

**PTT Public Co Ltd (PTT TB) - BUY, Price Bt37.50, TP Bt50.00****Results Comment**

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**3Q21 a beat on gas business**

- PTT reported 3Q21 net profit of Bt23.65bn (EPS Bt0.83/sh). Excluding hedging, FX and impairment but including inventory impact, we estimate norm profit to be Bt35.5bn (norm EPS Bt1.24/sh), up 2% q-q and 169% y-y. If we were to exclude inventory impact, profit would have been about Bt29.5bn (Bt1.03/sh, +3% q-q). The result was ahead of our expectation due to strong gas, coal, and trading contributions. BUY.
- Gas:** Gas EBITDA was Bt23.4bn, up 6% q-q and 76% y-y. The q-q growth was driven by higher sales & marketing margins and increased profit from gas separation plants (GSP) due to bigger margin on petrochemical feedstock sale.
- Oil:** Oil EBITDA was Bt4.16bn, down 26% q-q and 30% y-y. Sales volume declined 6% q-q, 14% y-y to 5.22bn litres due to

impact of lockdowns. Gross profit per litre declined to Bt1.09/litre from 1.23/1.21 Bt/litre in 2Q21/3Q20, respectively.. Non-oil EBITDA fell 26% q-q, 34% y-y to Bt820m, reflecting lower traffic volume at the stations and store closures during the quarter.

- Other:** Trading unit also did well with EBITDA of Bt1.94bn, up more than 100% q-q and y-y. Likewise, Coal EBITDA more than doubled y-y, q-q to Bt1.62bn
- Non-operating items:** On a consolidated basis, there was Bt11.8bn hedging losses (as all associates also reported hedging losses) and Bt6.4bn FX loss. Inventory gain net of tax to PTT was Bt6.04bn according to management.

Income Statement		(consolidated)				
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	
Revenue	383,599	407,174	477,837	533,256	558,888	
<b>Gross profit</b>	<b>52,642</b>	<b>75,819</b>	<b>80,070</b>	<b>92,787</b>	<b>89,412</b>	
SG&A	23,945	35,928	27,144	28,464	27,231	
Operating profit	28,697	39,891	52,927	64,323	62,181	
<b>EBITDA</b>	<b>63,286</b>	<b>74,713</b>	<b>87,963</b>	<b>102,931</b>	<b>101,477</b>	
Other income	3,512	(463)	14,354	4,885	3,171	
Other expense	0	0	0	0	0	
Interest expense	7,346	7,426	6,439	7,101	7,470	
<b>Profit before tax</b>	<b>24,863</b>	<b>32,001</b>	<b>60,842</b>	<b>62,107</b>	<b>57,882</b>	
Income tax	7,852	8,342	11,683	20,851	15,408	
Equity & invest. income	1,206	1,677	1,947	2,894	2,233	
Minority interests	(4,999)	(6,062)	(14,618)	(9,215)	(9,198)	
Extraordinary items	903	(6,126)	(3,900)	(10,356)	(11,856)	
<b>Net profit</b>	<b>14,120</b>	<b>13,147</b>	<b>32,588</b>	<b>24,579</b>	<b>23,653</b>	
<b>Normalized profit</b>	<b>13,218</b>	<b>19,273</b>	<b>36,488</b>	<b>34,934</b>	<b>35,509</b>	
EPS (Bt)	0.49	0.46	1.14	0.86	0.83	
Normalized EPS (Bt)	0.46	0.67	1.28	1.22	1.24	

