BUY (Unchanged)

Change in Numbers

TP: Bt 20.00 (From: Bt 19.00)

Upside : 38.9%

7 JUNE 2022

Small Cap Research

PTG Energy Pcl. (PTG TB)

Recovery continues

CHAK REUNGSINPINYA
662-779-9104
chak.reu@thanachartsec.co.th

Thanachart Securities

We reaffirm BUY on PTG and raise our TP to Bt20 from Bt19. We expect a continued recovery in marketing margin and volume growth, driven by higher pump prices and strong domestic demand for gasoline and diesel. Valuation remains attractive in our view at 16x 2022F and 13x 2023F PE, 0.5std below its historical average.

Alleviated margin pressure

We expect PTG's margin to continue improving in the coming months despite persistently high oil prices. For one thing, the government has recognized that pump prices cannot be subsidized forever and it is starting to allow price rises. The retail price of diesel has risen to Bt34.64/liter compared to Bt28.44/liter at the beginning of the year. Management's comments suggest marketing margin remains at a reasonable level (about Bt1.7/liter) and continues to improve from the 4Q21 and 1Q22 lows. For full-year 2022F, we assume Bt1.78/liter. This is likely to improve to Bt1.83-1.85/liter in 2023-24F on the expectation of further pump price increases and falling global oil prices.

Strong volume recovery

Thailand's demand for gasoline and diesel has been very strong despite high and rising oil prices. In the first four months of 2022, demand for these oil products grew by almost 10% y-y. In fact, demand in April was the second highest on record even though it is seasonally a month of low demand. For PTG, the company has more or less regained all of its market share which now stands at 17% vs. 15-16% in 4Q21 and early 1Q22 when the company raised pump prices above those of PTT Oil and Retail Business Pcl's (OR TB, Not rated, Bt27.75). Given the strong demand tailwind and market share gains, we have upgraded our volume growth assumption to 7% this year (vs. management's target of 6-10%) from 1% previously. We expect growth to come down to 5% in 2023F and 3% in 2024F.

LPG a new growth driver

While high oil price has put pressure on PTG's margin, it has also created opportunities for its expanding LPG business. Over the past four years, PTG's LPG sales volume has more than tripled as the company continues to expand its distribution network and motorists switch to using LPG in place of gasoline due to LPG's lower cost. As a result, PTG's gross profit contribution from LPG now tops Bt300m per quarter or roughly 15% of the total, up from Bt100m a quarter in early 2019. We expect the growth for LPG business to continue for the foreseeable future.

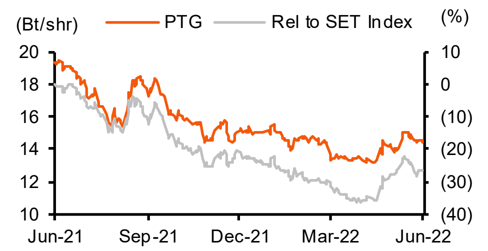
Valuation still attractive in our view

We believe PTG's valuation remains attractive at 16x 2022F and 13x 2023F PE. These are levels well below average and we believe the stock could re-rate once oil prices begin to stabilize. In this report, we have fine-tuned our earnings by just a few percentage points. We continue to expect 50% EPS growth this year followed by 19% growth in 2023F. Our TP is raised to Bt20 from Bt19 as we roll forward our TP to end-2023F.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	134,088	193,584	187,962	186,436
Net profit	1,006	1,517	1,809	1,857
Consensus NP	—	1,425	1,754	1,905
Diff frm cons (%)	—	*6.5*	*3.1*	*(2.6)*
Norm profit	1,006	1,517	1,809	1,857
Prev. Norm profit	—	1,517	1,814	1,751
Chg frm prev (%)	—	*(0.0)*	*(0.3)*	*6.0*
Norm EPS (Bt)	0.6	0.9	1.1	1.1
Norm EPS grw (%)	(45.8)	50.7	19.3	2.6
Norm PE (x)	23.9	15.9	13.3	13.0
EV/EBITDA (x)	6.1	7.2	6.2	5.6
P/BV (x)	3.0	2.7	2.4	2.2
Div yield (%)	1.7	3.2	3.8	3.9
ROE (%)	12.6	17.7	19.0	17.7
Net D/E (%)	93.0	193.8	165.9	144.7

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 7-Jun-22 (Bt)	14.40
Market Cap (US$ m)	697.7
Listed Shares (m shares)	1,670.0
Free Float (%)	58.2
Avg. Daily Turnover (US$ m)	5.2
12M Price H/L (Bt)	19.50/13.20
Sector	Energy
Major Shareholder	Ratchakij Holding Ltd. 25.12%

