

SUSCO Pcl (SUSCO TB) - BUY, Price Bt4.80, TP Bt6.80**Results Comment**

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Strong 3Q22 despite the low season

- SUSCO reported 3Q22 net profit of Bt98m (EPS Bt0.10/sh), up 82% y-y but down 38% q-q on seasonality impact and high base in 2Q22 (inventory gain). The result was ahead of our expectation due to both volume and margin. We see upside risks to our forecasts and maintain our BUY recommendation.
- Sales volume grew 31% y-y and flat q-q despite 3Q being the low season and usually sees a 5-10% q-q decline. The strong volume growth was likely driven by strong recovery in jet fuel sales as well as positive impact of station conversions to "ESSO" brand (there were 50 such stations, about 20% of total, at the end of 3Q22).
- Margin: Average GP per litre fell to Bt1.6 from Bt1.9 the previous quarter likely due to absence of inventory gain and higher mix of jet fuel sales (which carries lower GP than retail sales but also lower SG&A per litre as well).
- SG&A grew 21% y-y and 4% q-q, likely reflecting wage inflation as well as higher sales volume. SG&A per litre was Bt1.4, down 8% y-y but up 5% q-q.
- Balance sheet remains strong with net D/E of just 0.1x.

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	4,618	6,027	7,281	8,867	8,736	Revenue	(1)	89	92	26,994	28,614
Gross profit	337	341	485	568	481	Gross profit	(15)	43	86	1,794	1,924
SG&A	314	333	338	367	381	SG&A	4	21	81	1,341	1,378
Operating profit	22	8	147	200	100	Operating profit	(50)	347	99	453	546
EBITDA	117	105	245	300	203	EBITDA	(32)	73	88	845	954
Other income	36	35	38	32	40	Other income	23	11	126	87	89
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	15	15	15	17	18	Interest expense	3	15	69	72	110
Profit before tax	43	28	170	215	121	Profit before tax	(44)	185	108	467	524
Income tax	16	5	35	57	24	Income tax	(58)	51	123	93	105
Equity & invest. income	(4)	(3)	(4)	(0)	(0)	Equity & invest. income	na	na	na	0	0
Minority interests	0	0	0	0	0	Minority interests			na	0	0
Extraordinary items	31	0	0	0	0	Extraordinary items			na	0	0
Net profit	54	19	131	158	98	Net profit	(38)	82	103	374	420
Normalized profit	23	19	131	158	98	Normalized profit	(38)	327	103	374	420
EPS (Bt)	0.05	0.02	0.13	0.16	0.10	EPS (Bt)	(38)	82	103	0.37	0.42
Normalized EPS (Bt)	0.02	0.02	0.13	0.16	0.10	Normalized EPS (Bt)	(38)	327	103	0.37	0.42

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	507	367	693	1,107	550	Sales growth	24.0	53.9	57.3	86.3	89.2
A/C receivable	620	706	933	1,103	1,236	Operating profit growth	(70.6)	(93.4)	26.9	176.4	346.6
Inventory	573	498	655	811	657	EBITDA growth	(28.8)	(50.7)	19.9	84.4	72.9
Other current assets	218	226	335	335	282	Norm profit growth	(67.4)	(80.9)	31.9	156.3	327.2
Investment	1,198	1,169	1,227	1,298	1,337	Norm EPS growth	(65.7)	(80.4)	31.9	156.3	327.2
Fixed assets	1,823	1,867	1,849	1,942	2,009	Gross margin	7.3	5.7	6.7	6.4	5.5
Other assets	1,969	1,961	1,956	2,018	2,092	Operating margin	0.5	0.1	2.0	2.3	1.1
Total assets	6,907	6,794	7,648	8,613	8,162	EBITDA margin	2.5	1.7	3.4	3.4	2.3
S-T debt	620	312	705	1,081	551	Norm net margin	0.5	0.3	1.8	1.8	1.1
A/C payable	990	1,220	1,418	1,753	1,812	D/E (x)	0.2	0.2	0.3	0.4	0.2
Other current liabilities	198	193	220	260	202	Net D/E (x)	0.1	0.0	0.1	0.1	0.1
L-T debt	232	221	299	395	380	Interest coverage (x)	7.6	6.8	16.2	17.4	11.4
Other liabilities	1,325	1,321	1,348	1,376	1,459	Interest rate	8.1	8.9	7.9	5.6	5.9
Minority interest	(290)	(290)	(290)	(290)	(290)	Effective tax rate	36.6	19.2	20.6	26.3	19.4
Shareholders' equity	3,833	3,816	3,949	4,038	4,049	ROA	1.4	1.1	7.2	7.8	4.7
Working capital	203	(16)	171	161	81	ROE	2.4	2.0	13.5	15.9	9.7
Total debt	852	533	1,003	1,476	931						
Net debt	344	167	310	369	381						

Sources: Company data, Thanachart estimates

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