

**Esso (Thailand) Pcl (ESSO TB) - HOLD, Price Bt7.50, TP Bt8.00****Results Comment**

Yupapan Polpornprasert | Email: yupapan.pol@thanachartsec.co.th

**4Q21 profit – slight miss**

- **ESSO** reported 4Q21 net profit of Bt750m (vs profit of Bt46m in 3Q21 and up by 73% y-y). Excluding inventory gain (see below), we estimate normalized loss to be Bt593m, improving from a normalized loss of Bt908m in 3Q21 (also our estimate). The result was slightly below our estimate, we believe this is due to larger than expected PX loss. Maintain HOLD.
- **Petrochemical:** Px production remains at zero in 4Q21. Recall that ESSO has fully suspended its PX production since April 2021. Petrochemical loss was Bt445m compared to Bt30m in the previous quarter. We see higher operating cost as the reason for wider loss in 4Q21.
- **Inventory gain:** We estimate pre-tax inventory gain to be Bt157m. Dubai oil price in December averaged \$71.6/bbl with USDT/THB exchange rate of 33.4. This compares to \$71.9/bbl average Dubai oil price in September with Fx of 32.9. We therefore estimate each barrel of inventory gained Bt22.5/bbl; multiplying this increase by 7m bbls average inventory gives us Bt157m in pre-tax stock gain
- **Petroleum:** Reported GRM was \$7.4/bbl. We estimate market GRM (exc. Inventory gain) to be \$7.0/bbl, higher than \$1.1/bbl in 3Q21 due to higher product margins. Crude intake was 124kbd, up from 113kbd in 3Q21 reflecting improve demand following country reopening.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	32,481	39,258	41,070	40,239	52,312	Revenue	30	61	109	172,878	169,762
<b>Gross profit</b>	<b>421</b>	<b>1,585</b>	<b>386</b>	<b>395</b>	<b>2,105</b>	<b>Gross profit</b>	<b>433</b>	<b>399</b>	<b>86</b>	<b>4,471</b>	<b>8,211</b>
SG&A	1,278	1,251	1,214	1,282	1,321	SG&A	3	3	100	5,068	5,404
Operating profit	(856)	335	(828)	(887)	784	Operating profit	na	na	(437)	(597)	2,808
<b>EBITDA</b>	<b>(201)</b>	<b>1,022</b>	<b>(128)</b>	<b>(180)</b>	<b>1,497</b>	<b>EBITDA</b>	<b>na</b>	<b>na</b>	<b>81</b>	<b>2,210</b>	<b>5,434</b>
Other income	6	9	3	10	6	Other income	(40)	8	41	29	70
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	92	82	76	77	76	Interest expense	(1)	(17)	94	311	280
<b>Profit before tax</b>	<b>(942)</b>	<b>262</b>	<b>(901)</b>	<b>(954)</b>	<b>714</b>	<b>Profit before tax</b>	<b>na</b>	<b>na</b>	<b>713</b>	<b>(879)</b>	<b>2,598</b>
Income tax	116	676	199	(3)	179	Income tax	na	55	91	1,051	596
Equity & invest. income	69	70	56	43	59	Equity & invest. income	38	(15)	59	227	384
Minority interests	0	0	(1)	0	0	Minority interests			75	(1)	(1)
Extraordinary items	1,422	3,132	1,903	955	157	Extraordinary items	(84)	(89)	111	6,147	0
<b>Net profit</b>	<b>433</b>	<b>2,788</b>	<b>858</b>	<b>46</b>	<b>750</b>	<b>Net profit</b>	<b>1,519</b>	<b>73</b>	<b>96</b>	<b>4,443</b>	<b>2,384</b>
<b>Normalized profit</b>	<b>(989)</b>	<b>(344)</b>	<b>(1,045)</b>	<b>(908)</b>	<b>593</b>	<b>Normalized profit</b>	<b>na</b>	<b>na</b>	<b>189</b>	<b>(1,704)</b>	<b>2,384</b>
EPS (Bt)	0.13	0.81	0.25	0.01	0.22	EPS (Bt)	1,519	73	96	1.28	0.69
Normalized EPS (Bt)	(0.29)	(0.10)	(0.30)	(0.26)	0.17	Normalized EPS (Bt)	na	na	189	(0.49)	0.69
Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	262	639	753	336	802	Sales growth	(14.1)	(0.3)	68.2	32.4	61.1
A/C receivable	5,083	6,926	6,125	5,915	8,171	Operating profit growth	na	na	na	na	na
Inventory	13,144	16,008	18,114	20,204	18,786	EBITDA growth	na	na	na	na	na
Other current assets	4,432	4,553	4,939	5,376	6,025	Norm profit growth	na	na	na	na	na
Investment	2,137	2,207	1,994	2,036	2,095	Norm EPS growth	na	na	na	na	na
Fixed assets	24,750	24,406	24,034	23,758	23,706	Gross margin	1.3	4.0	0.9	1.0	4.0
Other assets	11,570	10,920	10,665	10,720	10,470	Operating margin	(2.6)	0.9	(2.0)	(2.2)	1.5
<b>Total assets</b>	<b>61,378</b>	<b>65,659</b>	<b>66,624</b>	<b>68,345</b>	<b>70,055</b>	EBITDA margin	(0.6)	2.6	(0.3)	(0.4)	2.9
S-T debt	21,869	20,533	23,022	23,319	24,990	Norm net margin	(3.0)	(0.9)	(2.5)	(2.3)	1.1
A/C payable	4,452	4,394	4,495	4,136	5,117	D/E (x)	2.0	1.5	1.5	1.6	1.5
Other current liabilities	9,125	13,061	11,743	12,098	11,900	Net D/E (x)	1.9	1.5	1.4	1.6	1.5
L-T debt	6,333	5,167	4,000	5,333	3,999	Interest coverage (x)	(2.2)	12.4	(1.7)	(2.4)	19.7
Other liabilities	5,239	5,239	5,223	5,218	4,839	Interest rate	1.5	1.2	1.2	1.1	1.1
Minority interest	7	7	7	7	7	Effective tax rate	(12.3)	258.2	(22.1)	0.3	25.1
<b>Shareholders' equity</b>	<b>14,352</b>	<b>17,257</b>	<b>18,134</b>	<b>18,234</b>	<b>19,201</b>	ROA	(6.6)	(2.2)	(6.3)	(5.4)	3.4
Working capital	13,775	18,539	19,744	21,983	21,840	ROE	(28.5)	(8.7)	(23.6)	(20.0)	12.7
Total debt	28,203	25,700	27,022	28,652	28,990						
<b>Net debt</b>	<b>27,941</b>	<b>25,060</b>	<b>26,269</b>	<b>28,316</b>	<b>28,188</b>						

Sources: Company data, Thanachart estimates

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