HOLD (Unchanged)

Change in Numbers

TP: Bt 161.00 (From: Bt 148.00)

Upside : 3.5%

25 MAY 2022

Thanachart Securities

PTT Exp & Production Pcl (PTTEP TB)

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Limited upside

We raise our oil price assumptions but maintain our HOLD call on PTTEP as we see limited upside for its share price. Our oil upgrades lead us to hike our earnings by 26/49/48% and assign a higher TP of Bt161. Also looking forward, we do not foresee any re-rating factors pushing the stock beyond its current 1.3x 2022F P/BV ratio.

Oil price upgrades

We raise our oil price assumptions to USD101/90/85/bbl in 2022-24F from USD88/73/71 previously. This reflects the prolonged Russia-Ukraine conflict, longer-term sanctions, tight OPEC+ supply management, and slow growth in US production. Despite our upgrades, we believe oil prices have peaked with the market already having factored in the Russia-Ukraine factor. There is no official ban, but European countries are already steering clear of buying Russian crude, which we believe will lead to a long-term structural shift in global crude oil supply. Russia crude oil output dropped by 1m b/d m-m in April and the market is anticipating supply to decline further by 1-1.8m b/d.

Fairly priced; HOLD

Following our new oil price assumptions, we lift our earnings estimates for PTTEP by 26/49/48% and our DCF-based 12-month TP to Bt161 (from Bt148) as we roll over our valuation base year to 2023F. However, we maintain our HOLD call on the stock as we believe it is already fairly priced with limited potential upside. PTTEP is trading at 1.3/1.2x P/BV in 2022-23F which we believe is fair for an upstream oil and gas company. Our earnings growth estimate is high for this year at 80% due to the jump in oil prices but we forecast declines of 9.8/9.1% in 2023-24F.

Lacking a volume growth driver

PTTEP will likely see the strongest volume growth this year of 12% due to the new Bongkot and Erawan concession. However, we expect volume growth to drop to only a 3% CAGR over 2023-26F despite a potential volume ramp-up from Erawan as it would be offset by volume declines from existing fields. PTTEP could make more acquisitions. However, purchase prices may not be attractive given the high oil price environment. Longer term, we see also potential downside risks to PTTEP's production volume.

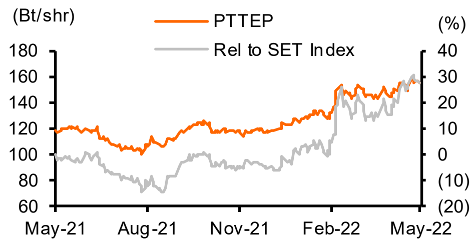
Less sensitive to oil price movements

PTTEP's product price is becoming less sensitive to oil price movements. The correlation between PTTEP's gas price (73% of PTTEP's sales volume in 1Q22) and the oil price dropped to 0.6x during 2019-1Q22, vs. 0.9x in 2016-19 (see Exhibits 10-11). This was due to the acquisition of Murphy in Malaysia in 2019 and Oman Block 61 in 2021. Each contributes around 10% of PTTEP's total sales volume. Both are gas based and prices are fixed or low. Additionally, Bongkot and Erawan have been run under a new PSC contract from April and the new contract has an estimated 40% lower price than the old concession contract and it will be less sensitive to oil price fluctuations.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	219,068	309,763	288,633	284,615
Net profit	38,864	70,997	71,439	64,914
Consensus NP	—	64,692	61,801	55,439
Diff frm cons (%)	—	*9.7*	*15.6*	*17.1*
Norm profit	43,989	79,157	71,439	64,914
Prev. Norm profit	—	62,877	47,897	43,845
Chg frm prev (%)	—	*25.9*	*49.2*	*48.1*
Norm EPS (Bt)	11.1	19.9	18.0	16.4
Norm EPS grw (%)	105.6	79.9	(9.8)	(9.1)
Norm PE (x)	14.0	7.8	8.6	9.5
EV/EBITDA (x)	4.2	2.9	2.9	2.9
P/BV (x)	1.5	1.3	1.2	1.1
Div yield (%)	3.2	3.9	4.5	4.5
ROE (%)	11.4	17.8	14.3	12.0
Net D/E (%)	7.2	7.8	3.8	2.1

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 25-May-22 (Bt)	155.50
Market Cap (US$ m)	18,034.8
Listed Shares (m shares)	3,970.0
Free Float (%)	34.7
Avg Daily Turnover (US$ m)	59.0
12M Price H/L (Bt)	158.50/100.50
Sector	Energy
Major Shareholder	PTT Pcl 63.79%

Sources: Bloomberg, Company data, Thanachart estimates

Oil price upgrades

Oil prices look set to remain high

We lift our oil price assumptions to USD101/90/85/bbl in 2022-24F compared with USD88/73/71 per bbl previously. The disruption to oil supplies as a result of Russia's invasion of Ukraine, and limited supply growth from OPEC+ and the US will likely continue to keep the market tight and oil prices high. However, we believe the market has already priced in Russian supply disruption while potentially slower demand growth will likely cap oil price upside.

