

16 January 2023

Sector: Energy

PTG Energy

Robust growth outlook in 4Q22E on higher marketing margin and sales volume

Bloomberg ticker	PTG TB
Recommendation	BUY (maintained)
Current price	Bt14.70
Target price	Bt18.50 (maintained)
Upside/Downside	+26%
EPS revision	2022E: no change, 2023E: -15%

Bloomberg target price	Bt17.75
Bloomberg consensus	Buy 12 / Hold 0 / Sell 1

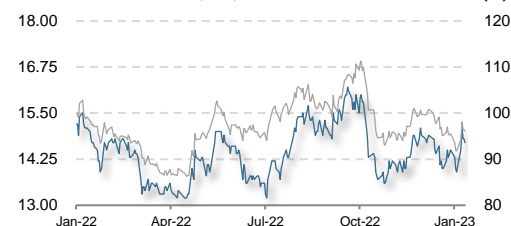
Stock data	
Stock price 1-year high/low	Bt21.90 / Bt9.00
Market cap. (Bt mn)	24,549
Shares outstanding (mn)	1,670
Avg. daily turnover (Bt mn)	436
Free float	52%
CG rating	Excellent
ESG rating	n.a.

Financial & valuation highlights

FY: Dec (Bt mn)	2020A	2021A	2022E	2023E
Revenue	104,423	133,759	168,974	147,250
EBITDA	6,315	5,419	6,611	7,438
Net profit	1,894	1,006	1,464	1,882
EPS (Bt)	1.13	0.60	0.88	1.13
Growth	21.5%	-46.7%	45.5%	28.6%
Core EPS (Bt)	1.11	0.60	0.88	1.13
Growth	19.0%	-45.8%	45.5%	28.6%
DPS (Bt)	0.40	0.50	0.35	0.45
Div. yield	2.9%	3.6%	2.5%	3.2%
PER (x)	16.8	23.2	16.0	17.8
Core PER (x)	17.1	23.2	16.0	12.4
EV/EBITDA (x)	6.6	5.9	4.6	0.8
PBV (x)	4.0	2.9	2.6	2.3

Bloomberg consensus

Net profit	1,894	1,006	1,349	1,718
EPS (Bt)	1.13	0.60	0.82	1.03



Source: Aspen

Price performance	1M	3M	6M	12M
Absolute	-0.7%	2.8%	3.5%	-2.6%
Relative to SET	-4.1%	-5.0%	-5.2%	-2.8%

Major shareholders

	Holding
1. Ratchkit Holding	25.12%
2. Mr.Pongsak Vajirasakpanich	6.01%
3. Thai NVDR Co., Ltd.	5.58%

Analyst: Poonpat Chaikumhan, CFA (Reg. no. 038730)

We hold a BUY call on PTG and roll forward our valuation base to 2023E. Although our target price remains unchanged at Bt18.50, our target PER de-rates to 19x (-0.5 SD below its 5-yr average) from 21x. In 4Q22E, we predict core profit would improve significantly to Bt455mn, recovering from a loss of Bt80.0mn in 4Q21 and rising +157% QoQ, on the back of higher marketing margin YoY and seasonally stronger demand QoQ. Sales volume is estimated to rise +9% YoY, +10% QoQ to 1.4bn liters, and marketing margin looks set to surge +51% YoY but slip -4% QoQ to Bt1.9/liter.

We maintain 2022E core profit forecast at Bt14.0bn, which indicates a notable +38% increase YoY. As sales volume appeared to have increased only moderately +6% in 2022E and SG&A expenses appeared to be on an upswing given an increased cost structure, we cut the 2023E forecast by 15% to Bt1.6bn, still representing a rise of +10% YoY, as we revise our sales volume growth assumption down +3% YoY from +6% earlier.

PTG has underperformed the SET Index by 5% in the past three months, which may have priced in a lower marketing margin since 2Q22, still at an elevated level though. We believe the stock will become an outperformer in the near to medium term as the company experienced seasonally stronger demand and the palm complex business benefitted from higher crude palm oil prices in 4Q22. Additionally, the company is going to list its subsidiaries palm complex and LPG on the SET later this year.

Event: 4Q22E earnings preview

■ **Promising growth outlook in 4Q22E on higher marketing margin and seasonally stronger demand.** We predict 4Q22E core profit would improve significantly to Bt455mn, recovering from a loss of Bt80.0mn in 4Q21 and rising +157% QoQ, on the back of higher marketing margin YoY and seasonally stronger demand amid a narrower loss in the palm complex business QoQ. Sales volume is estimated to rise +9% YoY, +10% QoQ to 1.4bn liters, and marketing margin looks set to surge +51% YoY but slip -4% QoQ to Bt1.9/liter.

