PTT Exp. & Production (PTTEP TB) - BUY, Price Bt118.5, TP Bt140

Results Comment

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3Q21 bang in line

- PTTEP reported 3Q21 net profit of US$292m (Bt9.5bn, EPS Bt2.40/sh). Excluding non-operating items, normalized net profit was US$335m (Bt11.0bn, norm EPS Bt2.77/sh), down slightly q-q but up 82% y-y. The result was in line with our expectation. Maintain BUY.
- **Sales volume** was 417.2KBOED, down 6% q-q due to lower gas demand from GSP maintenance shutdown. By mix, it was 72% gas and 28% liquid.
- **ASP**: Average gas ASP was $5.76/mmbtu, increasing by 3% q-q but down 7% y-y as it lagged oil price movement. Liquid price was $69.16/BOE, representing a $2.5/bbl discount to Dubai crude oil price. Blended ASP was $44.25/BOE, +5% q-q and 14% y-y.
- **Unit cost** was $29.4/BOE in 3Q21, up significantly from just $27.2/BOE in 2Q21 as the company recorded exploration well write-off totaling about $43m.
- **Non-operating items**: PTTEP recorded $43m loss from non-recurring items. These include a small amount of loss from oil hedging and $34m loss on foreign exchange as THB continued to depreciate against USD.
- **Guidance**: Management kept gas price and unit cost guidance unchanged at $5.7/mmbtu and $28-29/BOE for 2021F. However, the company revised up its targeted sales volume to 417KBOED from 412KBOED previously.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Revenue	39,263	40,124	42,754	54,830	58,295
Gross profit	**13,906**	**15,158**	**17,600**	**24,490**	**25,116**
SG&A	2,160	3,564	2,269	2,600	2,357
Operating profit	11,747	11,595	15,331	21,890	22,759
EBITDA	**27,869**	**28,368**	**31,888**	**41,636**	**42,708**
Other income	465	522	508	793	457
Other expense	0	0	0	0	0
Interest expense	1,936	2,046	1,453	1,611	1,712
Profit before tax	**10,276**	**10,070**	**14,386**	**21,072**	**21,504**
Income tax	4,377	5,708	5,801	10,063	10,746
Equity & invest. income	144	777	64	88	228
Minority interests	0	0	0	0	0
Extraordinary items	1,159	(2,612)	2,885	(3,957)	(1,441)
Net profit	**7,202**	**2,527**	**11,534**	**7,140**	**9,545**
Normalized profit	**6,043**	**5,139**	**8,649**	**11,097**	**10,986**
EPS (Bt)	1.81	0.64	2.91	1.80	2.40
Normalized EPS (Bt)	1.52	1.29	2.18	2.80	2.77

Income Statement			9M as		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021F**	**2022F**
Revenue	6	48	80	194,953	221,410
Gross profit	**3**	**81**	**94**	**71,633**	**86,574**
SG&A	(9)	9	63	11,527	13,766
Operating profit	4	94	100	60,106	72,808
EBITDA	**3**	**53**	**87**	**133,525**	**152,614**
Other income	(42)	(2)	56	3,152	3,295
Other expense			na	0	0
Interest expense	6	(12)	45	10,686	12,356
Profit before tax	**2**	**109**	**108**	**52,571**	**63,747**
Income tax	7	146	158	16,823	22,311
Equity & invest. income	160	58	173	220	220
Minority interests			na	0	0
Extraordinary items	na	na	na	0	0
Net profit	**34**	**33**	**78**	**35,968**	**41,656**
Normalized profit	**(1)**	**82**	**85**	**35,968**	**41,656**
EPS (Bt)	34	33	78	9.06	10.49
Normalized EPS (Bt)	(1)	82	85	9.06	10.49

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Cash & ST investment	110,529	114,261	56,268	59,298	67,848
A/C receivable	21,292	23,752	24,903	27,353	29,013
Inventory	10,818	10,156	12,077	13,530	14,406
Other current assets	6,463	4,547	8,921	7,969	6,173
Investment	13,410	13,523	13,646	13,961	14,728
Fixed assets	313,103	295,491	376,034	375,772	393,855
Other assets	217,962	213,908	238,436	246,730	261,863
Total assets	**693,578**	**675,637**	**730,284**	**744,614**	**787,886**
S-T debt	0	4,512	4,698	6,411	4,092
A/C payable	23,751	26,844	27,049	29,422	33,144
Other current liabilities	22,965	24,901	34,542	48,967	51,788
L-T debt	106,964	102,878	106,235	93,102	97,909
Other liabilities	169,459	162,091	176,967	181,404	191,561
Minority interest	0	0	0	0	0
Shareholders' equity	**370,438**	**354,411**	**380,793**	**385,308**	**409,392**
Working capital	8,359	7,064	9,931	11,461	10,275
Total debt	106,964	107,390	110,933	99,513	102,001
Net debt	**(3,564)**	**(6,871)**	**54,666**	**40,215**	**34,153**

Financial Ratios					
(%)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Sales growth	(16.1)	(25.5)	(9.0)	61.1	48.5
Operating profit growth	(29.5)	(37.2)	(9.6)	206.2	93.7
EBITDA growth	(13.9)	(21.1)	(5.5)	83.2	53.2
Norm profit growth	(35.4)	(55.2)	(4.6)	171.3	81.8
Norm EPS growth	(35.4)	(55.2)	(4.6)	171.3	81.8
Gross margin	35.4	37.8	41.2	44.7	43.1
Operating margin	29.9	28.9	35.9	39.9	39.0
EBITDA margin	71.0	70.7	74.6	75.9	73.3
Norm net margin	15.4	12.8	20.2	20.2	18.8
D/E (x)	0.3	0.3	0.3	0.3	0.2
Net D/E (x)	(0.0)	(0.0)	0.1	0.1	0.1
Interest coverage (x)	14.4	13.9	21.9	25.8	24.9
Interest rate	7.3	7.6	5.3	6.1	6.8
Effective tax rate	42.6	56.7	40.3	47.8	50.0
ROA	3.5	3.0	4.9	6.0	5.7
ROE	6.6	5.7	9.4	11.6	11.1

Sources: Company data, Thanachart estimates

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