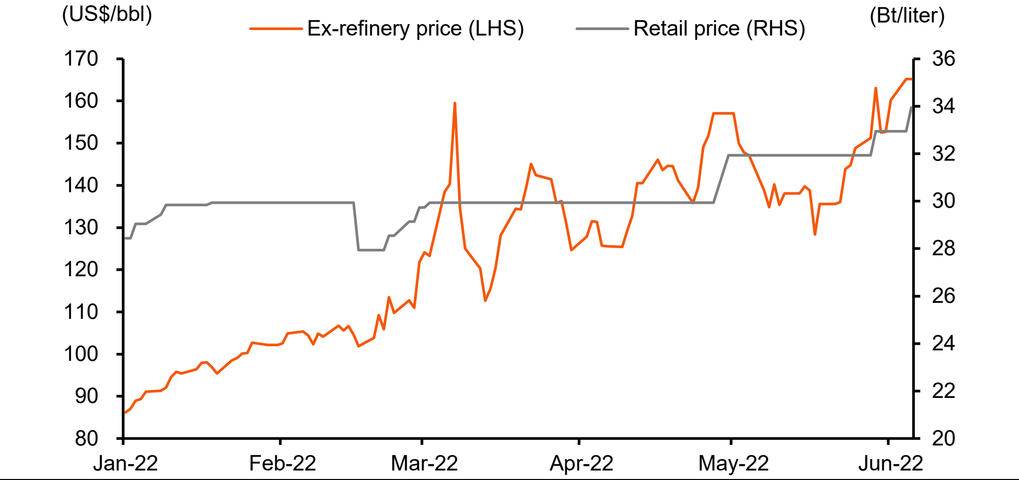
Sources: Bloomberg, Company data, Thanachart estimates

Alleviated margin pressure

Global gasoline and diesel prices have increased sharply. At over $165/bbl, the diesel price has nearly doubled YTD, and gasoline price increases are not far behind. This has put significant pressure on pump prices in Thailand. The government has tried to manage pump prices by increasing subsidies from the Oil Fund and lowering excise taxes. However, given significant losses for the Oil Fund and limited fiscal resources, the government is now lowering the subsidy burden and gradually allowing the price to float.

Higher pump prices will alleviate margin pressure

Ex 1: Ex-Refinery And Retail Diesel Prices



Sources: Bloomberg, EPPO

For PTG, the higher pump prices help alleviate the pressure on marketing margins. Our latest conversation with the company suggests that marketing margins remain at reasonable levels (i.e., Bt1.7/liter). While this is not high, they have been creeping upwards, and are certainly a marked improvement from 4Q21 and 1Q22. We expect the margin to gradually improve for the rest of this year as pump prices are gradually floated.

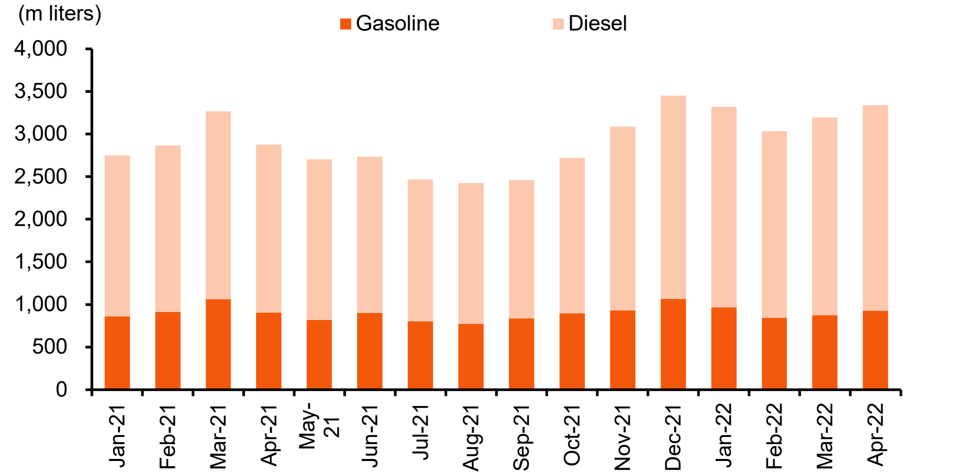
Strong volume recovery

We forecast 7% volume growth for PTG this year and 5% next year

Thailand's demand for gasoline and diesel has been very strong despite high and rising oil prices. In the first four months of 2022, demand for these oil products has grown by almost 10% y-y. In fact, demand in April was the second highest on record even though it is seasonally a month of low demand. While some of this growth is likely due to pent-up demand, we also think motorists here are getting increasingly used to high fuel prices. For PTG, we have upgraded our volume growth assumption to 7% this year (vs. management's target of 6-10%) from 1% previously. Given the higher base this year, we expect growth to come down to 5% in 2023F and 3% in 2024F.

