

PTT Oil And Retail Pcl (OR TB) - SELL, Price Bt22.70, TP Bt19.00**Results Comment**

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4Q22 – Miss on asset impairment

- OR reported 4Q22 loss Bt744m vs a profit of Bt701m in 3Q22 driven by stock loss and lower margin in oil and non-oil and Bt305m impairment on Myanmar asset. The result below our forecast of -Bt100m and below consensus estimate of Bt429m.
- Oil marketing margin declined further.** Marketing margin come in at Bt0.48/litre vs Bt0.68/litre 3Q22 and Bt0.98/litre in 4Q21. This is driven by higher cost as company has to import refined products due to domestic refinery shutdown. The company booked inventory loss amount Bt1.1bn vs loss of Bt5bn vs 3Q22 given lower oil price.
- Higher sale volume.** Overall sale volume improved 11% q-q and 7.8% y-y. Improvement was seen in both retail and wholesale business. The full year 2022 volume is now only 3% below pre-COVID level in 2019.
- Non-oil business margin trended lower.** Despite the price hike of Bt5 for every café Amazon product in Oct 2022, EBITDA margin fell to 21.4% in 4Q22 from 22.9% in 3Q22 and 23.7% in 4Q21. This is well below its normal range of 25%. This is due to an increase in advertising, public relations, and outsourcing expenses. Café Amazon cup sold also declined by 3 million cups to 90 million cups in this quarter. According to management, this is due less promotion activities in 4Q22.
- Outlook.** We expect 1Q23 profit to improve given absence from impact from inventory loss and high import cost. However, we maintain our SELL rating given its expensive valuation and limited growth outlook.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Revenue	157,840	177,291	211,431	194,796	206,268	Revenue	6	31	90	789,785	681,396
Gross profit	9,261	10,583	14,386	7,433	6,707	Gross profit	(10)	(28)	80	39,108	37,154
SG&A	7,438	6,525	6,628	7,219	8,738	SG&A	21	17	83	29,110	27,256
Operating profit	1,823	4,058	7,758	214	(2,031)	Operating profit	na	na	72	9,998	9,898
EBITDA	3,452	5,605	9,356	1,872	(332)	EBITDA	na	na	76	18,360	15,852
Other income	1,034	916	875	805	1,037	Other income	29	0	104	3,633	3,633
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	307	271	254	277	353	Interest expense	27	15	127	1,155	901
Profit before tax	2,549	4,703	8,379	742	(1,347)	Profit before tax	na	na	75	12,476	12,630
Income tax	393	943	2,231	74	(611)	Income tax	na	na	82	2,638	2,400
Equity & invest. income	140	139	121	102	128	Equity & invest. income	25	(8)	65	490	490
Minority interests	1	(2)	(0)	0	(1)	Minority interests	na	na	na	(2)	0
Extraordinary items	57	(52)	300	(69)	(135)	Extraordinary items	na	na	10	44	0
Net profit	2,353	3,845	6,568	701	(744)	Net profit	na	na	71	10,370	10,720
Normalized profit	2,297	3,897	6,268	770	(609)	Normalized profit	na	na	73	10,326	10,720
EPS (Bt)	0.20	0.32	0.55	0.06	(0.06)	EPS (Bt)	na	na	71	0.86	0.89
Normalized EPS (Bt)	0.19	0.32	0.52	0.06	(0.05)	Normalized EPS (Bt)	na	na	73	0.86	0.89
Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(%)	4Q21	1Q22	2Q22	3Q22	4Q22
Cash & ST investment	66,224	56,755	35,927	20,336	39,461	Sales growth	44.2	49.7	78.1	66.8	30.7
A/C receivable	20,235	24,469	30,101	27,429	28,083	Operating profit growth	(31.4)	(2.0)	133.3	(88.3)	na
Inventory	24,432	32,329	37,235	43,735	27,474	EBITDA growth	(15.8)	(6.2)	76.6	(51.0)	na
Other current assets	15,175	24,422	43,772	45,383	41,534	Norm profit growth	(19.8)	1.7	103.9	(57.4)	na
Investment	5,948	5,493	7,063	9,121	8,743	Norm EPS growth	(19.8)	1.7	103.9	(57.4)	na
Fixed assets	42,663	42,553	42,807	43,185	44,363	Gross margin	5.9	6.0	6.8	3.8	3.3
Other assets	32,982	34,004	32,648	36,150	35,846	Operating margin	1.2	2.3	3.7	0.1	(1.0)
Total assets	207,659	220,025	229,552	225,338	225,504	EBITDA margin	2.2	3.2	4.4	1.0	(0.2)
S-T debt	4,868	4,005	4,459	14,550	9,319	Norm net margin	1.5	2.2	3.0	0.4	(0.3)
A/C payable	37,275	49,641	59,783	42,763	48,414	D/E (x)	0.3	0.3	0.2	0.4	0.3
Other current liabilities	9,587	7,378	7,144	8,327	10,927	Net D/E (x)	(0.3)	(0.2)	(0.1)	0.2	(0.1)
L-T debt	29,502	28,092	20,786	25,047	24,488	Interest coverage (x)	11.2	20.7	36.9	6.8	(0.9)
Other liabilities	26,555	27,287	29,141	29,299	28,595	Interest rate	3.5	3.3	3.5	3.4	3.8
Minority interest	54	59	59	60	60	Effective tax rate	15.4	20.1	26.6	10.0	45.4
Shareholders' equity	99,818	103,563	108,179	105,292	103,701	ROA	4.6	7.3	11.2	1.4	(1.1)
Working capital	7,392	7,157	7,552	28,401	7,143	ROE	9.3	15.3	23.7	2.9	(2.3)
Total debt	34,369	32,097	25,245	39,597	33,808						
Net debt	(31,855)	(24,658)	(10,683)	19,261	(5,654)						

Sources: Company data, Thanachart estimates

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