SUSCO Pcl (SUSCO TB) - BUY, Price Bt3.24, TP Bt5.20

Results Comment

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

1Q22 a strong beat on volume, margin

- SUSCO reported 1Q22 net profit of Bt131m (EPS Bt0.12/sh), up 32% y-y and more than 500% q-q. The result was significantly ahead of our expectation due to both strong volume recovery and margin expansion. We see potential upside risks to our earnings and TP. Maintain BUY.
- **Sales volume**: Sales volume reached 274.3m litres, up 9% y-y, 12% q-q. On our estimates, domestic sales volume grew about 7% y-y while jet fuel sales volume was up a strong 78% y-y and export volume declined 3% y-y.
- **Margin**: Blended gross margin was Bt1.61/litre, improving from 1.49/1.21 Bt/litre in 1Q21 and 4Q21, respectively. We think one of the reasons for improved margin was that SUSCO (and other private operators) no longer set their pump prices to be in line with PTT and BCP.
- SG&A was Bt338m, up 12% y-y and 2% q-q.
- Balance sheet remained strong with net D/E of 0.3x.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Revenue	4,629	4,759	4,618	6,027	7,281
Gross profit	**419**	**386**	**337**	**341**	**485**
SG&A	303	314	314	333	338
Operating profit	116	72	22	8	147
EBITDA	**204**	**163**	**117**	**105**	**245**
Other income	28	23	36	35	38
Other expense	0	0	0	0	0
Interest expense	14	14	15	15	15
Profit before tax	**129**	**81**	**43**	**28**	**170**
Income tax	27	17	16	5	35
Equity & invest. income	(3)	(3)	(4)	(3)	(4)
Minority interests	0	0	0	0	0
Extraordinary items	0	0	31	0	0
Net profit	**99**	**62**	**54**	**19**	**131**
Normalized profit	**99**	**62**	**23**	**19**	**131**
EPS (Bt)	0.09	0.06	0.05	0.02	0.12
Normalized EPS (Bt)	0.09	0.06	0.02	0.02	0.12

Income Statement			3M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	21	57	33	22,127	26,603
Gross profit	**42**	**16**	**30**	**1,613**	**1,747**
SG&A	2	12	27	1,275	1,316
Operating profit	1,683	27	43	338	430
EBITDA	**133**	**20**	**32**	**762**	**869**
Other income	10	38	41	93	95
Other expense			na	0	0
Interest expense	(2)	6	16	97	91
Profit before tax	**517**	**32**	**51**	**334**	**434**
Income tax	561	28	52	67	87
Equity & invest. income	na	na	na	0	0
Minority interests			na	0	0
Extraordinary items			na	0	0
Net profit	**590**	**32**	**49**	**267**	**347**
Normalized profit	**590**	**32**	**49**	**267**	**347**
EPS (Bt)	590	32	47	0.27	0.35
Normalized EPS (Bt)	590	32	47	0.27	0.35

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash & ST investment	476	421	507	367	693
A/C receivable	670	611	620	706	933
Inventory	463	476	573	498	655
Other current assets	84	205	218	226	335
Investment	1,185	1,183	1,198	1,169	1,227
Fixed assets	1,745	1,775	1,823	1,867	1,849
Other assets	1,843	1,847	1,969	1,961	1,956
Total assets	**6,466**	**6,518**	**6,907**	**6,794**	**7,648**
S-T debt	215	437	620	312	705
A/C payable	1,013	888	990	1,220	1,418
Other current liabilities	214	208	198	193	220
L-T debt	278	243	232	221	299
Other liabilities	1,169	1,189	1,325	1,321	1,348
Minority interest	(290)	(290)	(290)	(290)	(290)
Shareholders' equity	**3,867**	**3,844**	**3,833**	**3,816**	**3,949**
Working capital	120	199	203	(16)	171
Total debt	493	679	852	533	1,003
Net debt	**17**	**259**	**344**	**167**	**310**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Sales growth	(23.8)	61.1	24.0	53.9	57.3
Operating profit growth	na	8.6	(70.6)	(93.4)	26.9
EBITDA growth	354.5	5.2	(28.8)	(50.7)	19.9
Norm profit growth	na	(14.9)	(67.4)	(80.9)	31.9
Norm EPS growth	na	(14.9)	(67.4)	(80.9)	31.9
Gross margin	9.1	8.1	7.3	5.7	6.7
Operating margin	2.5	1.5	0.5	0.1	2.0
EBITDA margin	4.4	3.4	2.5	1.7	3.4
Norm net margin	2.1	1.3	0.5	0.3	1.8
D/E (x)	0.1	0.2	0.2	0.2	0.3
Net D/E (x)	0.0	0.1	0.1	0.0	0.1
Interest coverage (x)	14.3	11.4	7.6	6.8	16.2
Interest rate	12.1	9.7	8.1	8.9	7.9
Effective tax rate	21.2	20.4	36.6	19.2	20.6
ROA	6.4	3.8	1.4	1.1	7.2
ROE	10.4	6.4	2.4	2.0	13.5

Sources: Company data, Thanachart estimates

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