PTT Exp. & Production (PTTEP TB) - BUY, Price Bt125, TP Bt188

Results Comment

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3Q24 – in-line

- PTTEP reported 3Q24 profit of Bt17.8bn, down 25% q-q and 1% y-y. This is in-line with our and consensus estimate.
- **Core profit down 23% q-q** due to a 6% decrease in sale volume along with higher unit cost. The decrease in sales volume was primarily from due to the annual maintenance shutdown at G2/61, Arthit, Contract 4, G1/61 Project, despite increased crude oil sales from the Malaysia Block K Project. Average selling price of US$47.0/BOE was flat QoQ,
- **Cost rose 14% q-q at US$31/BOE** due to higher operating and depreciation expenses. This is given higher sales volume from G1/61 project and additional provision of decommissioning costs of Yadana project from the increase in participating interest following the partner's withdraw.
- **Non-recurring items**. The loss from non-operating items in 3Q24 was -US$9m vs -US$14m in 2Q24. Non-core items in this quarter include FX gain of US$9m, hedging gain of US$10m, and exploration well write of amount US$28m.
- **Outlook.** We expect core 4Q24F profit to trend higher with higher volume as several projects resume full capacity. Maintain BUY.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**
Revenue	78,206	79,516	75,737	84,370	75,793
Gross profit	**39,905**	**40,090**	**37,452**	**41,906**	**31,749**
SG&A	3,979	5,944	3,758	4,094	3,262
Operating profit	35,925	34,146	33,694	37,812	28,488
EBITDA	**58,058**	**57,442**	**55,924**	**64,103**	**53,670**
Other income	2,404	2,900	3,075	3,619	3,830
Other expense	0	0	0	0	0
Interest expense	2,653	2,367	3,026	3,212	2,938
Profit before tax	**35,676**	**34,679**	**33,743**	**38,218**	**29,379**
Income tax	17,035	15,186	14,922	14,988	11,261
Equity & invest. income	320	407	362	201	35
Minority interests	2	(4)	1	3	3
Extraordinary items	(862)	(1,612)	(502)	543	(292)
Net profit	**18,101**	**18,284**	**18,683**	**23,978**	**17,865**
Normalized profit	**18,963**	**19,896**	**19,185**	**23,434**	**18,157**
EPS (Bt)	4.56	4.61	4.71	6.04	4.50
Normalized EPS (Bt)	4.78	5.01	4.83	5.90	4.57

Income Statement			9M as		
(Bt m)	**q-q%**	**y-y%**	**% 2024F**	**2024F**	**2025F**
Revenue	(10)	(3)	78	303,814	301,115
Gross profit	**(24)**	**(20)**	**73**	**152,392**	**140,148**
SG&A	(20)	(18)	59	18,801	19,471
Operating profit	(25)	(21)	75	133,591	120,677
EBITDA	**(16)**	**(8)**	**78**	**223,117**	**218,205**
Other income	6	59	98	10,774	11,370
Other expense			na		
Interest expense	(9)	11	143	6,430	4,726
Profit before tax	**(23)**	**(18)**	**73**	**137,934**	**127,321**
Income tax	(25)	(34)	66	62,735	57,959
Equity & invest. income	(82)	(89)	41	1,477	1,477
Minority interests	(1)	75	na	0	0
Extraordinary items	na	na	na	0	0
Net profit	**(25)**	**(1)**	**79**	**76,676**	**70,839**
Normalized profit	**(23)**	**(4)**	**79**	**76,676**	**70,839**
EPS (Bt)	(25)	(1)	79	19.31	17.84
Normalized EPS (Bt)	(23)	(4)	79	19.31	17.84

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**
Cash & ST investment	110,997	144,386	191,245	141,190	133,057
A/C receivable	49,481	62,241	51,929	55,765	34,886
Inventory	22,649	20,914	22,074	23,032	20,008
Other current assets	17,601	7,260	8,245	9,777	9,619
Investment	9,684	9,768	10,165	13,259	10,532
Fixed assets	451,115	440,271	470,023	497,239	440,420
Other assets	242,174	217,982	236,995	260,076	233,324
Total assets	**903,701**	**902,821**	**990,677**	**1,000,337**	**881,846**
S-T debt	3,293	3,560	3,482	3,160	3,741
A/C payable	50,160	49,412	51,248	60,926	54,346
Other current liabilities	26,949	35,619	50,396	35,982	32,378
L-T debt	99,685	95,320	99,577	100,336	91,776
Other liabilities	208,439	219,468	234,068	239,995	209,569
Minority interest	113	116	215	271	266
Shareholders' equity	**515,063**	**499,327**	**551,691**	**559,667**	**489,771**
Working capital	21,970	33,743	22,755	17,871	549
Total debt	102,977	98,880	103,059	103,496	95,517
Net debt	**(8,020)**	**(45,506)**	**(88,186)**	**(37,694)**	**(37,540)**

Financial Ratios					
(%)	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**
Sales growth	(11.6)	(13.2)	0.3	25.0	(3.1)
Operating profit growth	(13.1)	(18.2)	(11.6)	16.0	(20.7)
EBITDA growth	(9.7)	(12.2)	2.2	23.5	(7.6)
Norm profit growth	(18.1)	(26.2)	(4.2)	18.6	(4.3)
Norm EPS growth	(18.1)	(26.2)	(4.2)	18.6	(4.3)
Gross margin	51.0	50.4	49.5	49.7	41.9
Operating margin	45.9	42.9	44.5	44.8	37.6
EBITDA margin	74.2	72.2	73.8	76.0	70.8
Norm net margin	24.2	25.0	25.3	27.8	24.0
D/E (x)	0.2	0.2	0.2	0.2	0.2
Net D/E (x)	(0.0)	(0.1)	(0.2)	(0.1)	(0.1)
Interest coverage (x)	21.9	24.3	18.5	20.0	18.3
Interest rate	10.4	9.4	12.0	12.4	11.8
Effective tax rate	47.7	43.8	44.2	39.2	38.3
ROA	8.6	8.8	8.1	9.4	7.7
ROE	14.9	15.7	14.6	16.9	13.8

Sources: Company data, Thanachart estimates

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