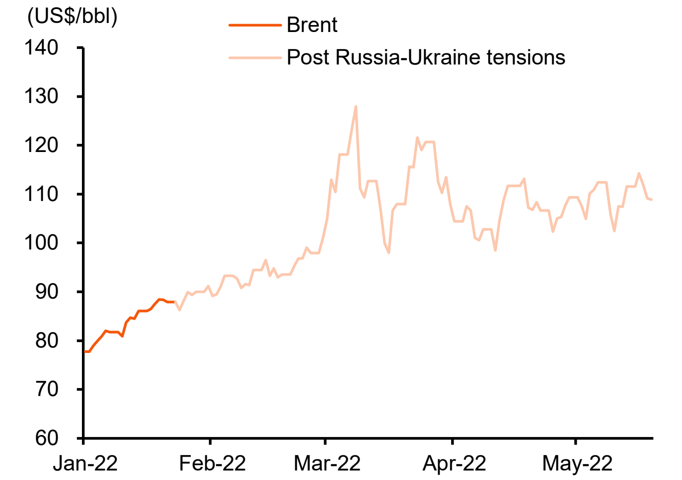
Europeans shunning Russian crude will likely lead to a structural shift

We foresee a see structural shift in crude oil supply as European countries begin to shun Russian crude. There is no official ban, but Europeans are already moving away from buying Russian crude and we believe this will lead to a long-term structural shift in global crude oil supply. Russian crude oil output dropped by 1m b/d m-m in April and the market is anticipating supply to drop further by 1-1.8m b/d.

US and OPEC supplies are also limited

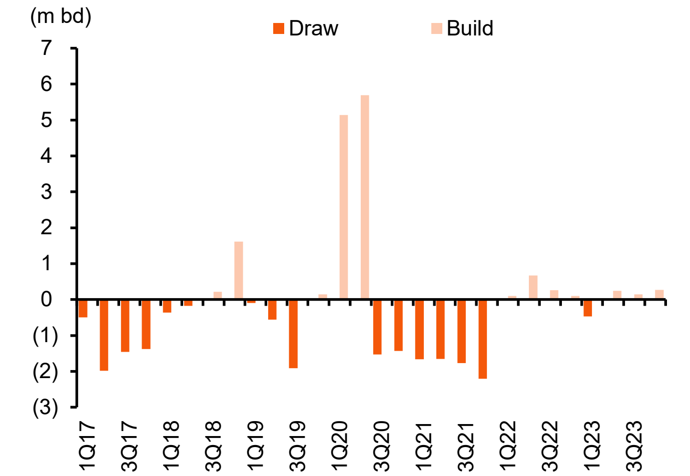
Meanwhile, OPEC output ex Russia and US oil supply has been limited despite strong oil prices. OPEC's output is consistently behind target. In total, the group is now 2.4m b/d behind the group's combined target of 39.9m b/d for April. This has mainly been driven by supply disruption and continued limited supply growth from African members. Angola and Nigeria have each been pumping 300,000-400,000 bpd below their quotas for months because of a lack of investment and capacity. For the US, total crude production is still below the pre-COVID level. The latest week's data shows that US production was at 11.9m b/d, which is up by only 100k b/d compared to the end of 2021 and vs. 12.3m b/d in 2019. We believe this has been a result of tight discipline among listed US producers (70% of total US production) to keep output growth at no more than 5%.

