SUSCO Pcl (SUSCO TB) - BUY, Price Bt3.76, TP Bt5.20

Results Comment

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4Q21 below expectation on low margin

- SUSCO reported 4Q21 net profit of Bt19m (EPS Bt0.02/sh), down 81% y-y and 65% q-q. The result was below our expectation due mainly to a severe margin squeeze. However, given easing margin pressure from January 2022F due to product pricing and government's excise tax cut, we expect a strong recovery in 1Q22F. BUY.
- Total sales volume in 4Q21 reached 246m litres, up a strong 19% q-q as fuel demand recovered post-lockdowns. The company has not provided volume breakdown by product though we suspect it was driven mainly by jet fuel demand.
- Blended gross margin fell a sharp Bt0.24/litre q-q to just Bt1.21/litre, the lowest since pandemic began. This was likely caused by the government's attempt to cap diesel price. However, we believe this issue is largely resolved as SUSCO has started pricing its products higher than those of PTTOR and BCP since January 2022.
- SG&A grew 6% q-q and 10% y-y to Bt333m likely due to on-going station expansion and high sales volume.
- Balance sheet remains strong with net D/E of less than 0.1x.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**4Q20**	**1Q21**	**2Q21**	**3Q21**	**4Q21**
Revenue	3,916	4,629	4,759	4,618	6,027
Gross profit	**427**	**419**	**386**	**337**	**341**
SG&A	303	303	314	314	333
Operating profit	124	116	72	22	8
EBITDA	**213**	**204**	**163**	**117**	**105**
Other income	16	28	23	36	35
Other expense	0	0	0	0	0
Interest expense	14	14	14	15	15
Profit before tax	**126**	**129**	**81**	**43**	**28**
Income tax	24	27	17	16	5
Equity & invest. income	(3)	(3)	(3)	(4)	(3)
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	31	0
Net profit	**99**	**99**	**62**	**54**	**19**
Normalized profit	**99**	**99**	**62**	**23**	**19**
EPS (Bt)	0.09	0.09	0.06	0.05	0.02
Normalized EPS (Bt)	0.09	0.09	0.06	0.02	0.02

Income Statement			12M as		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021A**	**2022F**
Revenue	31	54	107	20,033	22,127
Gross profit	**1**	**(20)**	**99**	**1,483**	**1,613**
SG&A	6	10	102	1,265	1,275
Operating profit	(63)	(93)	85	219	338
EBITDA	**(10)**	**(51)**	**90**	**589**	**762**
Other income	(3)	115	136	152	93
Other expense			na	0	0
Interest expense	(0)	10	78	59	97
Profit before tax	**(35)**	**(78)**	**103**	**311**	**334**
Income tax	(66)	(78)	119	65	67
Equity & invest. income	na	na	na	(13)	0
Minority interests			na	0	0
Extraordinary items			na	0	0
Net profit	**(65)**	**(81)**	**108**	**234**	**267**
Normalized profit	**(17)**	**(81)**	**93**	**203**	**267**
EPS (Bt)	(65)	(81)	105	0.23	0.27
Normalized EPS (Bt)	(17)	(81)	91	0.23	0.27

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**4Q20**	**1Q21**	**2Q21**	**3Q21**	**4Q21**
Cash & ST investment	302	476	421	507	367
A/C receivable	594	670	611	620	706
Inventory	416	463	476	573	498
Other current assets	53	84	205	218	226
Investment	1,152	1,185	1,183	1,198	1,169
Fixed assets	1,675	1,745	1,775	1,823	1,867
Other assets	1,810	1,843	1,847	1,969	1,961
Total assets	**6,001**	**6,466**	**6,518**	**6,907**	**6,794**
S-T debt	214	215	437	620	312
A/C payable	770	1,013	888	990	1,220
Other current liabilities	192	214	208	198	193
L-T debt	234	278	243	232	221
Other liabilities	1,137	1,169	1,189	1,325	1,321
Minority interest	(281)	(290)	(290)	(290)	(290)
Shareholders' equity	**3,735**	**3,867**	**3,844**	**3,833**	**3,816**
Working capital	240	120	199	203	(16)
Total debt	448	493	679	852	533
Net debt	**146**	**17**	**259**	**344**	**167**

Financial Ratios					
(%)	**4Q20**	**1Q21**	**2Q21**	**3Q21**	**4Q21**
Sales growth	(44.2)	(23.8)	61.1	24.0	53.9
Operating profit growth	147.3	na	8.6	(70.6)	(93.4)
EBITDA growth	93.6	354.5	5.2	(28.8)	(50.7)
Norm profit growth	85.5	na	(14.9)	(67.4)	(80.9)
Norm EPS growth	85.5	na	(14.9)	(67.4)	(80.9)
Gross margin	10.9	9.1	8.1	7.3	5.7
Operating margin	3.2	2.5	1.5	0.5	0.1
EBITDA margin	5.4	4.4	3.4	2.5	1.7
Norm net margin	2.5	2.1	1.3	0.5	0.3
D/E (x)	0.1	0.1	0.2	0.2	0.2
Net D/E (x)	0.0	0.0	0.1	0.1	0.0
Interest coverage (x)	15.3	14.3	11.4	7.6	6.8
Interest rate	10.9	12.1	9.7	8.1	8.9
Effective tax rate	19.0	21.2	20.4	36.6	19.2
ROA	6.6	6.4	3.8	1.4	1.1
ROE	10.8	10.4	6.4	2.4	2.0

Sources: Company data, Thanachart estimates

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