

India Equity Analytics

Results Preview 4QFY20 - Logistics

Narnolia[®]

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AGLL IN

CMP 67
Target 73
Upside 10%
Rating NEUTRAL

	FY17	FY18	FY19	FY20E
Roe%	13%	9%	12%	9%
Roce%	14%	10%	12%	10%
EV/Ebdita	9.28	9.73	6.25	4.28
P/E	17.4	20.8	10.5	8.2
P/B	2.3	1.8	1.3	0.8

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
MTO Volume Gr %	11%	15%	17%	4%	5%	10%	-5%
Realization/ TEU	93,254	91,717	90,013	87,318	91,649	87,137	82,780
CFS Volume Gr % (Adj)	7%	3%	12%	-2%	6%	-8%	-5%
Realization/ TEU	14,789	13,667	13,767	14,048	13,860	14,645	14,352
Revenue							
MTO	4,756	5,375	6,159	6,233	1,539	1,616	1,321
CFS	431	409	460	459	112	111	110
PE	457	314	338	336	92	70	74
Logistic Park	-	1	3	28	2	12	12
EBIT M %							
MTO	4%	4%	4%	4%	4%	4%	3%
CFS	30%	29%	30%	27%	28%	25%	25%
PE	9%	-16%	1%	-4%	9%	-12%	-10%
Logistic Park	-	53%	-52%	57%	-31%	101%	101%
Financials							
Sales	5,583	6,047	6,895	6,970	1,727	1,787	1,495
Sales Gr%	-1%	8%	14%	1%	12%	-1%	-13%
Ebit	299	216	293	285	71	64	59
Ebit Gr%	5%	4%	4%	4%	4%	4%	4%
Net Profits	238	174	248	199	80	49	47
Profit Gr%	-4%	-27%	42%	-20%	517%	-3%	-42%
Ebit Margin%	5.4%	3.6%	4.2%	4.1%	4.1%	3.6%	4.0%
Net Profit Margin%	4.3%	2.9%	3.6%	2.9%	4.6%	2.7%	3.1%

* We do not consider the GATI numbers in the estimates as the transaction is not completed yet

Conso/Fig in Rs Cr

- ❑ Revenue is expected to de-growth by 13% YoY due to lower volume growth in MTO business and CFS business on account of COVID-19.
- ❑ MTO business is expected to post revenue de-growth of 14% YoY with 5% de-growth in volume numbers. CFS business volume growth is expected to be negative 5%.
- ❑ P&E is expected to de-grow by of 20% YoY on account of low asset utilisation.
- ❑ EBIT Margin is expected to be at similar level of 4% on account of logistic business contribution.
- ❑ PAT is expected to de-grow by 42% YoY to Rs 47 Cr and margin to contract by 150bps on account of higher interest cost.
- ❑ During the quarter company acquired controlling stake in GATI with holding approximately 46.83% stake at the total acquisition cost will be Rs 415-420 Cr.

Key Trackable this Quarter

- ❑ COVID-19 Impact
- ❑ Progress on the Warehouse Business

The Company is currently trading at 8.2 times FY20E EPS. NEUTRAL

CCRI IN

CMP 374
Target 505
Upside 35%
Rating BUY

	FY17	FY18	FY19	FY20E
Roe%	10%	11%	12%	3%
Roce%	10%	12%	13%	11%
P/E	28.1	28.8	24.9	68.1
P/B	2.7	3.2	2.9	2.3
EV/Ebdita	16.9	18.1	16.5	13.7

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Standalone Volume (in 000 TEUs)							
EXIM	2,642	3,002	3,245	2,862	816	767	767
Domestic	461	530	584	507	163	144	154
Standalone Segment Revenue							
EXIM	4,518	4,851	5,402	4,972	1,402	1,171	1,172
Domestic	1,088	1,319	1,480	1,489	433	356	383
Sales	5,606	6,167	6,882	6,460	1,834	1,528	1,555
<i>Sales Gr%</i>	-5%	10%	12%	-6%	12%	-8%	-15%
Ebdita	1,247	1,483	1,780	1,542	467	372	341
<i>Ebdita Gr%</i>	-7%	19%	20%	-13%	10%	-11%	-27%
Net Profits	858	1,049	1,215	335	352	175	252
<i>Profit Gr%</i>	-10%	22%	16%	-72%	21%	-36%	-28%
Ebdita Margin%	22.2%	24.0%	25.9%	23.9%	25.5%	24.3%	21.9%
Net Profit Margin%	15.3%	17.0%	17.7%	5.2%	19.2%	11.5%	16.2%

Std/Fig in Rs Cr

❑ EXIM volume is expected to de-grow by 6% YoY and we expect realization will be Rs 15275 per TEU. The revenue will de-growth by 16% YoY.