Thailand's demand for gasoline and diesel remains strong despite higher prices

Ex 2: Thailand Demand For Gasoline And Diesel



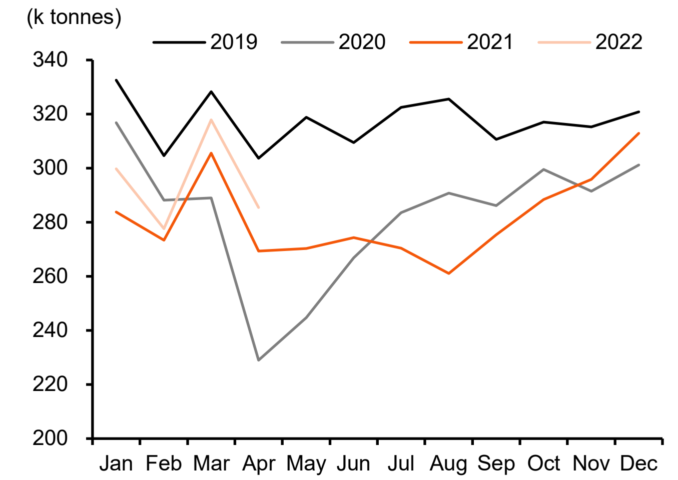
Source: DOEB

LPG a new growth driver

LPG now makes up 15% of gross profit, up over 3x since early 2019

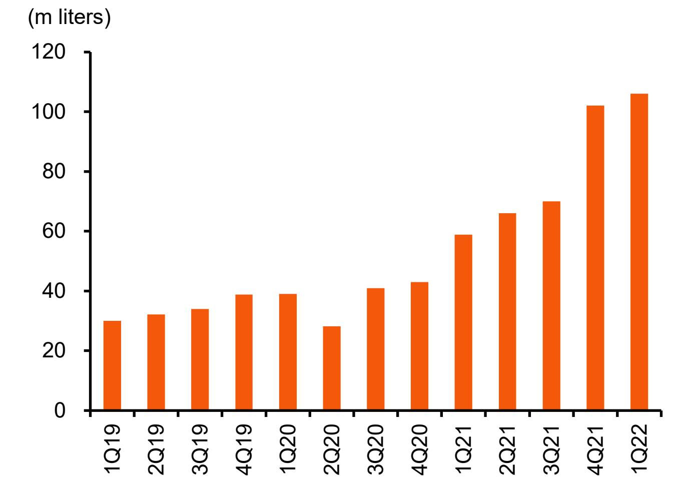
While high oil prices have put pressure on PTG's margin, they have also created opportunities for its expanding LPG business. Over the past four years, PTG's LPG sales volume has more than tripled as the company continues to expand its LPG station and leverage existing service stations to sell more LPG. The high oil prices have also pushed motorists to consume more LPG given that it is still much cheaper than gasoline.

Ex 3: Thailand's LPG Consumption (Ex. Pet-Chem Sector)



Sources: DOEB

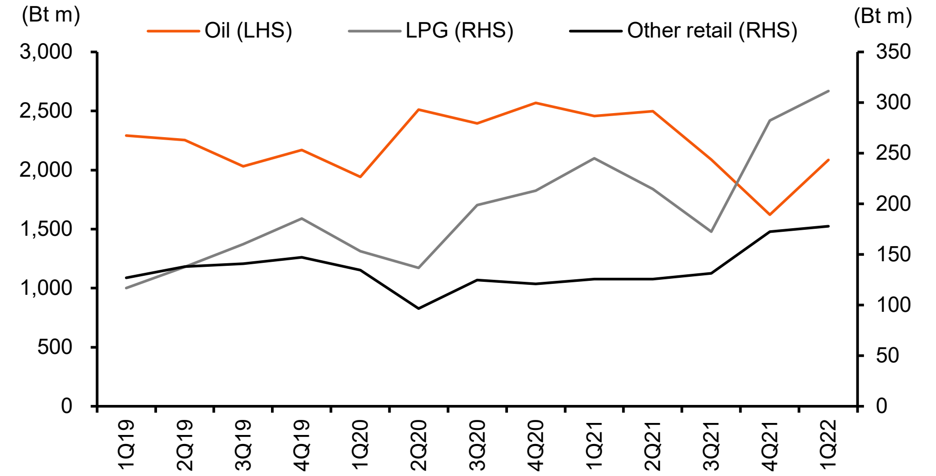
Ex 4: PTG's LPG Sales Volume



Sources: Company data; Thanachart estimates

In terms of profit contribution, LPG's gross margin is now over Bt300m per quarter or roughly 15% of total gross profit. This is up from barely Bt100m in early 2019. We believe LPG is an attractive business given the relatively stable margin, growing demand and PTG's already strong distribution network.

