

April 3, 2023

1Q23 PROFIT TO GROW QOQ. SHORT-TERM DRIVER

1Q23 net profit is estimated at B20.8bn, growing 33.7%qoq thanks to lower extraordinary loss. Yet, 1Q23 normalized profit is projected to fall 8.1%qoq to B20.6bn as sales volume drops and average oil selling price falls. 2Q23 normal profit is expected to fall qoq.

We maintain 2023 forecast and keep fair value at B178, keeping Dubai crude price assumption of US\$90 for 2023 and US\$75 from 2024 on. PTTEP already underwent correction. Economic recovery will boost demand. Supply tightens due to conflicts in the Middle East, the Russia-Ukraine war, and OPEC+ oil output cut (to stabilize oil price). Driven by these positive factors, we upgrade PTTEP from SELL to BUY.

KEY FINANCIAL FORECAST

Ending Dec 31	2020	2021	2022	2023F	2024F
Net Profit	22,664	38,864	70,901	60,716	45,343
Normalized Profit	24,600	43,636	88,721	60,716	45,343
EPS (B)	5.71	9.79	17.86	15.29	11.42
PER (x)	26.4	15.4	8.4	9.8	13.2
DPS (B)	4.25	5.00	9.25	6.50	5.25
Dividend Yield (%)	2.8	3.3	6.1	4.3	3.5
BVS (B)	89.3	104.6	117.7	128.2	125.4
EV/EBITDA	5.2	3.9	2.5	3.3	4.0
ROE (%)	6.4	10.1	16.1	12.4	9.0

Source: ASPS Research

TECHNICAL CHART



Source: ASPS Research

TECHNICAL COMMENT

PTTEP Price Trend: Sideway

Supportive: 134.00 / 149.50

Resistance: 164.50

PTTEP

REC.

BUY

Current Price (B)	150.50
Target Price (B)	178.00
Upside (%)	18.3
Dividend yield (%)	4.3

ESG RATING

Arabesque S-Ray	59.81
Moody's	43.00
MSCI	AA
Refinitiv	55.64
S&P	78.44
Source: Settrade	

CG Score	Excellent
Anti-corruption	Certified

CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2023F	15.29	17.41	-12%
2024F	11.42	16.17	-29%

Source: ASPS Research / IAA consensus

RESEARCH DIVISION

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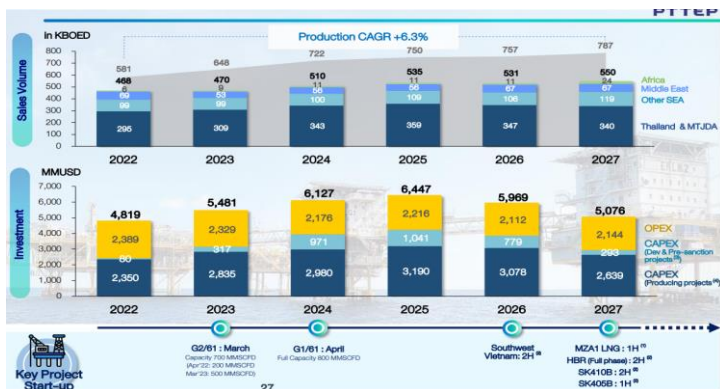


EARNINGS RESULTS BY QUARTER

Key Data (Million B)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23F	%QoQ	%YoY	2022	2021	%YoY
Sales	42,136	54,209	57,417	62,313	67,145	81,962	86,936	89,976	80,835	-10.2%	20.4%	326,019	216,075	50.9%
Cost of Sales	13,404	10,594	13,230	14,600	12,134	16,725	18,654	18,268	17,502	-4.2%	44.2%	65,781	51,828	26.9%
Gross Profit	28,732	43,615	44,187	47,713	55,011	65,237	68,282	71,707	63,333	-11.7%	15.1%	260,238	164,247	58.4%
Operating Profit	18,788	18,813	22,003	33,402	28,673	43,837	43,447	46,111	40,750	-11.6%	42.1%	162,067	93,006	74.3%
Net Profit	11,534	7,140	9,545	10,645	10,519	20,600	24,172	15,611	20,866	33.7%	98.4%	70,901	38,864	82.4%
Normalized Profit	8,650	11,097	10,986	12,904	18,805	22,214	25,286	22,416	20,608	-8.1%	9.6%	88,721	43,636	103.3%
EPS (B)	2.91	1.80	2.40	2.68	2.65	5.19	6.09	3.93	5.26	33.7%	98.4%	17.86	9.79	82.4%
Gross Margin	68%	80%	77%	77%	82%	80%	79%	80%	78%			80%	76%	
Operating Profit Margin	45%	35%	38%	54%	43%	53%	50%	51%	50%			50%	43%	
Gas Selling Price (US\$/MMBTU)	5.61	5.59	5.76	5.81	6.07	6.10	6.18	6.70	6.70			6.27	5.69	
Oil Selling Price (US\$/BBL)	56.6	64.0	69.2	76.2	91.2	105.5	97.9	85.4	77.5			94.89	66.70	
Avg. Petroleum Selling Price (US\$/BOE)	40.4	42.2	44.3	46.9	51.4	55.6	54.5	52.8	50.2			53.39	43.49	
Dubai Crude Oil Price (\$/BBL)	60.0	67.0	71.7	78.3	96.2	108.2	96.9	84.8	80.5			96.38	69.39	

