

AUCT: 4Q19 earnings reached the record level



Result

AUCT's 4Q19 net profit was at Bt74m (+45%YoY, +28%QoQ), the record level. The company reports 2019 net profit of Bt234m (+37%YoY), which is above our forecast and better than our expectation.

- A YoY growth in 4Q19 driven by higher vehicle units that entered the auction. This led to higher revenue growth and margin expansion. Revenue came in at Bt225m (+11% YoY, +12%QoQ).
- Expect flat YoY in 1Q20 earnings due to lower demand for bidding after Covid-19 outbreak. However, the situation should improve by 2Q20 as growing number of vehicles for auctions will encourage more auction activities.
- Three factors will continue to drive 2020-21 earnings (1) growing supply for vehicles for auction along with rising NPL (2) growing use of mobile application to support auction activities (3) potential growth from direct end user, new customer segment.

We maintain our BUY rating with a target price of Bt11.50 based on 24xPE'20, which is close to Thai consumer discretionary. However, our forecast and TP will subject to revision if Covid-19 infection should prolong.

Valuation table

Year end Dec	17A	18A	19A	20E	21E
PE (x)	28.8	17.4	12.7	11.3	11.3
Recurring net profit growth (%)	(17.9)	65.5	37.2	12.3	0.1
Recurring EPS (Bt)	0.19	0.31	0.43	0.48	0.48
Recurring EPS growth (%)	(17.9)	65.5	37.2	12.3	0.1
PBV (x)	6.6	6.2	5.7	6.0	5.9
BVPS (Bt)	0.8	0.9	0.9	0.9	0.9
ROE (%)	23.7	36.9	47.2	52.0	52.6
DPS (Bt)	0.20	0.30	0.40	0.46	0.46
Dividend yield (%)	3.7	5.6	7.4	8.5	8.5
Enterprise value (Bt m)	2,739	2,633	2,427	2,470	2,418
EV-to-EBITDA (x)	15.8	10.1	7.1	6.5	6.4

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Recommendation: BUY

Current price*: Bt5.4

Target price: Bt11.5

Up/(downside): 113%

IOD: 4 out of 5

CAC: N/A

Stock data

RIC code	AUCTm.BK
Index	.SET1
SET Index (29/02/2020)	1340.52
Market cap (Bt m)	2,970
Shares outstanding (million)	550
Par (Bt)	0.25

