

India Equity Analytics

Results Preview Q1FY20 - Logistics



Analyst

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CMP 107
Target 110
Upside 3%
Rating NEUTRAL

	FY18	FY19	FY20E	FY21E
Roe%	9%	12%	12%	12%
Roce%	10%	12%	12%	12%
EV/Ebdita	9.73	6.25	6.22	5.57
P/E	20.8	10.5	9.5	8.7
P/B	1.8	1.3	1.2	1.1

	FY18	FY19	FY20E	FY21E	Q1FY19	Q4FY19	Q1FY20E
MTO Volume Gr %	15%	17%	9%	10%	26%	5%	8%
Realization/ TEU	91,717	90,013	91,649	91,649	83,624	91,649	91,649
CFS Volume Gr %(Adj)	3%	12%	5%	5%	4%	6%	6%
Realization/ TEU	13,667	13,767	13,860	13,860	13,406	13,860	13,860
Revenue							
MTO	5,375	6,159	6,834	7,518	1,455	1,539	1,723
CFS	409	460	487	512	110	112	121
PE	314	338	384	403	72	92	97
EBIT M %							
MTO	4%	4%	4%	4%	4%	4%	4%
CFS	29%	30%	29%	29%	28%	28%	29%
PE	-16%	1%	6%	6%	-8%	9%	6%
Financials							
Sales	6,047	6,895	7,644	8,374	1,625	1,727	1,924
Sales Gr	8%	14%	11%	10%	10%	12%	18%
Ebit	216	293	338	367	62	71	85
Ebit Gr	4%	4%	4%	4%	4%	4%	4%
Net Profits	174	248	277	301	54	80	66
Profit Gr%	-27%	42%	12%	9%	-15%	517%	21%
Ebit Margin%	3.6%	4.2%	4.4%	4.4%	3.8%	4.1%	4.4%
Net Profit Margin%	2.9%	3.6%	3.6%	3.6%	3.3%	4.6%	3.4%

Fig in Rs Cr

- ❑ Revenue is likely to up by 18% YoY led by the MTO and P&E business.
- ❑ MTO business is expected to post revenue growth of 18% YoY backed by 9% growth in realization and 8% volume growth.
- ❑ We expect 6% volume growth in CFS business.
- ❑ P&E is expected to post growth of 34% YoY led by the uptick in utilization. Assets utilization has gone up from 45% to 65% in last quarter.
- ❑ EBIT Margin is expected to improve by 60 bps to 4.4% on account of turnaround in P&E performance. We expect P&E margin of 6% as against 8% negative margin in Q1FY19.
- ❑ PAT will be up by 21% YoY to Rs 66 Cr, while margin remain stable at 3.4% (up by 10bps). Tax rate will be 17% compared to 14% in Q1FY19.
- ❑ Company expects to handover first warehouse facility by September 2019 and expects revenue contribution from H2FY20.

Key Trackable this Quarter

- ❑ Management commentary on Capex
- ❑ Progress on construction of Warehouse facilities
- ❑ MTO EBIT Margin :- Cargo mix may impact the margin profile

We value the stock at 9x FY21E EPS. NEUTRAL

CCRI IN

CMP 579
Target 648
Upside 12%
Rating HOLD

	FY18	FY19	FY20E	FY21E
Roe%	11%	12%	14%	14%
Roce%	12%	13%	14%	15%
P/E	28.8	24.9	23.3	20.5
P/B	3.2	2.9	3.1	2.9
EV/Ebdita	18.1	16.5	16.5	14.4

	FY18	FY19	FY20E	FY21E	Q1FY19	Q4FY19	Q1FY20E
Standalone Volume (in 000 TEUs)							
EXIM	3,002	3,245	3,571	3,928	794	816	826
Domestic	530	584	637	707	141	163	154
Standalone Segment Revenue							
EXIM	4,851	5,402	6,161	6,834	1,233	1,402	1,447
Domestic	1,319	1,480	1,636	1,870	336	433	363
Sales	6,167	6,882	7,797	8,703	1,233	1,402	1,447
<i>Sales Gr</i>	10%	12%	13%	12%	7%	12%	15%
Ebdita	1,483	1,780	2,051	2,315	390	467	486
<i>Ebdita Gr</i>	19%	20%	15%	13%	16%	10%	25%
Net Profits	1,049	1,215	1,434	1,609	252	352	285
<i>Profit Gr%</i>	22%	16%	18%	12%	2%	21%	13%
Ebdita Margin%	24.0%	25.9%	26.3%	26.6%	24.9%	25.5%	26.8%
Net Profit Margin%	17.0%	17.7%	18.4%	18.5%	16.1%	19.2%	15.7%

Std/Fig in Rs Cr

❑ EXIM revenue is likely to grow by 17% YoY led by the strong growth in realization (up by 13% YoY). Realization is expected to be Rs 17517 per TEU on account of price hike taken during H1FY19.

❑ Domestic segment will be up by 8% YoY mainly driven by the 9% growth in volumes. We have estimated domestic handling volume of 153964 TEUs. Realization will remain flat YoY.

❑ Operating margins are likely to improve by 190 bps on account of operational efficiency through double stacking.

❑ Bottom line will be up by 12.8% YoY to Rs 285 Cr compared to Rs 252 Cr.