Ex 5: PTG's Gross Profit From Various Units

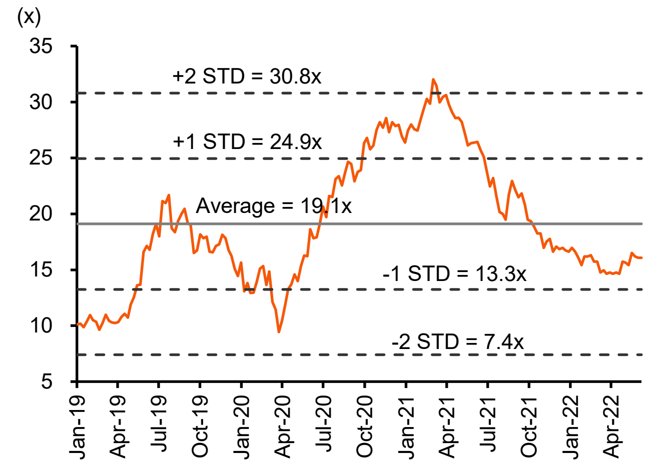


Sources: Company data, Thanachart estimates

Valuation still attractive in our view

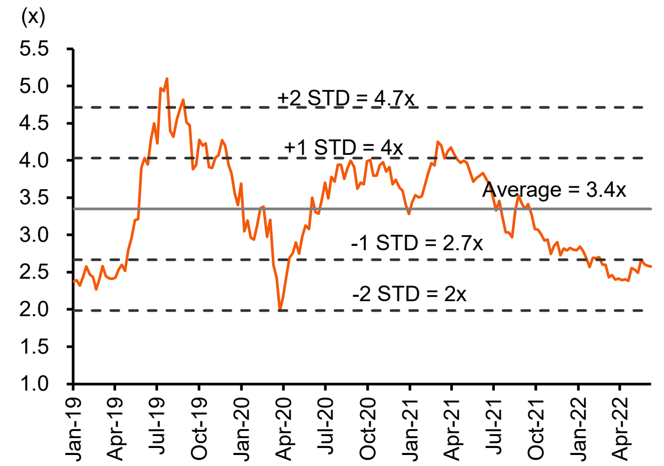
We believe PTG's valuation remains attractive at 16x 2022F and 13x 2023F PE. These are levels well below average and we believe the stock could re-rate once oil prices begin to stabilize. In this report, we have fine-tuned our earnings by just a few percentage points. We continue to expect 50% EPS growth this year followed by 19% growth in 2023F. Our DCF-based 12-month TP is raised to Bt20/share from Bt19 previously as we roll forward our TP to end-2023F.

Ex 6: Forward PE



Sources: Bloomberg; Thanachart estimates

Ex 7: Forward P/BV



Sources: Bloomberg; Thanachart estimates

Ex 8: 12-month DCF-based Valuation, Using a Base Year Of 2023F

(Bt m)		2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA		7,181	7,415	7,694	7,977	8,264	8,432	8,598	8,761	8,922	9,080	
Free cash flow		2,940	3,452	4,383	4,558	4,732	4,740	4,798	4,846	4,886	4,916	92,859
PV of free cash flow		2,747	3,014	3,558	3,451	3,341	3,122	2,948	2,737	2,568	2,406	45,449
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.1											
WACC (%)	7.0											
Terminal growth (%)	2.0											
Enterprise value - add investments	75,341											
Net debt	41,684											
Minority interest	134											
Equity value	33,522											
# of shares (m)	1,670											
Equity value/share (Bt)	**20.1**											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 9: Comparison With Regional Peers

