Thai Oil Public Co Ltd (TOP TB) - HOLD, Price Bt55.00, TP Bt57.00

Results Comment

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Weak 3Q21, in line

- TOP reported 3Q21 net profit of Bt2.06bn (EPS Bt1.01/sh). Excluding non-operating items, we estimate normalized profit to be Bt881m (norm EPS Bt0.43/sh), -17% q-q but reversing from loss in 3Q20. The result was in line with our expectation as stronger margin was offset by lower run rate. HOLD.
- **Market GIM** was $5.5/bbl, increasing from $5.2/bbl in 2Q21 and just $1.0/bbl in 3Q20. Integrated intake fell to just 259kbd vs 273kbd in 2Q21 due to poor domestic demand.
- **Refining**. Market GRM improved to $1.6/bbl from 0.4/-1.1 in 2Q21/3Q20 due to higher crack spreads across most products and partially offset by higher Murban crude premium.
- **Aromatics**. Product-to-feed (P2F) margin was $90/ton (-20% q-q, +32% y-y) as higher PX spread was offset by lower BZ/TL spreads. Utilization rate was largely unchanged q-q at 88%.
- **Lube and others**. Lube P2F was $187/ton (-19% q-q, +87% y-y) as base oil and bitumen margins fell q-q. Power EBITDA grew about 9% q-q but fell sharply y-y due to weaker profit from GPSC.
- **Non-operating items** were Bt3.6bn inventory gain, Bt1.4bn hedging loss, and Bt1.2bn FX loss (all pre-tax). TOP also recorded pre-tax gain of Bt624m from the listing of its associate Ubon Bio Ethanol (UBE TB, not rated).

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Revenue	58,422	61,263	75,272	79,821	82,064
Gross profit	**(840)**	**3,290**	**2,708**	**2,401**	**1,718**
SG&A	697	791	543	690	712
Operating profit	(1,536)	2,500	2,165	1,711	1,007
EBITDA	**681**	**3,598**	**3,985**	**3,524**	**2,867**
Other income	214	179	198	163	697
Other expense	0	0	0	0	0
Interest expense	1,172	1,003	796	907	934
Profit before tax	**(2,494)**	**1,676**	**1,567**	**967**	**769**
Income tax	33	2,672	388	358	213
Equity & invest. income	846	434	470	537	442
Minority interests	(75)	(146)	(97)	(84)	(118)
Extraordinary items	2,470	7,922	1,807	1,061	1,182
Net profit	**715**	**7,213**	**3,360**	**2,123**	**2,063**
Normalized profit	**(1,755)**	**(708)**	**1,553**	**1,061**	**881**
EPS (Bt)	0.35	3.53	1.65	1.04	1.01
Normalized EPS (Bt)	(0.86)	(0.35)	0.76	0.52	0.43

Income Statement			**9M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021F**	**2022F**
Revenue	3	40	71	335,811	368,736
Gross profit	**(28)**	**na**	**84**	**8,172**	**10,452**
SG&A	3	2	77	2,529	2,697
Operating profit	(41)	na	87	5,643	7,755
EBITDA	**(19)**	**321**	**72**	**14,439**	**17,173**
Other income	328	225	38	2,800	2,101
Other expense			na	0	0
Interest expense	3	(20)	73	3,611	4,183
Profit before tax	**(20)**	**na**	**68**	**4,831**	**5,673**
Income tax	(41)	552	114	843	990
Equity & invest. income	(18)	(48)	81	1,791	543
Minority interests	na	na	71	(419)	(492)
Extraordinary items	11	(52)	na	0	0
Net profit	**(3)**	**188**	**141**	**5,360**	**4,735**
Normalized profit	**(17)**	**na**	**65**	**5,360**	**4,735**
EPS (Bt)	(3)	188	141	2.63	2.32
Normalized EPS (Bt)	(17)	na	65	2.63	2.32

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Cash & ST investment	70,620	73,352	48,083	41,687	26,201
A/C receivable	13,363	12,702	19,841	20,329	19,439
Inventory	23,555	22,461	28,820	37,798	40,257
Other current assets	4,121	5,713	6,332	5,037	5,216
Investment	34,015	24,521	25,026	24,827	55,288
Fixed assets	130,944	145,225	153,904	164,911	170,245
Other assets	24,283	22,213	21,851	25,729	29,202
Total assets	**300,900**	**306,188**	**303,857**	**320,316**	**345,849**
S-T debt	2,188	8,665	2,419	5,626	5,101
A/C payable	11,420	9,517	13,390	21,929	18,922
Other current liabilities	9,684	10,438	9,328	11,148	10,778
L-T debt	18,017	12,400	12,401	11,836	35,405
Other liabilities	148,070	145,049	148,796	151,213	158,037
Minority interest	3,730	3,889	2,723	2,767	2,093
Shareholders' equity	**107,791**	**116,229**	**114,800**	**115,797**	**115,512**
Working capital	25,498	25,646	35,271	36,198	40,773
Total debt	20,205	21,066	14,819	17,462	40,506
Net debt	**(50,416)**	**(52,287)**	**(33,263)**	**(24,225)**	**14,305**

Financial Ratios					
(%)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Sales growth	(29.6)	(36.5)	(3.3)	58.4	40.5
Operating profit growth	na	(22.4)	na	335.3	na
EBITDA growth	(50.0)	(27.3)	na	40.9	320.9
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	(1.4)	5.4	3.6	3.0	2.1
Operating margin	(2.6)	4.1	2.9	2.1	1.2
EBITDA margin	1.2	5.9	5.3	4.4	3.5
Norm net margin	(3.0)	(1.2)	2.1	1.3	1.1
D/E (x)	0.2	0.2	0.1	0.2	0.4
Net D/E (x)	(0.5)	(0.4)	(0.3)	(0.2)	0.1
Interest coverage (x)	0.6	3.6	5.0	3.9	3.1
Interest rate	21.0	19.4	17.7	22.5	12.9
Effective tax rate	(1.3)	159.4	24.7	37.1	27.7
ROA	(2.3)	(0.9)	2.0	1.4	1.1
ROE	(6.5)	(2.5)	5.4	3.7	3.0

Sources: Company data, Thanachart estimates

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