PTG Energy Pcl (PTG TB) - BUY, Price Bt14.30, TP Bt19.00

Results Comment

Chak Reungsinpinya | Email: chak.reu@thanachartsec.co.th

4Q21 badly hit by low margin

- PTG reported 4Q21 net loss of Bt86m (EPS Bt0.05/sh), down from profit of Bt672m in 4Q20 and Bt63m in 3Q21. The result was weaker-than-expected due to the severe margin squeeze. Even so, we think the worst of margin squeeze is behind us with higher pump prices and government's lowering of excise tax for diesel. Maintain BUY.
- **Sales volume**: Total sales volume was 1,287m litres, down 1.4% y-y but increasing by 16% q-q as gasoline and diesel demand recovered post lockdowns. Total station count was 2,167 stations, up 25 stations q-q.
- **Marketing margin**: We estimate marketing margin was c.Bt1.3/litre, down about Bt0.6/litre q-q. This was due to government's diesel price cap amid the increase in oil price.
- Profit from **non-oil businesses** (coffee, c-stores) contributed another Bt0.35/litre to gross profit, roughly unchanged q-q.
- **SG&A**: SG&A was 2.04bn, down 3% y-y and q-q. Given increased volume, average SG&A per litre fell to Bt1.47/litre, down 6% y-y and 18% q-q.
- **Equity income** was Bt47m, down 72% y-y but increasing by 36% q-q.
- **Guidance**: PTG target to have 2262 service and LPG stations by the end of 2022F (+95 stations y-y) with capex budget of Bt3.5-4.0bn. Total sales volume growth is expected to be 6-10% and EBITDA growth target is 15-20%

Income Statement					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	27,800	32,343	33,390	30,657	37,698
Gross profit	**2,974**	**2,907**	**2,918**	**2,462**	**2,174**
SG&A	2,102	2,057	2,069	2,109	2,037
Operating profit	872	851	849	354	137
EBITDA	**1,605**	**1,584**	**1,595**	**1,122**	**913**
Other income	0	0	0	0	0
Other expense	0	0	0	0	0
Interest expense	284	274	276	283	284
Profit before tax	**588**	**577**	**573**	**70**	**(148)**
Income tax	113	125	118	39	(21)
Equity & invest. income	166	78	45	35	47
Minority interests	(4)	(0)	(3)	(2)	(6)
Extraordinary items	35	1	0	(1)	0
Net profit	**672**	**531**	**498**	**63**	**(86)**
Normalized profit	**636**	**531**	**497**	**64**	**(86)**
EPS (Bt)	0.40	0.32	0.30	0.04	(0.05)
Normalized EPS (Bt)	0.38	0.32	0.30	0.04	(0.05)

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	23	36	98	134,088	150,046
Gross profit	**(12)**	**(27)**	**93**	**10,461**	**12,305**
SG&A	(3)	(3)	100	8,271	8,856
Operating profit	(61)	(84)	72	2,190	3,449
EBITDA	**(19)**	**(43)**	**85**	**5,214**	**6,966**
Other income			na	0	0
Other expense			na	0	0
Interest expense	0	0	60	1,118	1,843
Profit before tax	**na**	**na**	**91**	**1,073**	**1,606**
Income tax	na	na	111	261	321
Equity & invest. income	36	(72)	102	205	250
Minority interests	na	na	66	(10)	(17)
Extraordinary items			na	0	0
Net profit	**na**	**na**	**89**	**1,006**	**1,517**
Normalized profit	**na**	**na**	**89**	**1,006**	**1,517**
EPS (Bt)	na	na	89	0.60	0.91
Normalized EPS (Bt)	na	na	89	0.60	0.91

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	1,267	1,243	1,271	1,462	1,898
A/C receivable	503	666	669	647	722
Inventory	2,088	1,812	2,016	2,370	2,239
Other current assets	1	196	0	0	0
Investment	1,810	1,904	1,936	2,002	2,044
Fixed assets	10,853	10,863	11,000	11,308	11,505
Other assets	25,515	25,546	25,860	25,824	25,976
Total assets	**42,037**	**42,231**	**42,752**	**43,614**	**44,384**
S-T debt	3,314	2,881	3,024	5,491	5,537
A/C payable	3,920	5,620	3,952	4,151	6,000
Other current liabilities	1,252	983	3,220	1,128	913
L-T debt	6,294	4,984	4,723	4,821	3,844
Other liabilities	19,277	19,245	19,635	19,739	19,890
Minority interest	96	96	97	99	105
Shareholders' equity	**7,884**	**8,423**	**8,101**	**8,186**	**8,095**
Working capital	(1,329)	(3,142)	(1,267)	(1,134)	(3,038)
Total debt	9,609	7,865	7,747	10,311	9,382
Net debt	**8,342**	**6,621**	**6,477**	**8,849**	**7,484**

