

**Thai Oil Public Co Ltd (TOP TB) - SELL, Price Bt52.75, TP Bt46.00** | Results Comment

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**Strong 4Q21, in line**

- TOP reported 4Q21 net profit of Bt5bn. Excluding non-operating items, we estimate normalized profit of Bt2bn, +66% q-q. The reported profit is ahead of our forecast due to higher-than-expected inventory gain. We see result is broadly in-line with our and market expectation.
- Market GIM** was \$7.0/bbl, increasing from \$5.5/bbl in 3Q21 and \$3.6/bbl in 4Q20. Refinery utilization rate improved to 109% in 4Q21 vs 92% in 3Q21 due to improving domestic demand.
- Refining.** Market GRM improved to \$5.4/bbl from \$1.6/0.8 in 3Q21/4Q20 due to higher crack spreads across key products and also lower crude premium while crude premium largely steady q-q.
- Aromatic.** Product-to-feed (P2F) margin was \$19/t (-79% q-q, -75 y-y) due to sharp correcting in all aromatic spreads. With weaker margin, utilization rate also trended lower to 81% from 88% in 3Q21 and 70% in 4Q20.
- Lube and others.** Lube P2F was \$118/t (-37% q-q, +12% y-y) as base oil margin corrected 25% q-q. Loss contribution from Chandra Asri widen to Bt67m in 4Q21 vs -Bt23m in 3Q21.
- Non-operating items** were Bt3.3bn inventory gain, Bt0.5bn hedging gain, and Bt0.5bn Fx gain (all pre-tax). TOP's total non-recurring gain after tax reported at Bt3bn in 4Q21 vs Bt0.8bn in 3Q21 and Bt7.9bn in 4Q20.
- Outlook.** We expect 1Q22F to trend higher with inventory gain and improving GRM YTD. However, we see 1Q22F as peak quarter. Maintain SELL.

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	61,263	75,272	79,821	82,064	108,338	Revenue	32	77	99	345,496	374,352
<b>Gross profit</b>	<b>3,290</b>	<b>2,118</b>	<b>2,651</b>	<b>2,082</b>	<b>5,031</b>	<b>Gross profit</b>	<b>142</b>	<b>53</b>	<b>109</b>	<b>11,882</b>	<b>12,481</b>
SG&A	791	543	690	712	1,112	SG&A	56	41	82	3,056	4,002
Operating profit	2,500	1,575	1,962	1,370	3,919	Operating profit	186	57	123	8,826	8,479
<b>EBITDA</b>	<b>3,598</b>	<b>3,396</b>	<b>3,775</b>	<b>3,231</b>	<b>5,849</b>	<b>EBITDA</b>	<b>81</b>	<b>63</b>	<b>108</b>	<b>16,250</b>	<b>15,990</b>
Other income	179	198	163	697	78	Other income	(89)	(56)	73	1,136	1,683
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	1,003	796	907	934	958	Interest expense	3	(4)	85	3,595	4,323
<b>Profit before tax</b>	<b>1,676</b>	<b>977</b>	<b>1,217</b>	<b>1,133</b>	<b>3,039</b>	<b>Profit before tax</b>	<b>168</b>	<b>81</b>	<b>142</b>	<b>6,367</b>	<b>5,839</b>
Income tax	2,672	388	358	213	1,075	Income tax	405	(60)	98	2,034	1,332
Equity & invest. income	434	470	537	442	225	Equity & invest. income	(49)	(48)	83	1,675	2,489
Minority interests	(146)	(97)	(84)	(118)	(125)	Minority interests	na	na	72	(425)	(633)
Extraordinary items	7,922	2,397	811	818	2,969	Extraordinary items	263	(63)	95	6,995	0
<b>Net profit</b>	<b>7,213</b>	<b>3,360</b>	<b>2,123</b>	<b>2,063</b>	<b>5,033</b>	<b>Net profit</b>	<b>144</b>	<b>(30)</b>	<b>113</b>	<b>12,578</b>	<b>6,363</b>
<b>Normalized profit</b>	<b>(708)</b>	<b>963</b>	<b>1,312</b>	<b>1,245</b>	<b>2,064</b>	<b>Normalized profit</b>	<b>66</b>	<b>na</b>	<b>145</b>	<b>5,583</b>	<b>6,363</b>
EPS (Bt)	3.53	1.65	1.04	1.01	2.47	EPS (Bt)	144	(30)	112	6.17	3.12
Normalized EPS (Bt)	(0.35)	0.47	0.64	0.61	1.01	Normalized EPS (Bt)	66	na	145	2.74	3.12

  

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	73,352	48,083	41,687	26,201	34,273	Sales growth	(36.5)	(3.3)	58.4	40.5	76.8
A/C receivable	12,702	19,841	20,329	19,439	23,415	Operating profit growth	(22.4)	na	399.0	na	56.8
Inventory	22,461	28,820	37,798	40,257	39,576	EBITDA growth	(27.3)	na	50.9	374.2	62.5
Other current assets	5,713	6,332	5,037	5,216	3,975	Norm profit growth	na	na	na	na	na
Investment	24,521	25,026	24,827	55,288	55,412	Norm EPS growth	na	na	na	na	na
Fixed assets	145,225	153,904	164,911	170,245	178,399	Gross margin	5.4	2.8	3.3	2.5	4.6
Other assets	22,213	21,851	25,729	29,202	27,094	Operating margin	4.1	2.1	2.5	1.7	3.6
<b>Total assets</b>	<b>306,188</b>	<b>303,857</b>	<b>320,316</b>	<b>345,849</b>	<b>362,144</b>	EBITDA margin	5.9	4.5	4.7	3.9	5.4
S-T debt	8,665	2,419	5,626	5,101	5,142	Norm net margin	(1.2)	1.3	1.6	1.5	1.9
A/C payable	9,517	13,390	21,929	18,922	23,001	D/E (x)	0.2	0.1	0.2	0.4	0.4
Other current liabilities	10,438	9,328	11,148	10,778	10,334	Net D/E (x)	(0.4)	(0.3)	(0.2)	0.1	0.1
L-T debt	12,400	12,401	11,836	35,405	44,755	Interest coverage (x)	3.6	4.3	4.2	3.5	6.1
Other liabilities	145,049	148,796	151,213	158,037	155,819	Interest rate	19.4	17.7	22.5	12.9	8.5
Minority interest	3,889	2,723	2,767	2,093	2,213	Effective tax rate	159.4	39.7	29.4	18.8	35.4
<b>Shareholders' equity</b>	<b>116,229</b>	<b>114,800</b>	<b>115,797</b>	<b>115,512</b>	<b>120,881</b>	ROA	(0.9)	1.3	1.7	1.5	2.3
Working capital	25,646	35,271	36,198	40,773	39,990	ROE	(2.5)	3.3	4.6	4.3	7.0
Total debt	21,066	14,819	17,462	40,506	49,897						
<b>Net debt</b>	<b>(52,287)</b>	<b>(33,263)</b>	<b>(24,225)</b>	<b>14,305</b>	<b>15,624</b>						

Sources: Company data, Thanachart estimates

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