Ex 1: Brent Oil Price



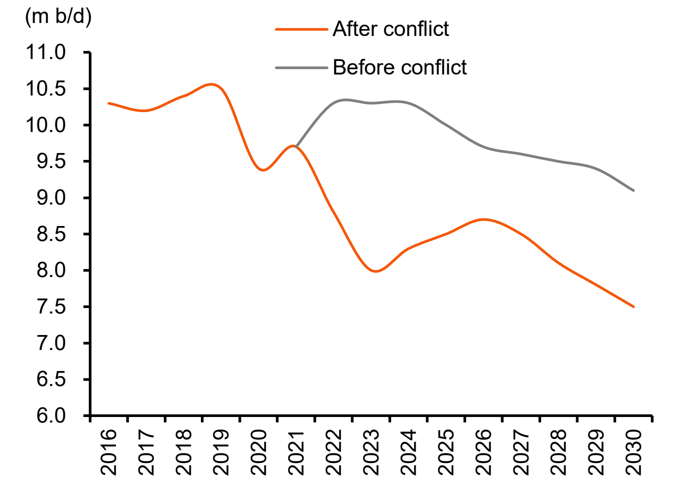
Source: Bloomberg

Ex 2: Global Crude Oil Balance



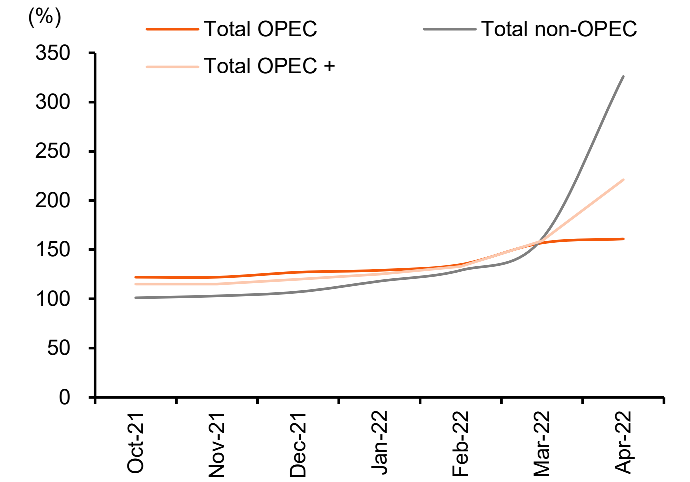
Source: EIA

Ex 3: Russian Oil Supply Outlook



Source: Rystad

Ex 4: OPEC+ Compliance Rate



Source: Bloomberg

We lift PTTEP's ASP as we raise our oil price assumptions

For PTTEP, the higher oil price is also positive for gas prices which lag oil by six to nine months. We have therefore raised our assumptions for PTTEP's gas price to USD6.4/6.3/6.2 per mmbtu from USD6.1/5.4/5.4 previously.

Ex 5: Key Assumption Changes

Assumption	Unit	2022F	2023F	2024F
New				
Brent oil price	(USD/bbl)	101	90	85
Gas ASP	(USD/mmbtu)	6.40	6.30	6.20
Volume	(KBOED)	467	463	473
Old				
Brent oil price	(USD/bbl)	88	73	71
Gas ASP	(USD/mmbtu)	6.10	5.40	5.40
Volume	(KBOED)	467	463	473
Change				
Brent oil price	*(USD/bbl)*	*13*	*17*	*14*
Gas ASP	*(USD/mmbtu)*	*0.30*	*0.90*	*0.80*
Volume	*(KBOED)*	*-*	*-*	*-*

Sources: Thanachart estimates

We don't see PTTEP as attractive at current price

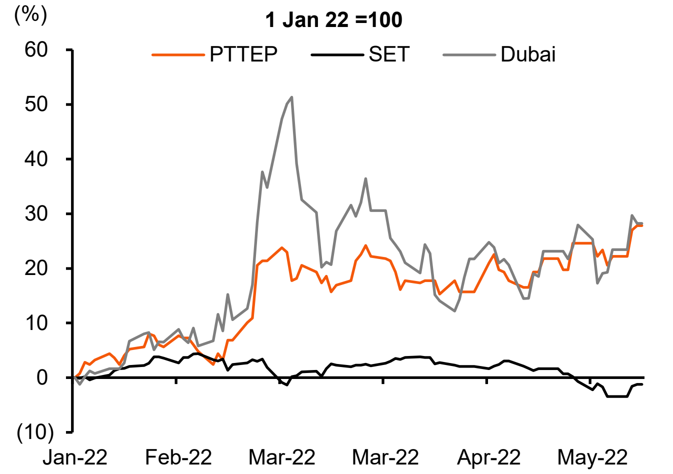
With higher oil and gas prices, we have boosted our earnings estimates in 2022-24F by 26/49/48%, respectively. With have also lifted our DCF-based 12-month TP to Bt161/share from Bt148 as we raise our earnings forecasts and roll over our valuation base year to 2023F. . However, because the share price already looks like it has reflected the higher oil prices, we maintain our HOLD rating on PTTEP. Note that we do not view PTTEP's valuation as attractive as the current price already implies 1.3x 2022F P/BV, which is above its historical average of 1.1x.

Ex 6: Profit And TP Revisions

(Bt m)	Norm profit 2022F	2023F	2024F	TP (Bt/shr)
New	79,157	71,439	64,914	161
Old	62,877	47,897	43,845	148
Revision (%)	*26*	*49*	*48*	*9*

