

PTT Exp. & Production (PTTEP TB) - HOLD, Price Bt171.5, TP Bt159 | Results Comment

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

4Q22 – Beat on tax rate

- PTTEP reported 4Q22 profit of Bt15.6bn (-35% q-q, 47% y-y). This beat our forecast by 25% and Bloomberg consensus by 39% due to lower-than-expected tax rate and asset impairment.
- A reverse in non-recurring items.** Non-recurring items turned into a loss of US\$306m in 4Q22 from a gain of US\$28m in 3Q22 and a loss of US\$84m in 4Q21. The non-recurring loss is mainly from US\$190m Mozambique asset impairment and US\$129m compensation paid to Indonesian seaweed farmer.
- Lower than expected tax rate.** Core profit was at Bt26.9bn, up 16% q-q due to higher sale volume and lower tax rate. Effective tax rate dropped to 42% in 4Q22 from 45% in 3Q22 due to higher contribution from Thailand PSC contract which paid lower tax rate. Meanwhile, sale volume up by 5% q-q from Gulf of Thailand and Algeria HBR first oil sale.
- Higher cost led to lower margin.** Unit cost rose to US\$29.3/BOE up 2% q-q, mainly from higher SG&A expenses. Meanwhile, average selling price was flat q-q at US\$53/BOE due to lower liquid selling price offsetting higher gas price.
- Announced 2H22 DPS.** PTTEP announced dividend of Bt5/share for 2H22 profit which imply dividend yield of 2.9%. However, the payout is in-line with historical average at 40% of normal profit.
- Expect lower 1Q23F profit.** We expect PTTEP core profit to trend lower in 1Q23F due to lower selling price and sale volume. We maintain our HOLD rating on PTTEP.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Revenue	63,189	68,149	83,088	88,503	91,611	Revenue	4	45	102	331,350	286,245
Gross profit	30,990	38,928	46,920	46,877	49,676	Gross profit	6	60	106	182,401	143,844
SG&A	4,190	3,061	3,865	5,526	7,934	SG&A	44	89	124	20,386	17,345
Operating profit	26,800	35,867	43,055	41,350	41,743	Operating profit	1	56	104	162,015	126,499
EBITDA	39,592	52,954	62,498	64,323	65,408	EBITDA	2	65	103	245,183	210,289
Other income	3,112	742	1,549	1,222	5,038	Other income	312	62	217	8,552	1,706
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	1,696	1,718	2,194	2,270	2,037	Interest expense	(10)	20	90	8,218	8,725
Profit before tax	28,216	34,891	42,410	40,303	44,744	Profit before tax	11	59	108	162,348	119,480
Income tax	14,919	16,436	21,042	16,532	18,284	Income tax	11	23	97	72,295	53,901
Equity & invest. income	109	350	445	(619)	492	Equity & invest. income	na	351	40	668	300
Minority interests	0	0	0	0	0	Minority interests			na	0	0
Extraordinary items	(2,793)	(8,286)	(1,213)	1,020	(11,341)	Extraordinary items	na	na	195	(19,820)	0
Net profit	10,612	10,519	20,600	24,172	15,611	Net profit	(35)	47	105	70,901	65,879
Normalized profit	13,406	18,805	21,813	23,152	26,951	Normalized profit	16	101	116	90,721	65,879
EPS (Bt)	2.67	2.65	5.19	6.09	3.93	EPS (Bt)	(35)	47	105	17.86	16.59
Normalized EPS (Bt)	3.38	4.74	5.49	5.83	6.79	Normalized EPS (Bt)	16	101	116	22.85	16.59
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(%)	4Q21	1Q22	2Q22	3Q22	4Q22
Cash & ST investment	85,528	111,413	99,057	130,249	122,324	Sales grow th	57.5	59.4	51.5	51.8	45.0
A/C receivable	33,430	34,660	37,879	38,474	42,166	Operating profit grow th	131.1	134.0	96.7	81.7	55.8
Inventory	14,069	14,267	15,846	18,753	19,115	EBITDA grow th	39.6	66.1	50.1	50.6	65.2
Other current assets	6,557	11,662	13,266	13,938	13,238	Norm profit grow th	160.9	117.4	96.6	110.7	101.0
Investment	14,408	10,403	10,816	9,883	9,594	Norm EPS grow th	160.9	117.4	96.6	110.7	101.0
Fixed assets	380,307	373,065	412,899	445,852	410,614	Gross margin	49.0	57.1	56.5	53.0	54.2
Other assets	249,237	248,411	264,030	278,528	252,814	Operating margin	42.4	52.6	51.8	46.7	45.6
Total assets	783,536	803,881	853,794	935,678	869,864	EBITDA margin	62.7	77.7	75.2	72.7	71.4
S-T debt	12,738	12,092	14,033	14,113	16,887	Norm net margin	21.2	27.6	26.3	26.2	29.4
A/C payable	36,660	34,948	41,245	50,724	52,940	D/E (x)	0.3	0.3	0.3	0.3	0.2
Other current liabilities	55,105	82,360	34,624	37,847	44,789	Net D/E (x)	0.1	0.0	0.1	0.0	(0.0)
L-T debt	102,661	102,391	119,530	126,245	97,095	Interest coverage (x)	23.3	30.8	28.5	28.3	32.1
Other liabilities	161,022	159,126	191,720	211,644	191,033	Interest rate	6.2	6.0	7.1	6.6	6.4
Minority interest	0	0	0	0	0	Effective tax rate	52.9	47.1	49.6	41.0	40.9
Shareholders' equity	415,350	412,964	452,641	495,105	467,121	ROA	6.8	9.5	10.5	10.4	11.9
Working capital	10,839	13,980	12,479	6,503	8,340	ROE	13.0	18.2	20.2	19.5	22.4
Total debt	115,399	114,483	133,563	140,358	113,982						
Net debt	29,871	3,070	34,506	10,108	(8,342)						