Company	Code	Country	EPS Growth		PE		P/BV		EV/EBITDA		Div. Yield		ROE	
			22F	23F	22F	23F	22F	23F	22F	23F	22F	23F	22F	23F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
Refining & Marketing														
Caltex Australia	CTX AU	Australia	53.3	4.1	na	na	na	na	na	na	na	na	12.0	19.4
BPCL	BPCL IN	India	(0.3)	(7.3)	6.9	7.4	1.3	1.2	7.6	7.9	6.5	8.0	24.7	18.8
HPCL	HPCL IN	India	(12.6)	6.7	5.0	4.7	0.8	0.7	6.9	6.0	8.0	7.5	24.1	17.2
IOCL	IOCL IN	India	65.7	(13.3)	4.4	5.1	0.9	0.8	5.3	6.1	6.9	9.7	14.6	19.3
Reliance Industries	RIL IN	India	31.2	27.6	30.5	23.9	2.4	2.2	19.1	14.6	0.3	0.3	8.6	8.0
SK Energy	096770 KS	S.Korea	na	(22.8)	9.6	12.4	1.1	1.0	6.1	7.0	0.8	1.5	4.4	12.3
S-OIL	010950 KS	S.Korea	50.6	(29.6)	6.2	8.8	1.6	1.4	4.9	6.6	3.2	4.4	23.5	27.8
Petron	PCOR PM	Philippines	na	na	na	na	na	na	na	na	na	na	4.1	na
Formosa Petrochemical	6505 TT	Taiwan	(6.1)	(7.9)	18.7	20.3	2.5	2.4	11.6	12.4	4.3	3.6	15.3	13.4
Bangchak *	BCP TB	Thailand	38.2	(33.6)	7.4	11.2	0.8	0.8	4.6	7.2	5.3	3.5	11.5	7.2
ESSO (Thailand) *	ESSO TB	Thailand	na	320.8	57.3	13.6	1.5	1.3	11.1	8.3	0.0	0.0	3.0	10.4
IRPC Pcl *	IRPC TB	Thailand	(70.7)	489.1	63.1	10.7	0.8	0.8	13.0	7.5	4.3	4.7	1.3	7.3
PTG Pcl *	PTG TB	Thailand	50.7	19.3	15.9	13.3	2.7	2.4	7.2	6.2	3.2	3.8	17.7	19.0
PTT Global Chemicals *	PTTGC TB	Thailand	(19.4)	5.4	9.5	9.1	0.7	0.6	7.5	7.0	5.2	5.0	7.0	7.1
Star Petroleum Refining *	SPRC TB	Thailand	na	(23.1)	15.3	19.9	1.4	1.3	6.2	7.4	3.8	2.5	9.8	6.8
SUSCO Pcl	SUSCO TB	Thailand	46.5	11.9	11.5	10.3	1.0	0.9	6.1	5.2	5.2	5.8	8.7	9.4
Thai Oil *	TOP TB	Thailand	53.9	(24.2)	14.1	18.6	0.9	0.8	13.4	18.1	5.0	2.1	6.5	4.5
Average			**21.6**	**45.2**	**18.4**	**12.6**	**1.3**	**1.2**	**8.7**	**8.5**	**4.1**	**4.2**	**11.6**	**13.0**
Integrated oils														
PetroChina	857 HK	China	21.4	(8.8)	6.9	7.6	0.6	0.6	3.2	3.4	5.8	6.3	7.3	8.6
Sinopec	386 HK	China	(0.5)	0.5	6.4	6.3	0.6	0.5	3.7	3.9	9.5	10.3	9.6	9.1
Total	FP	France	99.3	(17.9)	na	na	na	na	na	na	na	na	15.3	24.0
Eni	ENI IM	Italy	139.0	(22.1)	5.0	6.4	1.0	0.9	2.6	2.9	6.0	6.1	10.7	20.1
RD/Shell A	RDSA NA	Netherlands	104.2	(11.6)	na	na	na	na	3.4	3.6	na	na	11.2	19.8
Repsol	REP SM	Spain	116.9	(19.8)	4.8	6.0	0.9	0.8	3.3	3.7	3.9	4.1	11.1	18.1
Chevron Texaco	CVX US	USA	90.5	(10.6)	10.8	12.1	2.2	2.1	5.8	6.4	3.0	3.2	11.7	20.3
Exxon Mobil	XOM US	USA	91.0	(15.0)	9.9	11.6	2.3	2.1	5.3	6.3	3.5	3.6	13.5	23.4
Conoco Philips	COP US	USA	144.2	(15.5)	8.0	9.4	2.9	2.4	4.5	5.1	1.5	1.6	20.8	35.0
PTT Pcl *	PTT TB	Thailand	(5.0)	4.4	12.9	12.3	1.0	1.0	4.7	4.5	5.3	5.3	8.2	8.3
Average			**80.1**	**(11.6)**	**8.1**	**9.0**	**1.4**	**1.3**	**4.0**	**4.4**	**4.8**	**5.1**	**11.9**	**18.7**
Exploration and Production														
Santos	STO AU	Australia	115.0	(17.3)	9.7	11.7	1.8	1.7	4.3	5.0	1.3	2.8	10.8	19.0
Woodside	WDS AU	Australia	97.4	(16.0)	10.5	12.4	1.8	1.7	5.5	5.3	3.4	6.7	11.4	23.9
Suncor Energy	SU US	Canada	194.7	(12.1)	5.4	6.1	1.4	1.3	4.4	4.7	2.5	4.4	10.9	24.4
ONGC	ONGC IN	India	na	39.8	4.6	3.3	0.8	0.7	4.1	3.1	1.9	7.8	6.1	18.6
RIL	RIL IN	India	31.2	27.6	30.5	23.9	2.4	2.2	19.1	14.6	0.3	0.3	8.6	8.0
Apache	APA US	USA	143.5	(4.7)	4.9	5.1	13.5	6.1	3.2	3.5	0.3	1.1	(104.6	353.7
Devon Energy	DVN US	USA	152.0	0.2	9.0	9.0	4.4	3.4	5.6	5.6	1.3	0.8	38.1	54.1
PTTEP *	PTTEP TB	Thailand	79.9	(9.8)	8.5	9.4	1.4	1.3	3.1	3.2	3.6	4.1	17.8	14.3
Average			**116.2**	**1.0**	**10.4**	**10.1**	**3.4**	**2.3**	**6.2**	**5.6**	**1.8**	**3.5**	**(0.1)**	**64.5**

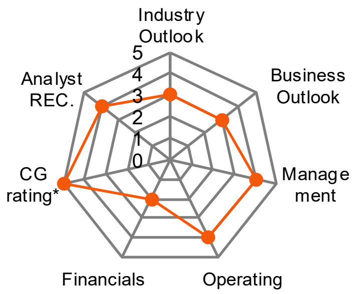
Sources: Bloomberg, * Thanachart estimates
Based on 7 June 2022 closing prices