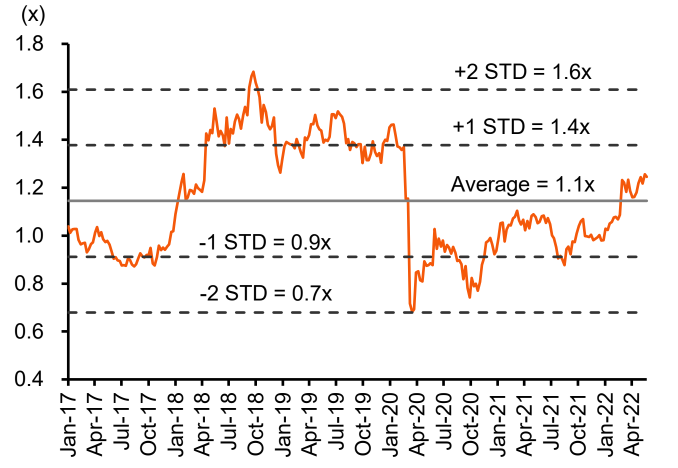
Source: Thanachart estimates

Ex 7: PTTEP Share Price Performance Vs. SET And Dubai



Source: Bloomberg

Ex 8: P/BV Band

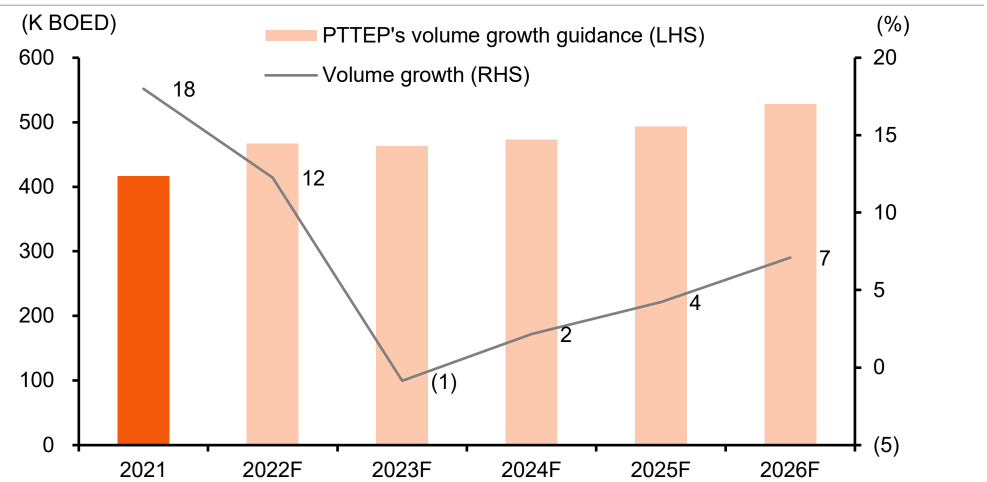


Sources: Bloomberg, Thanachart estimates

Limited volume growth outlook post 2022F

On a longer-term basis, we also foresee limited volume growth prospects. This year should be PTTEP's strongest in terms of volume growth for the next five years. Despite a volume recovery for Erawan field next year, we expect overall growth to be flat in 2023F and rise by only 2% in 2024F. Volume growth will likely accelerate to 4% in 2025F and 7% in 2026F driven by the start-up of the Mozambique LNG, southwest Vietnam, SK410B, and Algeria HBR projects. However, we see potential downside risk and potential additional asset impairments for the Mozambique LNG project if there are further delays. While PTTEP expects development to start in 2H22 to meet its first gas expectation in 2H25, Total Energies, the project operator, has officially postponed the start-up to 2026.

