

PTT Public Co Ltd (PTT TB) - BUY, Price Bt34.25, TP Bt42.00**Results Comment**

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3Q22 – Big miss due to weak gas profit

- PTT reported 3Q22 net profit of Bt8.9bn (-77% q-q and -62% y-y). We estimate normalized profit of Bt24.8bn, down by 49% q-q and 1% y-y mainly from lower profit in PTT's gas business and lower profit from downstream subsidiaries.
- Substantial decline in gas EBITDA:** Gas EBITDA was Bt6.9bn (-70% q-q and y-y) in 3Q22. We see weaker EBITDA across gas businesses. 1) Supply and marketing business (S&M) EBITDA turned into a loss of Bt5bn from Bt2bn in 2Q22 due to pressure from 24% q-q surge in pool gas cost and a 30% plunge in HSFO price. 2) transmission pipeline (TM) EBITDA also lower by 22% to Bt6.7bn due to change in pipeline tariff started in Aug and lower domestic gas supply. 3) GSP EBITDA fell 36% q-q to Bt7.4bn due to lower petrochemical price which fell by 18-21% q-q, 4) NGV loss was also larger at Bt4.2bn from Bt2.4bn due to surge in pool gas cost.
- Oil trading:** Oil trading EBITDA increased 8% q-q to Bt4bn, due to higher sale volume which rose by 40% q-q and >100% y-y to 40,064m litre.
- Key non-operating items.** We estimate total PTT's non-recurring loss of Bt6.6bn vs loss of Bt2.45bn in 2Q22. This consisted of Bt6.6bn Fx loss, Bt1bn oil fund subsidies, and Bt900m revenue from gas shortfall.
- Outlook.** We expect 4Q22F to improve with easing gas cost QTD as well as a better profit contribution from subsidiaries. PTT has already change 13% of contract with industrial customer to reflect more on PTT's cost. Maintain BUY.

Income Statement (consolidated)						Income Statement (9M as)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	558,888	688,838	758,465	926,954	884,611	Revenue	(5)	58	95	2,701,745	2,482,572
Gross profit	95,729	97,015	134,670	175,378	81,690	Gross profit	(53)	(15)	107	365,908	344,988
SG&A	27,231	45,430	31,116	36,964	43,213	SG&A	17	59	73	153,421	140,975
Operating profit	68,498	51,585	103,554	138,414	38,477	Operating profit	(72)	(44)	132	212,488	204,013
EBITDA	107,794	85,436	140,699	175,559	185,267	EBITDA	6	72	131	382,556	387,469
Other income	(1,898)	7,678	16,807	(5,851)	1,452	Other income	na	na	92	13,509	12,413
Other expense	11,768	172	48,979	34,505	(13,072)	Other expense	na	na	771	9,133	0
Interest expense	7,470	7,153	7,445	9,150	10,141	Interest expense	11	36	91	29,237	33,855
Profit before tax	47,362	51,938	63,937	88,908	42,861	Profit before tax	(52)	(10)	104	187,627	182,571
Income tax	15,408	19,648	21,874	34,851	16,385	Income tax	(53)	6	118	61,731	57,474
Equity & invest. income	2,233	1,937	1,949	2,497	156	Equity & invest. income	(94)	(93)	51	9,010	9,010
Minority interests	(9,198)	(10,674)	(11,133)	(14,831)	(1,826)	Minority interests	na	na	55	(50,545)	(46,052)
Extraordinary items	(1,336)	3,991	(7,308)	(2,876)	(15,922)	Extraordinary items	na	na	(286)	9,133	0
Net profit	23,653	27,544	25,571	38,848	8,884	Net profit	(77)	(62)	78	93,493	88,055
Normalized profit	24,989	23,553	32,879	41,724	24,806	Normalized profit	(41)	(1)	118	84,361	88,055
EPS (Bt)	0.83	0.96	0.90	1.36	0.31	EPS (Bt)	(77)	(62)	78	3.27	3.08
Normalized EPS (Bt)	0.87	0.82	1.15	1.46	0.87	Normalized EPS (Bt)	(41)	(1)	118	2.95	3.08

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	473,063	312,730	426,068	426,297	322,366	Sales growth	45.7	69.2	58.7	73.8	58.3
A/C receivable	159,689	196,243	233,441	274,328	260,808	Operating profit growth	138.7	29.3	70.4	105.2	(43.8)
Inventory	162,785	168,994	239,425	273,356	270,617	EBITDA growth	70.3	14.4	46.9	65.5	71.9
Other current assets	113,403	175,439	196,312	232,568	287,191	Norm profit growth	89.1	22.2	26.7	191.7	(0.7)
Investment	125,784	128,779	136,841	139,261	159,585	Norm EPS growth	89.1	22.2	26.7	191.7	(0.7)
Fixed assets	1,410,232	1,425,414	1,421,118	1,468,989	1,514,917	Gross margin	17.1	14.1	17.8	18.9	9.2
Other assets	525,047	670,419	662,746	720,088	754,267	Operating margin	12.3	7.5	13.7	14.9	4.3
Total assets	2,970,002	3,078,019	3,315,950	3,534,887	3,569,751	EBITDA margin	19.3	12.4	18.6	18.9	20.9
S-T debt	117,910	99,392	208,958	179,714	185,271	Norm net margin	4.5	3.4	4.3	4.5	2.8
A/C payable	157,158	213,784	253,150	285,599	236,817	D/E (x)	0.6	0.6	0.7	0.7	0.7
Other current liabilities	172,194	180,478	213,800	204,980	218,250	Net D/E (x)	0.3	0.4	0.4	0.4	0.5
L-T debt	754,158	786,224	816,082	937,737	961,505	Interest coverage (x)	14.4	11.9	18.9	19.2	18.3
Other liabilities	333,822	325,201	323,269	364,082	390,514	Interest rate	3.5	3.3	3.1	3.4	3.6
Minority interest	456,131	466,243	471,497	488,586	502,300	Effective tax rate	32.5	37.8	34.2	39.2	38.2
Shareholders' equity	978,629	1,006,696	1,029,195	1,074,189	1,075,094	ROA	3.5	3.1	4.1	4.9	2.8
Working capital	165,316	151,453	219,716	262,085	294,608	ROE	10.3	9.5	12.9	15.9	9.2
Total debt	872,068	885,615	1,025,041	1,117,450	1,146,776						
Net debt	399,004	572,885	598,973	691,153	824,410						

Sources: Company data, Thanachart estimates

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