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	(10.6)	10.8	49.7	20.8	35.6
Operating profit growth	82.2	144.3	(6.8)	(60.3)	(84.3)
EBITDA growth	26.6	51.6	(2.4)	(30.7)	(43.1)
Norm profit growth	78.5	160.9	(2.3)	(87.4)	na
Norm EPS growth	78.5	160.9	(2.3)	(87.4)	na
Gross margin	10.7	9.0	8.7	8.0	5.8
Operating margin	3.1	2.6	2.5	1.2	0.4
EBITDA margin	5.8	4.9	4.8	3.7	2.4
Norm net margin	2.3	1.6	1.5	0.2	(0.2)
D/E (x)	1.2	0.9	0.9	1.2	1.1
Net D/E (x)	1.0	0.8	0.8	1.1	0.9
Interest coverage (x)	5.7	5.8	5.8	4.0	3.2
Interest rate	11.7	12.5	14.2	12.5	11.6
Effective tax rate	19.3	21.6	20.5	55.9	14.2
ROA	6.2	5.0	4.7	0.6	(0.8)
ROE	33.0	26.0	24.1	3.1	(4.2)

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 83 Derivative Warrants which are ADVA16C2203A, AMAT16C2206A, AOT16C2204A, AOT16C2206A, BAM16C2206A, BAM16C2204A, BANP16C2205A, BANP16C2204A, BBL16C2203A, BBL16C2204A, BCH16C2203A, BEC16C2204A, BGRI16C2203A, BGRI16C2205A, BLA16C2205A, CBG16C2204A, CBG16C2205A, COM716C2203A, COM716C2205A, CPAL16C2203A, CPAL16C2204A, CPF16C2205A, CRC16C2204A, DELT16C2203A, DTAC16C2203A, EA16C2206A, EA16C2203A, EA16C2205A, GLOB16C2203A, GPSC16C2206A, GPSC16C2203A, GPSC16C2205A, GULF16C2203A, GULF16C2205A, GUNK16C2206A, GUNK16C2203A, GUNK16C2205A, HANA16C2204A, HANA16C2205A, INTU16C2205A, IRPC16C2205A, IVL16C2203A, IVL16C2206A, JMAR16C2206A, JMAR16C2205A, JMT16C2203A, JMT16C2205A, KBAN16C2206A, KBAN16C2204A, KCE16C2204A, KCE16C2205A, KCE16C2205B, MINT16C2203A, MINT16C2204A, MTC16C2204A, OR16C2203A, OR16C2205A, PTG16C2203A, PTL16C2202B, PTT16C2203A, PTT16C2205A, PTTE16C2203A, RCL16C2205A, RS16C2205A, S5016P2206B, S5016C2203A, S5016C2203B, S5016C2206A, S5016P2203A, S5016P2203B, S5016P2206A, SAWA16C2204A, SAWA16C2205A, SCC16C2204A, STA16C2203A, STEC16C2204A, SYNE16C2206A, TOP16C2206A, TRUE16C2205B, TRUE16C2205A, TRUE16C2203A, TRUE16C2203B, TU16C2204A, WHA16C2204A (underlying securities are ADVANC, AMATA, AOT, BAM, BANPU, BBL, BCH, BEC, BGRIM, BLA, CBG, COM7, CPALL, CPF, CRC, DELTA, DTAC, EA, GLOBAL, GPSC, GULF, GUNKUL, HANA, INTUCH, IRPC, IVL, JMART, JMT, KBANK, KCE, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, RCL, RS, SAWAD, SCC, SYNTEC, SET50, STA, STEC, TOP, TU, WHA, TRUE). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 21.2% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities
Investment Banking Relationship
Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)