Ex 9: Volume Growth Outlook

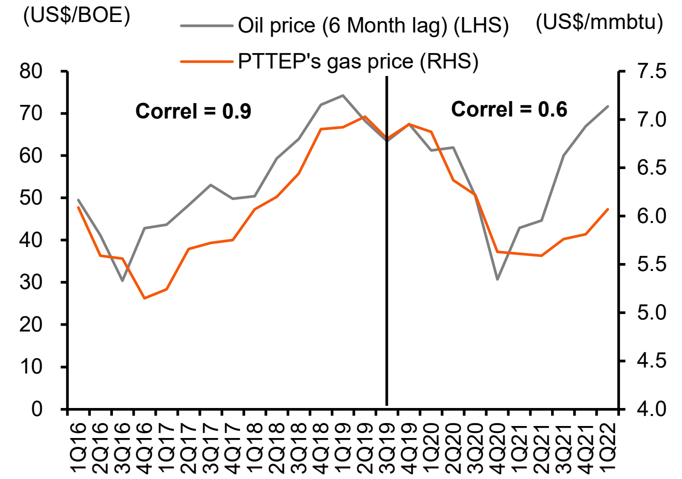


Source: Company data

Yet, selling price looks set to be less sensitive to oil price changes

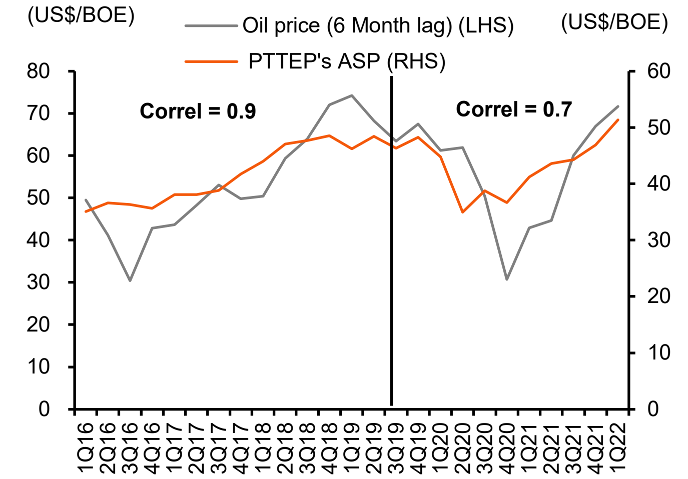
Apart from the limited volume growth outlook, PTTEP's selling price has become less sensitive to oil price movements since the acquisition of Murphy in Malaysia in 2019 where the gas selling price is low along with the acquisition of Oman Block 61 in 2021 where the gas selling price is fixed. Looking forward, we think selling price sensitivity will become even lower due to the start of the new contract price for Bongkot and Erawan (35% of 2023F volume). Under the new PSC contract that commenced in April this year, the price is estimated to be 40% lower vs. the previous oil concession contract and therefore less sensitive to oil price fluctuations.

Ex 10: PTTEP's Gas Price Vs. Oil Price



Sources: Company data, Bloomberg

Ex 11: PTTEP's Selling Price Vs. Oil Price



Sources: Company data, Bloomberg

Ex 12: 12-month DCF-based TP Calculation, Using A Base Year Of 2023F

(Bt m)		2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA		218,582	213,561	204,351	209,825	199,483	189,659	180,325	171,459	163,035	155,033	147,431	
Free cash flow		48,079	40,168	43,306	64,813	113,640	109,093	105,105	101,377	97,898	94,656	37,692	498,004
PV of free cash flow		44,205	33,940	33,634	45,488	73,000	64,127	56,549	49,923	44,126	37,417	13,580	179,419
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.0												
Wacc (%)	8.8												
Terminal growth (%)	2.0												
Enterprise value	675,409												
Net debt	37,397												
Minority interest	0												
Equity value	638,012												
# of shares	3,970												
Equity value / share	**161**												

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 13: Comparison With Regional Peers

