74.97
Net profit margin (%)	51.61	56.16	59.24	60.32	61.27
ROA (%)	14.11	13.83	15.18	15.98	16.52
ROE (%)	19.58	18.05	18.76	18.75	18.55

Liquidity ratios

Current ratio (x)	3.18	1.23	3.60	2.40	7.93
Quick ratio (x)	3.13	1.22	3.54	2.36	7.81

Leverage Ratios

D/E ratio (x)	0.33	0.29	0.19	0.16	0.09
Net debt/EBITDA (x)	0.09	0.06	N/A	N/A	N/A
Net debt/equity (x)	0.29	0.24	N/A	N/A	N/A
Int. coverage ratio (x)	25.13	27.04	29.59	50.20	70.69

Growth

Revenue (%)	2.41	-12.70	1.88	2.06	1.93
EBITDA (%)	-0.73	-15.56	2.18	1.98	1.90
Reported net profit (%)	-1.17	-4.84	7.29	3.93	3.54
Reported EPS (%)	-1.17	-4.84	7.29	3.93	3.54
Core profit (%)	-1.17	-4.84	7.29	3.93	3.54
Core EPS (%)	-1.17	-4.84	7.29	3.93	3.54

Source: Company, KS estimates

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Outperform: Expected total return of 10% or more within a 12-month period

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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