

PTT Exp. & Production (PTTEP TB) - BUY, Price Bt127, TP Bt140**Results Comment**

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Solid 4Q21 result, in-line

- PTTEP reported 4Q21 profit of Bt10.6bn (+12% q-q, and 321% y-y). We estimate normalized profit of Bt13.4bn which is up by 22% q-q led by higher selling price. Overall result is in-line with our expectation. BUY.
- Larger non-recurring loss.** We estimate total non-recurring loss of -US\$84m in 4Q21 vs -US\$43m in 3Q21. This is mainly consisted of i) US\$183m asset impairment loss from Mozambique Area 1 Project and Yetagun Project, ii) US\$14m Fx loss, iii) US\$117m before tax gain from reversal of decommissioning cost and iv) US\$80m before tax gain from higher in Malaysia Block K.
- Volume steady q-q.** PTTEP's sale volume came in at 421K BOED, only up by 1% q-q. This due to maintenance shutdown at Zawtika project which offset by Malaysia Project due to higher sales of crude oil and MTJDA project.
- ASP increase.** Overall average selling price was at US\$47/BOE, which up by 6% q-q, mainly led by liquid selling price given higher oil price during the quarter. Gas price slightly increased by 1% q-q to US\$5.8/mmbtu.
- Reverse decommissioning cost send depreciation lower.** Due to lower than expected decommission cost, PTTEP has to reverse the expense which led to lower depreciation expense. Depreciation per barrel came in at only US\$14/BOE vs US\$16/BOE in 3Q21. However, overall cost is steady q-q at US\$29/BOE due to rising operating expense in 4Q21.
- Conservative gas price guidance in 2022F.** PTTEP guide gas price of US\$5.9/mmbtu in 2022F, +4% y-y. The assumption is based on average Dubai price of US\$67/bbl. If based on US\$80/bbl oil price, gas price would be 5% higher at US\$6.1/mmbtu.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	40,124	42,754	54,830	58,295	63,189	Revenue	8	57	112	219,068	221,410
Gross profit	15,158	17,600	24,490	25,116	30,990	Gross profit	23	104	137	96,946	86,574
SG&A	3,564	2,269	2,600	2,357	4,190	SG&A	78	18	99	11,416	13,766
Operating profit	11,595	15,331	21,890	22,759	26,800	Operating profit	18	131	144	85,530	72,808
EBITDA	28,368	31,888	41,636	42,708	39,592	EBITDA	(7)	40	117	155,824	152,614
Other income	522	508	793	457	3,112	Other income	581	496	155	4,869	3,295
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	2,046	1,453	1,611	1,712	1,696	Interest expense	(1)	(17)	61	6,472	12,356
Profit before tax	10,070	14,386	21,072	21,504	28,216	Profit before tax	31	180	162	83,927	63,747
Income tax	5,708	5,801	10,063	10,746	14,919	Income tax	39	161	247	41,528	22,311
Equity & invest. income	777	64	88	228	109	Equity & invest. income	(52)	(86)	222	489	220
Minority interests	0	0	0	0	0	Minority interests			na	0	0
Extraordinary items	(2,612)	2,885	(3,957)	(1,441)	(2,760)	Extraordinary items	na	na	na	(4,024)	0
Net profit	2,527	11,534	7,140	9,545	10,645	Net profit	12	321	108	38,864	41,656
Normalized profit	5,139	8,649	11,097	10,986	13,406	Normalized profit	22	161	123	44,137	41,656
EPS (Bt)	0.64	2.91	1.80	2.40	2.68	EPS (Bt)	12	321	108	9.79	10.49
Normalized EPS (Bt)	1.29	2.18	2.80	2.77	3.38	Normalized EPS (Bt)	22	161	123	10.80	10.49
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	114,261	56,268	59,298	67,848	85,528	Sales growth	(25.5)	(9.0)	61.1	48.5	57.5
A/C receivable	23,752	24,903	27,353	29,013	33,430	Operating profit growth	(37.2)	(9.6)	206.2	93.7	131.1
Inventory	10,156	12,077	13,530	14,406	14,069	EBITDA growth	(21.1)	(5.5)	83.2	53.2	39.6
Other current assets	4,547	8,921	7,969	6,173	6,557	Norm profit growth	(55.2)	(4.6)	171.3	81.8	160.9
Investment	13,523	13,646	13,961	14,728	14,408	Norm EPS growth	(55.2)	(4.6)	171.3	81.8	160.9
Fixed assets	295,491	376,034	375,772	393,855	380,307	Gross margin	37.8	41.2	44.7	43.1	49.0
Other assets	213,908	238,436	246,730	261,863	249,237	Operating margin	28.9	35.9	39.9	39.0	42.4
Total assets	675,637	730,284	744,614	787,886	783,536	EBITDA margin	70.7	74.6	75.9	73.3	62.7
S-T debt	4,512	4,698	6,411	4,092	12,738	Norm net margin	12.8	20.2	20.2	18.8	21.2
A/C payable	26,844	27,049	29,422	33,144	36,660	D/E (x)	0.3	0.3	0.3	0.2	0.3
Other current liabilities	24,901	34,542	48,967	51,788	55,105	Net D/E (x)	(0.0)	0.1	0.1	0.1	0.1
L-T debt	102,878	106,235	93,102	97,909	102,661	Interest coverage (x)	13.9	21.9	25.8	24.9	23.3
Other liabilities	162,091	176,967	181,404	191,561	161,022	Interest rate	7.6	5.3	6.1	6.8	6.2
Minority interest	0	0	0	0	0	Effective tax rate	56.7	40.3	47.8	50.0	52.9
Shareholders' equity	354,411	380,793	385,308	409,392	415,350	ROA	3.0	4.9	6.0	5.7	6.8
Working capital	7,064	9,931	11,461	10,275	10,839	ROE	5.7	9.4	11.6	11.1	13.0
Total debt	107,390	110,933	99,513	102,001	115,399						
Net debt	(6,871)	54,666	40,215	34,153	29,871						

Sources: Company data, Thanachart estimates

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