			EPS Growth		— PE —		— P/BV —		EV/EBITDA		Div. Yield		— ROE —	
Company	**Code**	**Country**	**22F (%)**	**23F (%)**	**22F (x)**	**23F (x)**	**22F (x)**	**23F (x)**	**22F (x)**	**23F (x)**	**22F (%)**	**23F (%)**	**22F (%)**	**23F (%)**
Refining & Marketing														
Caltex Australia	CTX AU	Australia	46.8	6.4	na	na	na	na	na	na	na	na	12.0	18.3
BPCL	BPCL IN	India	(0.3)	(1.1)	7.0	7.1	1.3	1.2	6.7	6.6	6.4	7.8	24.7	18.8
HPCL	HPCL IN	India	(12.6)	9.6	5.0	4.6	0.8	0.7	6.9	5.8	7.9	7.4	24.1	17.2
IOCL	IOCL IN	India	65.7	(13.3)	4.3	4.9	0.9	0.8	5.3	5.9	7.1	10.0	14.6	19.3
Reliance Industries	RIL IN	India	31.2	29.3	28.7	22.2	2.2	2.0	18.1	13.9	0.3	0.3	8.6	8.0
SK Energy	096770 KS	S.Korea	na	(19.8)	8.9	11.0	0.9	0.9	5.8	6.5	0.9	1.7	4.4	11.5
S-OIL	010950 KS	S.Korea	45.0	(29.5)	5.6	8.0	1.4	1.3	4.6	6.2	3.7	4.8	23.5	26.7
Petron	PCOR PM	Philippines	na	na	na	na	na	na	na	na	na	na	4.1	na
Formosa Petrochemical	6505 TT	Taiwan	(4.0)	(12.8)	18.2	20.9	2.4	2.4	11.5	12.6	4.3	3.6	15.3	13.4
Bangchak *	BCP TB	Thailand	38.2	(33.6)	7.1	10.6	0.8	0.8	4.5	7.0	5.5	3.7	11.5	7.2
ESSO (Thailand) *	ESSO TB	Thailand	na	320.8	48.6	11.6	1.3	1.1	10.0	7.4	0.0	0.0	3.0	10.4
IRPC Pcl *	IRPC TB	Thailand	(70.7)	489.1	59.2	10.1	0.7	0.7	12.6	7.3	4.6	5.0	1.3	7.3
PTG Pcl *	PTG TB	Thailand	50.8	19.5	16.2	13.5	2.7	2.4	7.0	6.6	3.1	3.7	17.6	18.8
PTT Global Chemicals *	PTTGC TB	Thailand	(19.4)	5.4	9.2	8.7	0.6	0.6	7.3	6.9	5.4	5.2	7.0	7.1
Star Petroleum Refining *	SPRC TB	Thailand	na	(23.1)	13.7	17.8	1.2	1.2	5.5	6.5	4.3	2.8	9.8	6.8
SUSCO Pcl	SUSCO TB	Thailand	35.0	30.1	12.2	9.4	0.9	0.8	5.2	4.3	4.1	5.3	7.0	8.9
Thai Oil *	TOP TB	Thailand	53.9	(24.2)	13.5	17.8	0.8	0.8	13.2	17.8	5.3	2.2	6.5	4.5
Average			**20.0**	**47.0**	**17.2**	**11.9**	**1.3**	**1.2**	**8.3**	**8.1**	**4.2**	**4.2**	**11.5**	**12.8**
Integrated oils														
PetroChina	857 HK	China	21.0	(9.2)	6.6	7.3	0.6	0.5	3.1	3.3	6.1	6.7	7.3	8.7
Sinopec	386 HK	China	(0.8)	2.2	6.9	6.8	0.6	0.6	3.6	3.7	8.8	9.7	9.6	9.1
Total	FP	France	92.3	(15.5)	na	na	na	na	na	na	na	na	15.3	23.3
Eni	ENI IM	Italy	127.6	(20.8)	5.1	6.5	1.0	0.9	2.5	2.8	6.2	6.3	10.7	19.1
RD/Shell A	RDSA NA	Netherlands	50.3	(10.5)	na	na	na	na	4.0	4.2	na	na	11.2	17.6
Repsol	REP SM	Spain	110.7	(19.2)	4.7	5.9	0.9	0.8	3.2	3.6	4.1	4.3	11.1	18.0
Chevron Texaco	CVX US	USA	85.3	(9.6)	10.9	12.0	2.2	2.1	5.8	6.2	3.1	3.3	11.7	20.0
Exxon Mobil	XOM US	USA	87.1	(15.8)	9.6	11.4	2.2	2.0	5.1	6.1	3.7	3.8	13.5	22.9
Conoco Philips	COP US	USA	134.0	(15.7)	7.7	9.2	2.6	2.3	4.4	5.0	1.6	1.8	20.8	32.7
PTT Pcl *	PTT TB	Thailand	(5.0)	4.4	12.4	11.9	1.0	1.0	4.6	4.4	5.4	5.4	8.2	8.3
Average			**70.3**	**(11.0)**	**8.0**	**8.9**	**1.4**	**1.3**	**4.0**	**4.4**	**4.9**	**5.2**	**11.9**	**18.0**
Exploration and Production														
Santos	STO AU	Australia	114.7	(17.1)	9.4	11.3	1.8	1.6	4.2	4.8	1.3	2.9	10.8	19.0
Woodside	WDS AU	Australia	108.8	(18.8)	8.8	10.8	1.8	1.6	3.0	3.0	3.8	7.4	11.4	25.3
Suncor Energy	SU US	Canada	187.9	(10.9)	5.2	5.8	1.3	1.2	4.3	4.6	2.7	4.7	10.9	23.7
ONGC	ONGC IN	India	na	27.3	4.4	3.5	0.8	0.7	3.9	3.0	2.0	8.2	6.1	18.6
RIL	RIL IN	India	31.2	29.3	28.7	22.2	2.2	2.0	18.1	13.9	0.3	0.3	8.6	8.0
Apache	APA US	USA	146.6	(6.6)	4.3	4.6	11.3	5.6	3.0	3.3	0.3	1.3	(104.6	354.7
Devon Energy	DVN US	USA	149.5	(1.5)	8.3	8.5	4.0	2.8	5.2	5.3	1.4	0.8	38.1	50.3
PTTEP *	PTTEP TB	Thailand	79.9	(9.8)	7.8	8.6	1.3	1.2	2.9	2.9	3.9	4.5	17.8	14.3
Average			**117.0**	**(1.0)**	**9.6**	**9.4**	**3.1**	**2.1**	**5.6**	**5.1**	**2.0**	**3.8**	**(0.1)**	**64.2**

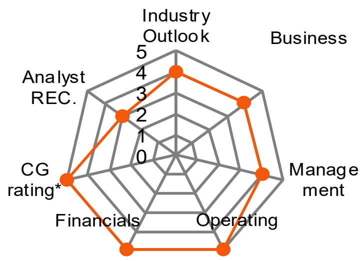
Sources: Bloomberg, * Thanachart estimates
Based on 25 May 2022 closing prices

COMPANY DESCRIPTION

PTT Exploration and Production (PTTEP) is a pure upstream exploration and production (E&P) company with production of c.300,000 barrels of oil equivalent (boe) per day. Some 70% of its production is natural gas and almost all of its production comes from fields in Thailand and other Southeast Asian countries. It has proven and probable reserves of 2,123m boe with reserve life of 11.7 years. PTTEP is the upstream arm of PTT Pcl, which owns 65% of PTTEP.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- The parent company PTT is the country's sole gas buyer and PTTEP's biggest client.
- Secured off-take agreements limit downside risks to production volume.

W — Weakness

- Reserves in the Gulf of Thailand are being depleted with a reserve life index of only eight years.
- Limited experience and a lack of technical skills in running operations abroad compared to major international peers.