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. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

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 66 Derivative Warrants which are ADVANC16C2301A, ADVANC16C2302A, AOT16C2305A, AOT16C2302A, BANPU16C2303A, BANPU16C2302A, BBL16C2305A, BCP16C2305A, BEC16C2305A, BGRIM16C2301A, BGRIM16C2302A, BH16C2304A, BH16C2303A, BLA16C2302A, BTS16C2301A, CBG16C2305A, CBG16C2301A, CBG16C2301B, CBG16C2302A, COM716C2305A, COM716C2302A, CPN16C2303A, CPN16C2301A, CRC16C2303A, DELTA16C2305A, DOHOME16C2301A, DOHOME16C2303A, EA16C2305A, EA16C2303A, ESSO16C2303A, ESSO16C2302A, GPSC16C2301A, GPSC16C2302A, GULF16C2301A, GULF16C2302A, GULF16C2302B, GUNKUL16C2301A, GUNKUL16C2302A, HANA16C2301A, HANA16C2303A, IVL16C2301A, JMART16C2303A, JMT16C2305A, JMT16C2302A, KBANK16C2304A, KBANK16C2301A, KBANK16C2302A, KCE16C2305A, KCE16C2303A, KCE16C2301A, KCE16C2301B, KCE16C2302A, KTB16C2303A, MINT16C2301A, MINT16C2302A, MTC16C2301A, PTTEP16C2303A, RCL16C2303A, SAWAD16C2305A, SAWAD16C2302A, SCB16C2301A, SCGP16C2303A, SET5016P2303B, SET5016P2303A, SET5016C2303A, VGI16C2301A (underlying securities are (ADVANC, AOT, BANPU, BBL, BCP, BEC, BGRIM, BH, BLA, BTS, CBG, COM7, CPN, CRC, DELTA, DOHOME, EA, ESSO, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTB, MINT, MTC, PTTEP, RCL, SAWAD, SCB, SCGP, SET50, VGI)). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% 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 24.33% of the shareholding in TMBThanachart Bank Pcl.

Note: 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 LIMITED (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: The One Enterprise Pcl. (ONEE TB)