COMPANY DESCRIPTION

PTG Energy Pcl (PTG) has six core business segments: 1) Fuel retailing through PT petrol stations, mostly under the company-owned and company-operated (COCO) model. 2) Fuel wholesaling to other oil traders and industrial operators. 3) LPG retailing through PT petrol stations (also COCO). 4) Minimart and coffee-shop businesses under the names Max Mart and Pun Thai Coffee. 5) Sales of other automotive-related products. 6) Rental of space at its COCO petrol stations. The company is now expanding its non-oil business portion via investments and M&As to utilize its strong brand recognition and large customer base to grow profits.

Source: Thanachart

COMPANY RATING



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

Source: Thanachart; *CG Awards

THANACHART'S SWOT ANALYSIS

S — Strength

- Owns and self-operates most of its PT gas stations
- Manages its own logistics and oil tank operations
- Extensive station coverage with an asset-light model

W — Weakness

- Stations operate under rental contracts
- Second-tier target market generates lower non-oil income
- Aggressive expansion is financed with debt

O — Opportunity

- Gaining market share from independent gas stations
- Investments in energy-related and automotive-related businesses

T — Threat

- Risk of being unable to find good-quality stations
- Government intervention to lower the oil retail margin
- Risk from new investments and M&As

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	17.38	20.00	15%
Net profit 22F (Bt m)	1,425	1,517	6%
Net profit 23F (Bt m)	1,754	1,809	3%
Consensus REC	**BUY: 11**	**HOLD: 0**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022-23F earnings are slightly higher than consensus likely due to our margin assumption.
- However, our TP is 15% higher as we expect margin to improve over time.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A sharp increase in oil prices would be the key downside risk to our earnings forecasts.
- Lower-than-expected expansion in marketing margins ahead would present another downside risk to our earnings estimates.
- The outcome of its future investments and M&A activity would also present a risk to our numbers.

Source: Thanachart

Earnings growth likely to be strong in 2022-23F

Balance sheet remains highly levered

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	104,666	134,088	193,584	187,962	186,436
Cost of sales	93,824	123,627	182,331	175,677	173,438
Gross profit	**10,842**	**10,461**	**11,253**	**12,285**	**12,998**
% gross margin	10.4%	7.8%	5.8%	6.5%	7.0%
Selling & administration expenses	7,820	8,271	8,485	8,809	9,048
Operating profit	**3,023**	**2,190**	**2,768**	**3,476**	**3,950**
% operating margin	2.9%	1.6%	1.4%	1.8%	2.1%
Depreciation & amortization	2,880	3,024	3,005	3,163	3,231
EBITDA	**5,903**	**5,214**	**5,773**	**6,638**	**7,181**
% EBITDA margin	5.6%	3.9%	3.0%	3.5%	3.9%
Non-operating income	0	0	0	0	0
Non-operating expenses	0	0	0	0	0
Interest expense	(1,104)	(1,118)	(1,103)	(1,508)	(1,924)
Pre-tax profit	**1,919**	**1,073**	**1,665**	**1,967**	**2,026**
Income tax	425	261	333	393	405
After-tax profit	**1,494**	**812**	**1,332**	**1,574**	**1,621**
% net margin	1.4%	0.6%	0.7%	0.8%	0.9%
Shares in affiliates' Earnings	376	205	200	250	250
Minority interests	(12)	(10)	(15)	(15)	(15)
Extraordinary items	37	0	0	0	0
NET PROFIT	**1,894**	**1,006**	**1,517**	**1,809**	**1,857**
Normalized profit	**1,857**	**1,006**	**1,517**	**1,809**	**1,857**
EPS (Bt)	1.1	0.6	0.9	1.1	1.1
Normalized EPS (Bt)	1.1	0.6	0.9	1.1	1.1

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	3,859	4,859	5,310	5,217	5,235
Cash & cash equivalent	942	1,701	753	818	887
Account receivables	503	722	1,061	1,030	1,022
Inventories	2,088	2,239	3,497	3,369	3,326
Others	326	196	0	0	0
Investments & loans	1,810	2,044	2,544	3,044	3,544
Net fixed assets	10,853	11,505	12,010	11,820	11,643
Other assets	25,515	25,976	44,413	44,331	44,672
Total assets	**42,037**	**44,384**	**64,277**	**64,412**	**65,095**
LIABILITIES:					
Current liabilities:	8,486	12,450	20,429	18,871	17,861
Account payables	3,920	6,000	10,490	10,107	9,979
Bank overdraft & ST loans	1,850	2,190	5,543	4,409	3,388
Current LT debt	1,464	3,314	3,234	3,307	3,388
Others current liabilities	1,252	946	1,163	1,048	1,108
Total LT debt	**6,282**	**3,821**	**9,701**	**9,920**	**10,163**
Others LT liabilities	19,289	19,914	25,003	25,484	25,979
Total liabilities	**34,057**	**36,184**	**55,133**	**54,275**	**54,004**
Minority interest	96	105	120	134	149
Preferreds shares	0	0	0	0	0
Paid-up capital	1,670	1,670	1,670	1,670	1,670
Share premium	1,185	1,185	1,185	1,185	1,185
Warrants	0	0	0	0	0
Surplus	(55)	(21)	(21)	(21)	(21)
Retained earnings	**5,083**	**5,260**	**6,189**	**7,167**	**8,107**
Shareholders' equity	7,884	8,095	9,024	10,002	10,942
Liabilities & equity	**42,037**	**44,384**	**64,277**	**64,412**	**65,095**