O — Opportunity

- Significant resources on its balance sheet are still undeveloped.
- Potential investment overseas or expansion into new businesses.

T — Threat

- Threat of low-cost LNG imports.
- Potential impairment risk on overseas business.
- Competition from international peers for projects abroad.
- Political and regulatory risks concerning its concessions, especially those about to expire.
- Overpaying for acquisitions, leading to a lower ROI.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	165.77	161.00	-3%
Net profit 22F (Bt m)	64,692	70,997	10%
Net profit 23F (Bt m)	61,801	71,439	16%
Consensus REC	**BUY: 20**	**HOLD: 7**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022-23F EPS are 10-16% above the Bloomberg consensus estimates, which we attribute mainly to us having higher oil price assumptions.
- Our DCF-based TP is slightly below the Street's, likely due to our lower oil price assumptions from 2023F onward.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would come from lower oil and/or gas prices.
- A secondary downside risk would be higher-than-expected operating costs.
- An upside risk would be if high oil prices are sustained for longer than we currently forecast. This could be driven by a complete ban on purchases of Russian crude oil.

Source: Thanachart

We expect 2022F EBITDA to peak, driven by the short-term oil price spike

PTTEP generates strong cash flows, which leads to a robust balance sheet

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	160,401	219,068	309,763	288,633	284,615
Cost of sales	106,143	121,020	148,917	136,472	143,253
Gross profit	**54,258**	**98,048**	**160,846**	**152,160**	**141,362**
% gross margin	33.8%	44.8%	51.9%	52.7%	49.7%
Selling & administration expenses	9,754	11,416	16,875	16,731	17,092
Operating profit	**44,503**	**86,631**	**143,971**	**135,430**	**124,271**
% operating margin	27.7%	39.5%	46.5%	46.9%	43.7%
Depreciation & amortization	65,250	69,192	81,933	83,153	89,291
EBITDA	**109,753**	**155,824**	**225,904**	**218,582**	**213,561**
% EBITDA margin	68.4%	71.1%	72.9%	75.7%	75.0%
Non-operating income	2,306	4,869	1,620	1,706	1,858
Non-operating expenses	0	0	0	0	0
Interest expense	(7,956)	(6,472)	(8,646)	(7,546)	(8,404)
Pre-tax profit	**38,854**	**85,029**	**136,945**	**129,589**	**117,725**
Income tax	18,764	41,528	58,088	58,450	53,111
After-tax profit	**20,090**	**43,500**	**78,857**	**71,139**	**64,614**
% net margin	12.5%	19.9%	25.5%	24.6%	22.7%
Shares in affiliates' Earnings	1,307	489	300	300	300
Minority interests	0	0	0	0	0
Extraordinary items	1,267	(5,125)	(8,160)	0	0
NET PROFIT	**22,664**	**38,864**	**70,997**	**71,439**	**64,914**
Normalized profit	**21,397**	**43,989**	**79,157**	**71,439**	**64,914**
EPS (Bt)	5.7	9.8	17.9	18.0	16.4
Normalized EPS (Bt)	5.4	11.1	19.9	18.0	16.4

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	152,716	139,584	163,678	188,389	218,436
Cash & cash equivalent	114,261	85,528	90,000	120,000	150,000
Account receivables	23,752	33,430	47,270	44,046	43,433
Inventories	10,156	14,069	17,136	15,704	16,484
Others	4,547	6,557	9,272	8,639	8,519
Investments & loans	15,774	15,795	15,815	15,836	15,857
Net fixed assets	295,491	380,307	404,535	432,824	463,884
Other assets	211,656	247,850	306,096	292,526	289,945
Total assets	**675,637**	**783,536**	**890,125**	**929,574**	**988,122**
LIABILITIES:					
Current liabilities:	56,257	104,502	106,014	89,452	105,433
Account payables	26,844	36,660	45,110	41,341	43,395
Bank overdraft & ST loans	0	12,738	0	0	0
Current LT debt	4,069	0	15,840	5,589	19,800
Others current liabilities	25,344	55,105	45,064	42,523	42,239
Total LT debt	**102,878**	**102,661**	**111,557**	**134,129**	**141,890**
Others LT liabilities	162,091	161,022	196,123	183,930	181,611
Total liabilities	**321,226**	**368,186**	**413,695**	**407,510**	**428,934**
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	3,970	3,970	3,970	3,970	3,970
Share premium	105,418	105,418	105,418	105,418	105,418
Warrants	0	0	0	0	0
Surplus	(21,049)	18,955	30,873	30,873	30,873
Retained earnings	**266,073**	**287,007**	**336,169**	**381,802**	**418,926**
Shareholders' equity	354,411	415,350	476,430	522,064	559,187
Liabilities & equity	**675,637**	**783,536**	**890,125**	**929,574**	**988,122**