■ **Maintain 2022E core earnings forecast but downgrade 2023E projection.** Based on our 4Q22E earnings forecast, 2022E core profit will grow +38% to Bt1.4bn, which is in line with our assumption. Marketing margin is forecasted to rise +11% after the government's price intervention has wound down, and sales volume looks set to increase +6% in light of the post-pandemic higher demand.

In 2023E, we cut the core profit forecast by 15% to Bt1.6bn, still representing a rise of +10% YoY, as we revise our sales volume growth assumption down +3% YoY from +6% earlier to reflect a slowed sales improvement in 2022E (+6% YoY) and the increased cost structure.

Valuation/Catalyst/Risk

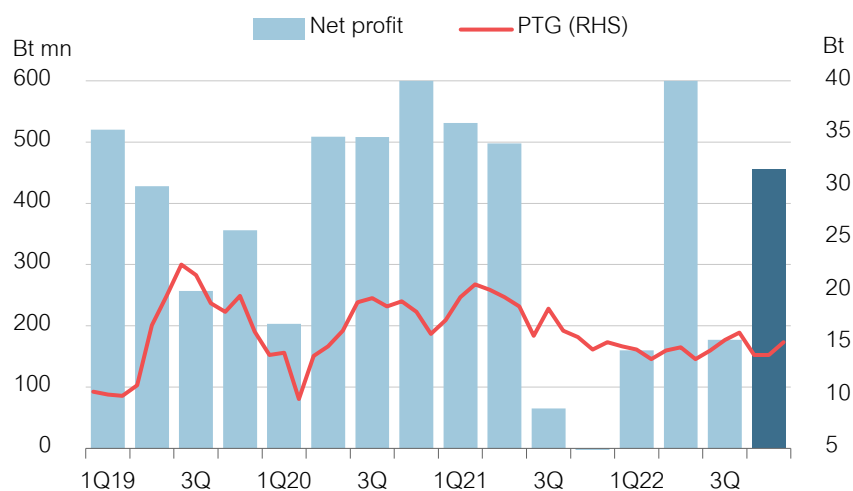
Our target price remains unchanged at Bt18.50 although we roll forward our valuation base to 2023E. However, our target PER de-rates to 19x (-0.5 SD below its 5-yr average) from 21x. Key catalysts are the past-pandemic pent-up demand for travel and economic improvement, which should bode well for oil demand, and a lower oil price that will push the marketing margin back to its elevated level.

Disclaimer: This report has been prepared by DAOL SECURITIES (THAILAND). The information herein has been obtained from sources believed to be reliable and accurate; however, DAOL SEC makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. DAOL SEC has no intention to solicit investors to buy or sell any securities in this report. In addition, DAOL SEC does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making decisions. All rights are reserved. This report may not be reproduced, distributed or published by any person in any manner for any purpose without the permission of DAOL SEC Investment in securities has risks. Investors are advised to consider carefully before making decisions.

Fig 1: 4Q22E earnings preview

FY: Dec (Bt mn)	4Q22	4Q21	YoY	3Q22	QoQ	2022E	2021	YoY
Revenues	46,526	37,600	23.7%	45,171	3.0%	168,974	133,759	26.3%
CoGS	(43,245)	(35,524)	21.7%	(42,047)	2.8%	(158,489)	(123,627)	28.2%
Gross profit	3,281	2,076	58.1%	3,124	5.0%	10,485	10,132	3.5%
SG&A	(2,473)	(2,037)	21.4%	(2,569)	-3.7%	(8,013)	(8,271)	-3.1%
EBITDA	1,673	961	74.1%	1,364	22.7%	6,611	5,419	22.0%
Other inc./exps	40	146	-72.7%	(7)	-702.0%	530	534	-0.8%
Interest expenses	(280)	(284)	-1.6%	(279)	0.3%	(1,153)	(1,118)	3.1%
Income tax	(114)	21	-643.1%	(88)	29.4%	(370)	(261)	41.9%
Core profit	455	(80)	-669.3%	177	156.8%	1,464	1,013	44.5%
Net profit	455	(80)	-669.3%	177	156.8%	1,464	1,013	44.5%
EPS (Bt)	0.27	(0.05)	-669.3%	0.11	156.8%	0.88	0.61	44.5%
Gross margin	7.1%	5.5%		6.9%		6.2%	7.6%	
Net margin	1.0%	-0.2%		0.4%		0.9%	0.8%	

Fig 2: PTG share prices vs profits



Source: Company

Quarterly income statement

(Bt mn)	3Q21	4Q21	1Q22	2Q22	3Q22
Sales	30,585	37,600	38,969	46,307	45,171
Cost of sales	(28,195)	(35,524)	(36,394)	(42,877)	(42,047)
Gross profit	2,391	2,076	2,576	3,430	3,124
SG&A	(2,109)	(2,037)	(2,186)	(2,427)	(2,569)
EBITDA	1,155	961	1,263	1,829	1,364
Finance costs	(283)	(284)	(282)	(280)	(279)
Core profit	65	(80)	160	601	177
Net profit	65	(80)	160	601	177
EPS	0.04	(0.05)	0.10	0.36	0.11
Gross margin	7.8%	5.5%	6.6%	7.4%	6.9%
EBITDA margin	3.8%	2.6%	3.2%	3.9%	3.0%
Net profit margin	0.2%	-0.2%	0.4%	1.3%	0.4%

