

Thai Oil Public Co Ltd (TOP TB) - BUY, Price Bt56.25, TP Bt70.00**Results Comment**

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4Q22 – In-line

- TOP reported 4Q22 profit of Bt147m, improved marginally from a low of Bt12m in 3Q22, but declined 97% y-y. The result is in-line with our and market expectation. We estimate core profit of Bt6.3bn, up 11% q-q and 206% on higher refinery margin.
- Market GIM** was \$11.1/bbl, increased from \$8.8/bbl in 3Q22 and \$7.0/bbl in 4Q21 due to better product spread as well as lower crude premium. Meanwhile, refinery utilization remains steady at 103% from 104% in 3Q22.
- Aromatic.** Product-to-feed (P2F) margin remained weak but improved to \$45/t in 4Q22 from US\$7/t in 3Q22 due to higher aromatic spread following higher demand from easing China lock down. However, utilization rate continues to trend lower q-q to 67% from 70% in 3Q22 and 81% in 4Q21 due to company's optimization plan.
- Lube and others.** Lube P2F was \$184/t (-12% q-q, +56% y-y) as base oil margin improved due to lower HSFO price. Loss contribution from Chandra Asri improved q-q to Bt201m from Bt351m in 3Q22.
- Net non-recurring totaled loss was at Bt6.2bn vs loss of Bt5.7bn in 3Q22.** The items mainly include i) Bt7bn stock gain, ii) Bt1.2bn hedging loss, and iii) Bt2.6bn Fx gain.
- Outlook.** We expect reported profit in 1Q23 to trend higher q-q with an absence of inventory loss and hedging loss. We maintain our BUY rating on the company

Income Statement (consolidated)						Income Statement (consolidated)					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Revenue	108,338	120,882	155,379	127,901	125,426	Revenue	(2)	16	108	529,589	428,902
Gross profit	5,031	7,381	31,048	7,471	7,846	Gross profit	5	56	116	53,746	26,279
SG&A	1,112	718	865	908	1,691	SG&A	86	52	85	4,182	4,289
Operating profit	3,919	6,664	30,183	6,563	6,155	Operating profit	(6)	57	120	49,565	21,990
EBITDA	5,849	8,496	32,187	8,413	8,212	EBITDA	(2)	40	117	57,309	29,216
Other income	78	107	169	317	269	Other income	(15)	245	53	863	1,410
Other expense	0	(144)	0	0	(981)	Other expense	na		na	(1,125)	0
Interest expense	958	961	966	940	994	Interest expense	6	4	88	3,860	3,929
Profit before tax	3,039	5,954	29,386	5,941	6,411	Profit before tax	8	111	123	47,692	19,471
Income tax	1,075	1,672	7,509	(156)	(108)	Income tax	na	na	114	8,918	3,934
Equity & invest. income	225	44	(125)	(294)	(136)	Equity & invest. income	na	na	76	(511)	1,165
Minority interests	(125)	(149)	(123)	(103)	(63)	Minority interests	na	na	72	(438)	(528)
Extraordinary items	2,969	3,150	3,698	(5,687)	(6,173)	Extraordinary items	na	na	(52)	(5,012)	(1,075)
Net profit	5,033	7,327	25,326	12	147	Net profit	1,089	(97)	84	32,813	15,099
Normalized profit	2,064	4,177	21,628	5,699	6,320	Normalized profit	11	206	128	37,825	16,174
EPS (Bt)	2.47	3.59	12.41	0.01	0.07	EPS (Bt)	1,089	(97)	86	15.56	6.76
Normalized EPS (Bt)	1.01	2.05	10.60	2.79	3.10	Normalized EPS (Bt)	11	206	132	17.93	7.25

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(%)	4Q21	1Q22	2Q22	3Q22	4Q22
Cash & ST investment	33,264	41,171	44,308	27,288	59,460	Sales growth	76.8	60.6	94.7	55.9	15.8
A/C receivable	23,415	29,483	37,229	29,881	28,759	Operating profit growth	56.8	2.3	1,438.8	378.9	57.1
Inventory	39,576	57,584	67,592	63,017	55,343	EBITDA growth	62.5	1.9	752.7	160.4	40.4
Other current assets	4,984	3,969	22,023	29,316	10,267	Norm profit growth	na	(29.2)	1,548.9	357.9	206.3
Investment	55,412	55,374	33,541	35,735	32,603	Norm EPS growth	na	(29.2)	1,548.9	357.9	206.3
Fixed assets	178,399	184,071	189,507	202,747	206,476	Gross margin	4.6	6.1	20.0	5.8	6.3
Other assets	27,094	26,931	49,078	52,569	51,674	Operating margin	3.6	5.5	19.4	5.1	4.9
Total assets	362,144	398,583	443,278	440,553	444,581	EBITDA margin	5.4	7.0	20.7	6.6	6.5
S-T debt	5,142	53,094	33,759	24,069	22,093	Norm net margin	1.9	3.5	13.9	4.5	5.0
A/C payable	23,001	40,715	61,103	65,393	74,154	D/E (x)	0.4	0.6	0.4	1.1	1.1
Other current liabilities	10,334	15,554	25,735	9,116	7,426	Net D/E (x)	0.1	0.2	0.1	0.9	0.7
L-T debt	44,755	19,199	21,437	151,088	151,658	Interest coverage (x)	6.1	8.8	33.3	9.0	8.3
Other liabilities	155,819	140,449	150,631	33,172	30,593	Interest rate	8.5	6.3	6.1	3.3	2.3
Minority interest	2,213	2,362	2,455	2,560	2,623	Effective tax rate	35.4	28.1	25.6	(2.6)	(1.7)
Shareholders' equity	120,881	127,208	148,158	155,156	156,034	ROA	2.3	4.4	20.6	5.2	5.7
Working capital	39,990	46,351	43,718	27,505	9,948	ROE	7.0	13.5	62.8	15.0	16.2
Total debt	49,897	72,294	55,196	175,157	173,751						
Net debt	16,633	31,122	10,888	147,869	114,291						

Sources: Company data, Thanachart estimates

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