Sources: Company data, Thanachart estimates

We expect strong FCF

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	1,919	1,073	1,665	1,967	2,026
Tax paid	(314)	(401)	(333)	(393)	(405)
Depreciation & amortization	2,880	3,024	3,005	3,163	3,231
Chg In w orking capital	(1,011)	1,710	2,894	(224)	(78)
Chg In other CA & CL / minorities	1,418	(123)	417	135	310
Cash flow from operations	**4,893**	**5,282**	**7,648**	**4,647**	**5,084**
Capex	(2,275)	(3,676)	(3,509)	(2,974)	(3,053)
Right of use	(23,662)	(204)	(500)	(500)	(500)
ST loans & investments	45	129	196	0	0
LT loans & investments	397	(233)	(500)	(500)	(500)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	20,963	528	(13,335)	1,054	643
Cash flow from investments	**(4,532)**	**(3,456)**	**(17,648)**	**(2,920)**	**(3,410)**
Debt financing	201	(271)	9,152	(841)	(698)
Capital increase	0	0	0	0	0
Dividends paid	(668)	(835)	(588)	(832)	(916)
Warrants & other surplus	10	40	0	0	0
Cash flow from financing	**(457)**	**(1,066)**	**8,564**	**(1,673)**	**(1,614)**
Free cash flow	**2,617**	**1,606**	**4,139**	**1,674**	**2,031**

Valuation is attractive and remains below historical average

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	12.9	23.9	15.9	13.3	13.0
Normalized PE - at target price (x)	18.0	33.2	22.0	18.5	18.0
PE (x)	12.7	23.9	15.9	13.3	13.0
PE - at target price (x)	17.6	33.2	22.0	18.5	18.0
EV/EBITDA (x)	5.5	6.1	7.2	6.2	5.6
EV/EBITDA - at target price (x)	7.1	7.9	8.9	7.6	6.9
P/BV (x)	3.1	3.0	2.7	2.4	2.2
P/BV - at target price (x)	4.2	4.1	3.7	3.3	3.1
P/CFO (x)	4.9	4.6	3.1	5.2	4.7
Price/sales (x)	0.2	0.2	0.1	0.1	0.1
Dividend yield (%)	3.5	1.7	3.2	3.8	3.9
FCF Yield (%)	10.9	6.7	17.2	7.0	8.4
(Bt)					
Normalized EPS	1.1	0.6	0.9	1.1	1.1
EPS	1.1	0.6	0.9	1.1	1.1
DPS	0.5	0.3	0.5	0.5	0.6
BV/share	4.7	4.8	5.4	6.0	6.6
CFO/share	2.9	3.2	4.6	2.8	3.0
FCF/share	1.6	1.0	2.5	1.0	1.2

Sources: Company data, Thanachart estimates

We expect ROE improvements in 2022-23F

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(13.0)	28.1	44.4	(2.9)	(0.8)
Net profit (%)	21.4	(46.9)	50.7	19.3	2.6
EPS (%)	21.4	(46.9)	50.7	19.3	2.6
Normalized profit (%)	19.0	(45.8)	50.7	19.3	2.6
Normalized EPS (%)	19.0	(45.8)	50.7	19.3	2.6
Dividend payout ratio (%)	44.1	41.5	50.0	50.0	50.0
Operating performance					
Gross margin (%)	10.4	7.8	5.8	6.5	7.0
Operating margin (%)	2.9	1.6	1.4	1.8	2.1
EBITDA margin (%)	5.6	3.9	3.0	3.5	3.9
Net margin (%)	1.4	0.6	0.7	0.8	0.9
D/E (incl. minor) (x)	1.2	1.1	2.0	1.7	1.5
Net D/E (incl. minor) (x)	1.1	0.9	1.9	1.7	1.4
Interest coverage - EBIT (x)	2.7	2.0	2.5	2.3	2.1
Interest coverage - EBITDA (x)	5.3	4.7	5.2	4.4	3.7
ROA - using norm profit (%)	5.7	2.3	2.8	2.8	2.9
ROE - using norm profit (%)	25.6	12.6	17.7	19.0	17.7
DuPont					
ROE - using after tax profit (%)	20.6	10.2	15.6	16.5	15.5
- asset turnover (x)	3.2	3.1	3.6	2.9	2.9
- operating margin (%)	2.9	1.6	1.4	1.8	2.1
- leverage (x)	4.5	5.4	6.3	6.8	6.2
- interest burden (%)	63.5	49.0	60.2	56.6	51.3
- tax burden (%)	77.9	75.7	80.0	80.0	80.0
WACC (%)	7.0	7.0	7.0	7.0	7.0
ROIC (%)	15.7	10.0	14.1	10.4	11.8
NOPAT (Bt m)	2,353	1,658	2,214	2,780	3,160
invested capital (Bt m)	16,539	15,719	26,748	26,820	26,993

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies.