Balance sheet

FY: Dec (Bt mn)	2019	2020	2021	2022E	2023E
Cash & deposits	1,037	942	1,701	500	500
Accounts receivable	1,222	503	722	902	930
Inventories	2,217	2,088	2,239	2,806	2,897
Other current assets	374	326	196	196	196
Total cur. assets	4,850	3,859	4,859	4,404	4,523
Investments	2,207	1,810	2,044	2,044	2,044
Fixed assets	11,458	10,853	11,505	11,876	12,289
Other assets	4,136	25,515	25,976	25,976	25,976
Total assets	22,652	42,037	44,384	44,300	44,832
Short-term loans	3,050	2,283	2,437	1,978	91
Accounts payable	5,779	3,920	6,000	7,516	7,760
Current maturities	2,661	2,047	3,914	3,914	3,914
Other current liabilities	125	236	99	99	99
Total cur. liabilities	11,614	8,486	12,450	13,508	11,865
Long-term debt	3,857	6,282	3,821	1,996	1,996
Other LT liabilities	474	19,289	19,914	19,311	18,708
Total LT liabilities	4,330	25,572	23,735	21,307	20,704
Total liabilities	15,944	34,057	36,184	34,814	32,569
Registered capital	1,670	1,670	1,670	1,670	1,670
Paid-up capital	1,670	1,670	1,670	1,670	1,670
Share premium	1,185	1,185	1,185	1,185	1,185
Retained earnings	3,855	5,083	5,260	6,137	7,088
Others	(63)	(55)	(21)	(21)	(21)
Minority interests	60	96	105	514	2,340
Shares' equity	6,707	7,980	8,200	9,486	12,263

Cash flow statement

FY: Dec (Bt mn)	2019	2020	2021	2022E	2023E
Net profit	1,561	1,894	1,006	1,461	1,586
Depreciation	3,015	2,880	3,024	3,609	3,959
Chg in working capital	(1,079)	(1,011)	1,710	770	126
Others	(255)	161	(11)	0	0
CF from operations	3,242	3,924	5,729	5,840	5,671
Capital expenditure	(3,447)	(2,275)	(3,676)	(3,980)	(4,372)
Others	(370)	(20,984)	(694)	0	0
CF from investing	(3,817)	(23,259)	(4,370)	(3,980)	(4,372)
Free cash flow	(576)	(19,335)	1,359	1,861	1,299
Net borrowings	1,078	634	(458)	(2,284)	(1,887)
Equity capital raised	0	0	0	0	0
Dividends paid	(334)	(668)	(835)	(585)	(634)
Others	(127)	19,273	491	9	1,223
CF from financing	617	19,239	(801)	(2,860)	(1,299)
Net change in cash	41	(95)	558	(999)	0

Forward PER band



Income statement

FY: Dec (Bt mn)	2019	2020	2021	2022E	2023E
Sales	120,027	104,423	133,759	167,265	172,283
Cost of sales	(110,127)	(93,824)	(123,627)	(154,879)	(159,909)
Gross profit	9,900	10,599	10,132	12,486	12,374
SG&A	(7,907)	(7,820)	(8,271)	(9,666)	(9,645)
EBITDA	5,273	6,315	5,419	6,657	7,168
Depre. & amortization	3,015	2,880	3,024	3,609	3,959
Equity income	40	376	205	(151)	100
Other income	225	280	329	380	380
EBIT	2,258	3,435	2,395	3,048	3,209
Finance costs	(335)	(1,104)	(1,118)	(1,153)	(1,207)
Income taxes	(359)	(425)	(261)	(419)	(400)
Net profit before MI	1,563	1,906	1,017	1,476	1,602
Minority interest	3	12	10	15	16
Core profit	1,561	1,857	1,006	1,461	1,586
Extraordinary items	0	37	0	0	0
Net profit	1,561	1,894	1,006	1,461	1,586