Balance Sheet		(consolidated)				
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	
Cash & ST investment	422,200	416,921	438,021	438,585	473,063	
A/C receivable	108,461	110,528	133,360	157,292	159,689	
Inventory	96,083	93,527	117,830	144,802	162,785	
Other current assets	93,499	99,955	112,402	116,300	113,403	
Investment	75,541	75,680	78,611	77,908	125,784	
Fixed assets	1,303,189	1,292,717	1,379,066	1,387,932	1,410,232	
Other assets	460,397	454,855	487,425	501,079	525,047	
<b>Total assets</b>	<b>2,559,370</b>	<b>2,544,183</b>	<b>2,746,715</b>	<b>2,823,897</b>	<b>2,970,002</b>	
S-T debt	94,559	78,001	90,253	116,534	117,910	
A/C payable	101,184	108,189	125,600	143,940	157,158	
Other current liabilities	99,823	111,837	111,124	130,481	172,194	
L-T debt	677,832	664,732	704,244	695,891	754,158	
Other liabilities	299,293	295,579	312,335	321,150	333,822	
Minority interest	409,053	403,805	449,423	446,480	456,131	
<b>Shareholders' equity</b>	<b>877,625</b>	<b>882,040</b>	<b>953,735</b>	<b>969,423</b>	<b>978,629</b>	
Working capital	103,359	95,866	125,589	158,154	165,316	
Total debt	772,391	742,733	794,497	812,424	872,068	
<b>Net debt</b>	<b>350,191</b>	<b>325,812</b>	<b>356,476</b>	<b>373,839</b>	<b>399,004</b>	

Sources: Company data, Thanachart estimates

Income Statement		9M as				
(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F	
Revenue	5	46	65	2,406,979	2,517,573	
<b>Gross profit</b>	<b>(4)</b>	<b>70</b>	<b>90</b>	<b>292,322</b>	<b>313,430</b>	
SG&A	(4)	14	78	105,578	110,603	
Operating profit	(3)	117	96	186,744	202,828	
<b>EBITDA</b>	<b>(1)</b>	<b>60</b>	<b>87</b>	<b>336,796</b>	<b>362,809</b>	
Other income	(35)	(10)	73	30,658	32,067	
Other expense			na	0	0	
Interest expense	5	2	56	37,703	44,223	
<b>Profit before tax</b>	<b>(7)</b>	<b>133</b>	<b>101</b>	<b>179,699</b>	<b>190,671</b>	
Income tax	(26)	96	133	35,940	38,134	
Equity & invest. income	(23)	85	278	2,541	2,547	
Minority interests	na	na	85	(38,974)	(42,149)	
Extraordinary items	na	na	na	0	0	
<b>Net profit</b>	<b>(4)</b>	<b>68</b>	<b>75</b>	<b>107,325</b>	<b>112,935</b>	
<b>Normalized profit</b>	<b>2</b>	<b>169</b>	<b>100</b>	<b>107,325</b>	<b>112,935</b>	
EPS (Bt)	(4)	68	75	3.76	3.95	
Normalized EPS (Bt)	2	169	100	3.76	3.95	

Financial Ratios						
(%)	3Q20	4Q20	1Q21	2Q21	3Q21	
Sales growth	(28.8)	(27.3)	(1.2)	56.2	45.7	
Operating profit growth	(11.6)	35.8	na	216.6	116.7	
EBITDA growth	(4.0)	14.6	377.7	87.4	60.3	
Norm profit growth	(27.4)	9.1	na	193.2	168.6	
Norm EPS growth	(27.4)	9.1	na	193.2	168.6	
Gross margin	13.7	18.6	16.8	17.4	16.0	
Operating margin	7.5	9.8	11.1	12.1	11.1	
EBITDA margin	16.5	18.3	18.4	19.3	18.2	
Norm net margin	3.4	4.7	7.6	6.6	6.4	
D/E (x)	0.9	0.8	0.8	0.8	0.9	
Net D/E (x)	0.4	0.4	0.4	0.4	0.4	
Interest coverage (x)	8.6	10.1	13.7	14.5	13.6	
Interest rate	4.0	3.9	3.4	3.5	3.5	
Effective tax rate	31.6	26.1	19.2	33.6	26.6	
ROA	2.1	3.0	5.5	5.0	4.9	
ROE	8.3	8.8	15.9	14.5	14.6	

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