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 60 Derivative Warrants which are AMAT16C2209A, AMAT16C2206A, AOT16C2206A, AWC16C2207A, BAM16C2206A, BAM16C2207A, BANP16C2207A, BCH16C2207A, BEC16C2207A, BGRI16C2209A, BLA16C2205A, BLA16C2208A, CBG16C2207A, CHG16C2207A, COM716C2208A, COM716C2209A, DOHO16C2207A, EA16C2206A, EA16C2207A, EA16C2209A, ESSO16C2209A, GPSC16C2206A, GPSC16C2207A, GPSC16C2209A, GULF16C2207A, GUNK16C2206A, GUNK16C2207A, GUNK16C2209A, HANA16C2207A, HANA16C2209A, IVL16C2206A, JMAR16C2206A, JMT16C2207A, KBAN16C2206A, KBAN16C2208A, KBAN16C2209A, KCE16C2208A, KCE16C2209A, KTC16C2209A, MEGA16C2207A, MINT16C2207A, MTC16C2209A, PTG16C2209A, PTTE16C2209A, PTTG16C2207A, RBF16C2209A, RCL16C2208A, S5016C2206A, S5016C2209A, S5016P2206A, S5016P2206B, S5016P2209A, SAWA16C2209A, SCB16C2208A, SPRC16C2209A, STEC16C2209A, SYNE16C2206A, TOP16C2206A, TTA16C2207A, TTA16C2208A, WHA16C2209A (underlying securities are AMATA, AOT, AWC, BAM, BANPU, BCH, BEC, BGRIM, BLA, CBG, CHG, COM7, DOHOME, EA, ESSO, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MEGA, MINT, MTC, PTG, PTTEP, PTTGC, RBF, RCL, SET50, SAWAD, SCB, SPRC, STEC, SYNEX, TOP, TTA, WHA). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of 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 23% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), 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: SCG Packaging Pcl (SCGP TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an “Overweight” sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. “Underweight” is used when we have SELLs on majority of the stocks we cover by market cap. “Neutral” is used when there are relatively equal weightings of BUYs and SELLs.

Thanachart Securities Pcl.

Research Team
19 Floor, MBK Tower
444 Phayathai Road, Pathumwan Road, Bangkok 10330
Tel: 662 - 779-9119
Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA
Head of Research
Tel: 662-779-9199
pimpaka.nic@thanachartsec.co.th

Pattarawan Wangmingmat
Senior Technical Analyst
Tel: 662-779-9105
pattarawan.wan@thanachartsec.co.th

Phannarai Tiyapittayarut
Property, Retail
Tel: 662-779-9109
phannarai.von@thanachartsec.co.th

Sarachada Sornsong
Bank, Finance
Tel: 662-779-9106
sarachada.sor@thanachartsec.co.th

Witchanan Tambamroong
Technical Analyst
Tel: 662-779-9123
witchanan.tam@thanachartsec.co.th

Adisak Phupiphathirungul, CFA
Retail Market Strategy
Tel: 662-779-9120
adisak.phu@thanachartsec.co.th

Nuttapop Prasitsuksant
Telecom, Utilities
Tel: 662-483-8296
nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanpoom
Auto, Industrial Estate, Media, Prop. Fund
Tel: 662-483-8297
rata.lim@thanachartsec.co.th

Siriporn Arunothai
Small Cap, Healthcare, Hotel
Tel: 662-779-9113
siriporn.aru@thanachartsec.co.th

Sittichet Rungrassameephat
Analyst, Quantitative
Tel: 662-483-8303
sittichet.run@thanachartsec.co.th

Chak Reungsinpinya
Thematic Research, Paper
Tel: 662-779-9104
chak.reu@thanachartsec.co.th

Pattadol Bunnak
Electronics, Food & Beverage, Shipping
Tel: 662-483-8298
pattadol.bun@thanachartsec.co.th

Saksid Phadthananarak
Construction, Transportation
Tel: 662-779-9112
saksid.pha@thanachartsec.co.th

Yupapan Polpornprasert
Energy, Petrochemical
Tel: 662-779-9110
yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan
Analyst, Retail Market
Tel: 662-483-8304
thaloengsak.kuc@thanachartsec.co.th