❑ Capex for the FY20 will be Rs 1000 Cr. Company has planned to increase terminal network to 93 from current terminal of 83. Additionally, company is also establishing the costal shipping and distribution logistics business.

❑ Management is targeting revenue of Rs 12,000 Cr by FY21 on the back of foray into 3PL logistics, coastal shipping venture.

❑ CONCOR started its coastal shipping venture in January 2019 with 2 vessels (capacity of 700 containers each) on a weekly basis. Company also marked its entry into asset light 3PL logistics business with its 1st Distribution Logistics Centre at Ennore, Chennai.

❑ CONCOR is also exploring the overseas market by participating in tender based bidding process for IDC business in Egypt, involving a capital outlay of 35mn USD.

Key Trackable this Quarter

❑ Growth in Double Stacking operation

❑ EXIM & Domestic Realizations

We value the stock 23x FY21E EPS. HOLD

MAHLOG IN

CMP **493**
Target **571**
Upside **16%**
Rating **BUY**

	FY18	FY19	FY20E	FY21E
Roe%	15%	17%	18%	19%
Roce%	23%	26%	27%	29%
P/E	53.7	43.9	34.1	25.9
P/B	8.2	7.5	6.0	5.0
EV/Ebdita	28.0	24.1	18.9	14.7

	FY18	FY19	FY20E	FY21E	Q1FY19	Q1FY19	Q1FY20E
Segment Revenue							
SCM	3,076	3,465	3,822	4,405	838	917	913
PTS	340	385	435	487	90	97	102
Sales	3,416	3,851	4,257	4,892	928	1,015	1,015
Sales Gr	28%	13%	11%	15%	9%	14%	9%
Ebdita	120	151	181	230	41	41	47
Ebdita Gr	57%	26%	19%	28%	53%	8%	15%
Net Profits	64	86	103	136	24	24	27
Profit Gr%	40%	34%	21%	32%	62%	15%	12%
Ebdita Margin%	3.5%	3.9%	4.2%	4.7%	4.4%	4.0%	4.6%
Net Profit Margin%	1.9%	2.2%	2.4%	2.8%	2.6%	2.3%	2.6%

Conso/Fig in Rs Cr

- ❑ Revenue is expected to up by 9.3% YoY led by the strong growth in warehousing business.
- ❑ The SCM business growth will impact due to slowdown in Auto sales. We have expects overall 7% YoY growth in SCM business.PTS business is likely to post revenue growth of 13% YoY.
- ❑ Operating margin will be improved by 20 bps on account of higher contribution by warehousing business.
- ❑ PAT is expected to grow by 12% in Q1FY20 on the back of EBITDA margins improvement.
- ❑ Currently company is managing 15 mn sq ft warehousing space and plan to add 1-1.5 mn sq ft warehouse space every year considering the more and more companies now going for the 3PL route for the inventory management.

Key Trackable this Quarter

- ❑ Impact of slowdown in Auto sales on SCM business
- ❑ Share of warehousing revenue
- ❑ EBITDA margins trend

We value the stock 30x FY21E EPS. BUY

TCIEXP IN

CMP 645
Target 754
Upside 17%
Rating BUY

	FY18	FY19	FY20E	FY21E
Roe%	32%	30%	30%	27%
Roce%	39%	43%	43%	40%
P/E	31.2	39.7	27.3	23.1
P/B	8.8	10.7	7.2	5.7
EV/Ebdita	20.3	23.9	17.2	14.4

	FY18	FY19	FY20E	FY21E	Q1FY19	Q4FY19	Q1FY20E
Sales	885	1,024	1,140	1,302	248	266	267
<i>Sales Gr</i>	18%	16%	11%	14%	22%	7%	8%
Ebdita	91	119	143	171	27	34	32
<i>Ebdita Gr</i>	46%	31%	20%	19%	46%	19%	20%
Net Profits	58	73	91	107	16	22	20
<i>Profit Gr%</i>	56%	25%	24%	18%	33%	22%	25%
Ebdita Margin%	10.2%	11.6%	12.6%	13.1%	10.9%	12.7%	12.1%
Net Profit Margin%	6.6%	7.1%	7.9%	8.2%	6.5%	8.2%	7.5%

Std/Fig in Rs Cr

❑ Volume continue to remain subdued and revenue will be up by only 7.7% YoY. Though, the volume has revived post the election in June. For the full year management has guided for the 18% revenue growth in FY20.

❑ Management's cost rationalisation efforts and higher operating leverage will result into margin expansion of 120 bps in Q1FY20. Operating profit will be up by 19.5% YoY.

❑ PAT is expected to grow by 24% YoY to Rs 20 Cr. PAT margin will be expanding by 100 bps.

❑ Company has planned capex of Rs 400 Cr over next 4-5 years. The majority of the capex will be for land and building to strengthen its sorting centre network across the country. Capex for the FY20 will be Rs 80 Cr.

❑ Management has planned to do double the revenue and triple the profit over next 4-5 years. Management has reiterated expansion in EBITDA margin and expect 100 bps improvements in each year until the margin reached at 15%.

Key Trackable this Quarter

- ❑ Volume Growth
- ❑ EBITDA margin

We value the stock 27x FY21E EPS. BUY

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