Key ratios

FY: Dec (Bt mn)	2019	2020	2021	2022E	2023E
Growth YoY					
Revenue	11.3%	-13.0%	28.1%	25.0%	3.0%
EBITDA	50.1%	19.8%	-14.2%	22.9%	7.7%
Net profit	149.8%	21.4%	-46.9%	45.2%	8.5%
Core profit	149.8%	19.0%	-45.8%	45.2%	8.5%
Profitability ratio					
Gross profit margin	8.2%	10.1%	7.6%	7.5%	7.2%
EBITDA margin	4.4%	6.0%	4.1%	4.0%	4.2%
Core profit margin	1.3%	1.8%	0.8%	0.9%	0.9%
Net profit margin	1.3%	1.8%	0.8%	0.9%	0.9%
ROA	6.9%	4.5%	2.3%	3.3%	3.5%
ROE	23.3%	23.7%	12.3%	15.4%	12.9%
Stability					
D/E (x)	2.38	4.27	4.41	3.67	2.66
Net D/E (x)	1.27	1.21	1.03	0.78	0.45
Interest coverage ratio	0.15	0.32	0.47	0.38	0.38
Current ratio (x)	0.42	0.45	0.39	0.33	0.38
Quick ratio (x)	0.19	0.17	0.19	0.10	0.12
Per share (Bt)					
Reported EPS	0.93	1.13	0.60	0.88	0.95
Core EPS	0.93	1.11	0.60	0.88	0.95
Book value	3.98	4.72	4.85	5.37	5.94
Dividend	0.20	0.40	0.50	0.35	0.38
Valuation (x)					
PER	19.47	16.82	23.23	16.80	15.48
Core PER	19.38	17.09	23.23	16.80	15.48
P/BV	4.55	4.03	2.89	2.74	2.47
EV/EBITDA	7.35	6.56	5.88	4.80	0.77
Dividend yield	1.4%	2.9%	3.6%	2.4%	2.6%

Disclaimer: This report has been prepared by DAOL SECURITIES (THAILAND). The information herein has been obtained from sources believed to be reliable and accurate; however, DAOL SEC makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. DAOL SEC has no intention to solicit investors to buy or sell any securities in this report. In addition, DAOL SEC does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making decisions. All rights are reserved. This report may not be reproduced, distributed or published by any person in any manner for any purpose without the permission of DAOL SEC Investment in securities has risks. Investors are advised to consider carefully before making decisions.

Corporate governance report of Thai listed companies 2021

CG rating by the Thai Institute of Directors Association (Thai IOD)

Score	Symbol	Description	ความหมาย
90-100		Excellent	ดีเลิศ
80-89		Very Good	ดีมาก
70-79		Good	ดี
60-69		Satisfactory	ดีพอใช้
50-59		Pass	ผ่าน
< 50	No logo given	n.a.	n.a.

IOD disclaimer

The Corporate Governance Report (CGR) of Thai listed Companies is based on a survey and assessment of information that companies listed on the Stock Exchange of Thailand and the Market for Alternative Investment ("listed companies") disclose to the public. The CGR is a presentation of information from the perspective of outsiders on the standards of corporate governance of listed companies. It is not any assessment of the actual practices of the listed companies, and the CGR does not use any non-public information. The CGR is not therefore an endorsement of the practices of the listed companies. It is not a recommendation for investment in any securities of any listed companies or any recommendation whatsoever. Investors should exercise their own judgment to analyze and consider any information relating to the listed companies presented in this CGR report. No representation or warranty is made by the Institute of Directors or any of its personnel as to the completeness or accuracy of the CGR report or the information used.

DAOL SEC's stock rating definition

BUY	The stock's total return is expected to exceed 10% over the next 6-12 months. The stock has good fundamentals and attractive valuations.
HOLD	The stock's total return is expected to be between 0% and 10% over the next 6-12 months. The stock has good fundamentals but may lack near-term catalysts or its valuations are not attractive.
SELL	The stock's total return is expected to fall below 0% or more over the next 6-12 months. Stock should be sold as negative total return is anticipated due to deteriorating fundamentals compared with its valuations.

The stock's expected total return is the percentage difference between the target price and the current price, which excludes dividend yields.

ESG rating (ESG: Environmental, Social, and Governance)

DAOL SEC believes environment, social and governance (ESG) practices will help determine the sustainability and future financial performance of companies. We thus incorporate ESG into our valuation model.

- ☐ **Environment.** Environment factors relate to corporate responsibility for its actions and how it manages its impact on the environment. DAOL SEC analyzes revenue, which exposes to environment risks and opportunities.
- ☐ **Social.** Social factors deal with company's relationship with its employees and vendors. That also includes company's initiatives related to employee health and well-being, as well as community involvement. DAOL SEC's evaluation on social practices is based on Bloomberg, which measure from company's social responsibility news.
- ☐ **Governance.** Corporate government factors include company's transparency, decision-making structure, concrete risk assessment method, treatment of minority shareholders and anti-corruption practices. DAOL SEC conduct this analysis based on IOD's scores.

DAOL SEC's ESG ratings score from 1-5

1. Excellent scores at 5
2. Very Good scores at 4
3. Good scores at 3
4. Satisfactory scores at 2
5. Pass scores at 1

DAOL SEC provides "n.a." in cases of insufficient data.