

Esso (Thailand) Pcl (ESSO TB) - BUY, Price Bt13.20, TP Bt18.00**Results Comment**

Yupapan Polpornprasert | Email: yupapan.pol@thanachartsec.co.th

3Q22 – Miss on large inventory loss

- ESSO reported 3Q22 loss of Bt3bn drop from record quarter of Bt8.3bn. This lower than our loss estimates of Bt2.2bn and Bt1.1bn for Bloomberg consensus. We believe this is largely driven larger than expected stock loss and weaker than expected utilization rate.
- **Petroleum:** Company reported market GRM (excluding inventory gain) of US\$4.5/bbl vs US\$19.4/bbl 2Q22 and US\$2.0/bbl in 3Q21 as product spread normalized from high level that caused by Russia-Ukraine conflict. Crude intakes remain steadily high with utilization rate at 77% in 3Q22.
- **Petrol stations:** According to MD&A, retail sale volume increase by 20% y-y but dropped 2% q-q due to weak seasonal demand.
- **Inventory.** We estimate inventory loss of Bt5bn vs gain of Bt3bn in 2Q22. This is given the plunge in crude oil price.
- **Outlook:** We expect 4Q22F profit to given absence of inventory loss. Refinery margin should also rebound with lower crude premium and higher seasonal demand. Maintain BUY

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	40,239	52,312	57,680	76,092	65,591	Revenue	(14)	63	117	169,762	169,343
Gross profit	395	2,105	5,410	9,201	2,586	Gross profit	(72)	555	87	19,783	13,489
SG&A	1,282	1,321	1,225	1,305	1,315	SG&A	1	3	77	4,976	4,964
Operating profit	(887)	784	4,185	7,896	1,271	Operating profit	(84)	na	90	14,806	8,524
EBITDA	(180)	1,497	4,899	8,615	1,917	EBITDA	(78)	na	87	17,659	11,444
Other income	10	6	2	5	10	Other income	98	5	26	70	71
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	77	76	74	76	64	Interest expense	(16)	(17)	75	287	178
Profit before tax	(954)	714	4,114	7,825	1,218	Profit before tax	(84)	na	90	14,589	8,417
Income tax	(3)	179	1,453	2,068	(803)	Income tax	na	na	63	4,324	1,462
Equity & invest. income	43	59	82	76	77	Equity & invest. income	2	80	61	384	384
Minority interests	0	0	0	0	0	Minority interests			-	(1)	(1)
Extraordinary items	955	157	3,157	2,466	(5,224)	Extraordinary items	na	na	6	6,649	(1,493)
Net profit	46	750	5,900	8,299	(3,127)	Net profit	na	na	64	17,297	5,845
Normalized profit	(908)	593	2,742	5,833	2,097	Normalized profit	(64)	na	100	10,648	7,339
EPS (Bt)	0.01	0.22	1.70	2.40	(0.90)	EPS (Bt)	na	na	64	5.00	1.69
Normalized EPS (Bt)	(0.26)	0.17	0.79	1.69	0.61	Normalized EPS (Bt)	(64)	na	100	3.08	2.12
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	3Q21	4Q21	1Q22	2Q22	3Q22	
Cash & ST investment	336	802	408	1,305	843	Sales growth	32.4	61.1	46.9	85.3	63.0
A/C receivable	5,915	8,171	11,312	9,486	9,551	Operating profit growth	na	na	1,151.0	na	na
Inventory	20,204	18,786	33,177	34,000	32,473	EBITDA growth	na	na	379.3	na	na
Other current assets	5,376	6,025	8,774	14,991	19,197	Norm profit growth	na	na	na	na	na
Investment	2,036	2,095	2,176	1,294	2,114	Norm EPS growth	na	na	na	na	na
Fixed assets	23,758	23,706	23,380	23,065	22,846	Gross margin	1.0	4.0	9.4	12.1	3.9
Other assets	10,720	10,470	9,145	9,714	8,792	Operating margin	(2.2)	1.5	7.3	10.4	1.9
Total assets	68,345	70,055	88,371	93,854	95,817	EBITDA margin	(0.4)	2.9	8.5	11.3	2.9
S-T debt	23,319	24,990	27,486	19,342	31,438	Norm net margin	(2.3)	1.1	4.8	7.7	3.2
A/C payable	4,136	5,117	4,857	4,446	4,904	D/E (x)	1.6	1.5	1.2	0.6	1.3
Other current liabilities	12,098	11,900	23,092	30,367	20,942	Net D/E (x)	1.6	1.5	1.2	0.6	1.2
L-T debt	5,333	3,999	2,999	1,333	4,999	Interest coverage (x)	(2.4)	19.7	66.1	113.6	30.1
Other liabilities	5,218	4,839	4,819	4,844	4,752	Interest rate	1.1	1.1	1.0	1.2	0.9
Minority interest	7	7	7	7	7	Effective tax rate	0.3	25.1	35.3	26.4	(65.9)
Shareholders' equity	18,234	19,201	25,110	33,516	28,774	ROA	(5.4)	3.4	13.8	25.6	8.8
Working capital	21,983	21,840	39,632	39,041	37,120	ROE	(20.0)	12.7	49.5	79.6	26.9
Total debt	28,652	28,990	30,486	20,674	36,437						
Net debt	28,316	28,188	30,078	19,369	35,594						

Sources: Company data, Thanachart estimates

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