Sources: Company data, Thanachart estimates

PTTEP continues to generate high cash flows from operations

At 1.3x 2022F P/BV, we no longer see PTTEP's valuation as attractive

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	38,854	85,029	136,945	129,589	117,725
Tax paid	(29,624)	(30,528)	(51,113)	(58,914)	(54,452)
Depreciation & amortization	65,250	69,192	81,933	83,153	89,291
Chg In w orking capital	3,691	(3,775)	(8,457)	887	1,887
Chg In other CA & CL / minorities	14,082	15,904	(19,431)	(1,145)	1,477
Cash flow from operations	**92,254**	**135,822**	**139,878**	**153,570**	**155,927**
Capex	(39,239)	(154,009)	(106,161)	(111,441)	(120,351)
Right of use	(14,501)	(2,867)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	480	(21)	(21)	(21)	(21)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	5,074	(36,873)	(31,305)	1,377	262
Cash flow from investments	**(48,186)**	**(193,769)**	**(137,487)**	**(110,085)**	**(120,110)**
Debt financing	4,352	7,139	11,998	12,320	21,973
Capital increase	0	(0)	0	0	0
Dividends paid	(20,986)	(19,325)	(21,835)	(25,805)	(27,790)
Warrants & other surplus	(4,326)	41,400	11,918	0	0
Cash flow from financing	**(20,960)**	**29,214**	**2,081**	**(13,485)**	**(5,817)**
Free cash flow	**53,015**	**(18,187)**	**33,717**	**42,129**	**35,576**

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	28.9	14.0	7.8	8.6	9.5
Normalized PE - at target price (x)	29.9	14.5	8.1	8.9	9.8
PE (x)	27.2	15.9	8.7	8.6	9.5
PE - at target price (x)	28.2	16.4	9.0	8.9	9.8
EV/EBITDA (x)	5.6	4.2	2.9	2.9	2.9
EV/EBITDA - at target price (x)	5.8	4.3	3.0	3.0	3.0
P/BV (x)	1.7	1.5	1.3	1.2	1.1
P/BV - at target price (x)	1.8	1.5	1.3	1.2	1.1
P/CFO (x)	6.7	4.5	4.4	4.0	4.0
Price/sales (x)	3.8	2.8	2.0	2.1	2.2
Dividend yield (%)	2.7	3.2	3.9	4.5	4.5
FCF Yield (%)	8.6	(2.9)	5.5	6.8	5.8
(Bt)					
Normalized EPS	5.4	11.1	19.9	18.0	16.4
EPS	5.7	9.8	17.9	18.0	16.4
DPS	4.3	5.0	6.0	7.0	7.0
BV/share	89.3	104.6	120.0	131.5	140.9
CFO/share	23.2	34.2	35.2	38.7	39.3
FCF/share	13.4	(4.6)	8.5	10.6	9.0

Sources: Company data, Thanachart estimates

We see room for ROE improvement on higher gearing and margin expansion

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(16.0)	36.6	41.4	(6.8)	(1.4)
Net profit (%)	(53.6)	71.5	82.7	0.6	(9.1)
EPS (%)	(53.6)	71.5	82.7	0.6	(9.1)
Normalized profit (%)	(56.2)	105.6	79.9	(9.8)	(9.1)
Normalized EPS (%)	(56.2)	105.6	79.9	(9.8)	(9.1)
Dividend payout ratio (%)	74.4	51.1	33.6	38.9	42.8
Operating performance					
Gross margin (%)	33.8	44.8	51.9	52.7	49.7
Operating margin (%)	27.7	39.5	46.5	46.9	43.7
EBITDA margin (%)	68.4	71.1	72.9	75.7	75.0
Net margin (%)	12.5	19.9	25.5	24.6	22.7
D/E (incl. minor) (x)	0.3	0.3	0.3	0.3	0.3
Net D/E (incl. minor) (x)	(0.0)	0.1	0.1	0.0	0.0
Interest coverage - EBIT (x)	5.6	13.4	16.7	17.9	14.8
Interest coverage - EBITDA (x)	13.8	24.1	26.1	29.0	25.4
ROA - using norm profit (%)	3.2	6.0	9.5	7.9	6.8
ROE - using norm profit (%)	6.0	11.4	17.8	14.3	12.0
DuPont					
ROE - using after tax profit (%)	5.6	11.3	17.7	14.2	12.0
- asset turnover (x)	0.2	0.3	0.4	0.3	0.3
- operating margin (%)	29.2	41.8	47.0	47.5	44.3
- leverage (x)	1.9	1.9	1.9	1.8	1.8
- interest burden (%)	83.0	92.9	94.1	94.5	93.3
- tax burden (%)	51.7	51.2	57.6	54.9	54.9
WACC (%)	8.8	8.8	8.8	8.8	8.8
ROIC (%)	6.2	12.8	18.6	14.5	12.6
NOPAT (Bt m)	23,011	44,320	82,902	74,345	68,206
invested capital (Bt m)	347,097	445,221	513,827	541,781	570,877

Sources: Company data, Thanachart estimates

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