❑ Volume from domestic business will be down by 5% YoY with average realization of Rs 24810 per TEU. Revenue will be down by 11.5% YoY to Rs 383 Cr.

❑ EBITDA numbers will be down by 27% YoY and we expect margin of 21.9% on account of negative operating leverage.

❑ PAT will be down by 28% YoY to Rs 252 Cr compared to Rs 352 Cr.

Key Trackable this Quarter

- ❑ Volume Growth
- ❑ COVID-19 Impact
- ❑ EXIM & Domestic Realizations

The Company is currently trading at 68. times FY20E EPS. BUY

MAHLOG IN

CMP 271
Target 275
Upside 2%
Rating HOLD

	FY17	FY18	FY19	FY20E
Roe%	13%	15%	17%	9%
Roce%	17%	23%	25%	11%
P/E	65.3	53.7	43.9	40.0
P/B	8.6	8.2	7.5	3.7
EV/Ebdita	38.1	28.0	24.2	13.3

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Segment Revenue							
SCM	2,372	3,076	3,466	3,086	917	817	713
PTS	295	340	385	374	97	91	87
Sales	2,667	3,416	3,851	3,460	1,015	908	800
Sales Gr%	29%	28%	13%	-10%	14%	-7%	-21%
Ebdita	76	120	151	144	41	42	23
Ebdita Gr%	46%	57%	26%	-5%	8%	18%	-43%
Net Profits	46	65	87	49	24	16	3
Profit Gr%	25%	40%	34%	-44%	15%	-19%	-88%
Ebdita Margin%	2.9%	3.5%	3.9%	4.2%	4.0%	4.7%	2.9%
Net Profit Margin%	1.7%	1.9%	2.2%	1.4%	2.3%	1.7%	0.4%

Conso/Fig in Rs Cr

- ❑ A de-growth of 21% YoY in revenue is expected as the major portion of the sales come from auto sector which is facing slowdown.
- ❑ Warehouse business revenue is expected to grow 15% backed by client addition. PTS business is expected to report revenue de-growth of 10% YoY.
- ❑ EBITDA margin will remain contract by 110 bps to 2.9%.
- ❑ PAT is expected to de-grow by 88% YoY to Rs 3 Cr and margin to be impacted by 190 bps on account of negative operating leverage.
- ❑ Currently company is managing 16.5 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

- ❑ Auto sector slowdown impact on SCM business
- ❑ Share of warehousing revenue
- ❑ COVID-19 Impact

The Company is currently trading at 40 times FY20E EPS.

TCIEXP IN

CMP 589
Target 750
Upside 27%
Rating HOLD

	FY17	FY18	FY19	FY20E
Roe%	26%	32%	30%	31%
Roce%	32%	39%	43%	37%
P/E	40.4	31.2	39.1	24.1
P/B	9.4	8.8	10.5	6.5
EV/Ebdita	24.8	20.3	23.6	17.7

	FY17	FY18	FY19	FY20E	Q4FY19	Q3FY20	Q4FY20E
Sales	750	885	1,024	1,070	266	268	276
<i>Sales Gr%</i>	13%	18%	16%	5%	7%	2%	4%
Ebdita	62	91	119	126	34	34	31
<i>Ebdita Gr%</i>	13%	46%	31%	6%	19%	11%	-7%
Net Profits	37	58	73	94	22	26	24
<i>Profit Gr%</i>	29%	56%	25%	29%	22%	36%	9%
Ebdita Margin%	8.3%	10.2%	11.6%	11.8%	12.7%	12.8%	11.4%
Net Profit Margin%	5.0%	6.6%	7.1%	8.8%	8.2%	9.5%	8.6%

Std/Fig in Rs Cr

- Revenue growth is expected to be muted (4%)YoY as the auto sector is going through the tough time.
- Slowdown in auto sector has also impacted the business for over last 6 months and is expected to impact in 4QFY20 too.
- Company will continue to invest in sorting centre and currently construction at Pune and Gurgaon is underway and expected to complete by the year end.
- EBITDA margin is expected to expand by 130 bps and EBITDA will de-grow by 7% YoY.
- PAT is expected to grow by 9% YoY to Rs 24 Cr mainly on account of tax rate cut and improvement in operating margin. Margin is expected to improve by 40 bps.
- Company will be spending Rs 400 Cr over FY20-FY24 for replacement and expansion of some of the sorting centres.

Key Trackable this Quarter

- COVID-19 Impact
- Volume Growth

The Company is currently trading at 24.1 times FY20E EPS. HOLD

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