Source : ASPS Research

2023–2027 INVESTMENT PLAN & PETROLEUM SALES PROJECTION



Source : PTTEP

SENSITIVITY ANALYSIS ON OIL PRICE

Oil price Assumption		PTTEP's Earnings Forecast		
2023F (\$/bbl)	2024F (\$/bbl)	2023F (Million B)	% chg. from base case	2023 FV (B)
90	75 (base case)	59,200		178.0
85	75	55,304	-6.6%	174.0
80	75	51,561	-12.9%	170.0
75	75	47,861	-19.2%	166.0

Source : ASPS Research

KEY RECOMMENDATION

Company	REC/RB Rating	Current Price	Target Price	Upside (%)	PBV		PER	
					2023F	2024F	2023F	2024F
CHINA								
SINOPEC CORP-H	4.35	4.6	4.7	1.8%	0.6	0.6	7.0	6.7
PETROCHINA-H	4.56	4.7	5.0	7.3%	0.5	0.5	6.0	6.4
TAIWAN								
FORMOSA CHEM & F	2.44	69.1	61.5	-11.0%	1.2	1.2	25.6	20.7
FORMOSA PLASTIC	3.88	91.8	95.0	3.5%	1.6	1.4	17.4	14.5
NAN YA PLASTICS	3.00	77.5	64.6	-16.6%	1.6	1.5	19.4	14.4
JAPAN								
TOSOH CORP	3.80	1797.0	2102.2	17.0%	0.8	0.7	9.3	8.3
JX HD	4.00	465.2	548.8	18.0%	0.5	0.5	8.6	7.0
MTSUI CHEMICALS	4.29	3410.0	4078.0	19.6%	0.8	0.8	6.7	7.1
HONG KONG								
SINOPEC SHANG-H	3.70	1.4	1.8	29.0%	0.5	0.4	10.2	7.4
INDIA								
INDIAN OIL CORP	3.97	77.9	89.3	14.6%	0.8	0.8	26.4	6.4
RELIANCE INDS	4.49	2331.1	2852.0	22.3%	1.8	1.7	22.2	18.8
BHARAT PETROL	4.03	344.3	386.5	12.2%	1.4	1.3	72.7	8.6
Malaysia								
PETRONAS DAGANGA	2.91	21.3	21.5	0.9%	3.7	3.7	26.4	24.4
PICHEM	2.89	7.1	8.2	15.3%	1.4	1.3	10.7	10.4
THAILAND								
PTT PCL	BUY	33.00	46.00	39.4%	2.3	2.1	8.6	10.4
PTT EXPL & PROD	BUY	170.00	178.0	4.7%	0.0	0.0	11.1	14.9
PTT GLOBAL CHEM	BUY	44.75	61.00	36.3%	1.0	0.9	8.7	8.7
THAI OIL PCL	BUY	57.75	63.00	9.1%	0.0	0.0	8.7	9.6
IRPC PCL	BUY	3.06	3.60	17.6%	4.2	3.8	11.6	10.2
BANGCHAK PETROLE	Switch	36.75	32.00	-12.9%	0.8	0.8	6.2	7.0
INDORAMA VENTURE	BUY	40.75	52.00	27.6%	0.0	0.0	7.9	7.7
AVERAGE					1.2	2.2	10.6	11.5

Source : ASPS Research / Bloomberg

KEY RISK

1. Production from some projects may miss our forecast and some plants might undergo unplanned shutdown.
2. Dubai crude oil price may miss our forecast, so PTTEP's earnings might not reach our target.
3. Country risk.

Source : ASPS Research



2022-2024F EARNINGS FORECAST

Statement of Income (Million B)

At 31 December	2021	2022	2023F	2024F
Sales	216,075	326,019	283,301	224,388
Cost of sales	51,828	65,781	73,865	69,790
Gross profit	164,247	260,238	209,436	154,598
SG&A	11,416	20,386	16,998	13,463
Interest expenses	6,472	8,218	8,415	8,260
Other expenses	70,294	83,168	87,054	69,150
Other income	8,351	14,551	7,681	6,844
Earning before taxes	86,864	151,415	113,065	78,829
Income taxes	41,528	72,295	43,934	25,225
Normalized profit	43,636	88,721	60,716	45,343
FX gain/loss	(1,313)	(3,278)	-	-
Extraordinary items	(7,263)	(10,653)	-	-
Net profit	38,864	70,901	60,716	45,343
EPS	9.79	17.86	15.29	11.42
Sales growth	37%	51%	-13%	-21%
Net profit growth	71%	82%	-14%	-25%
Gross profit margin	76%	80%	74%	69%
Net profit margin	18%	22%	21%	20%

Quarterly Statement of Income (Million B)

	1Q22	2Q22	3Q22	4Q22
Sales	67,145	81,962	86,936	89,976
Cost of sales	12,134	16,725	18,654	18,268
Gross profit	55,011	65,237	68,282	71,707
SG&A	3,061	3,865	2,919	10,541
Interest expenses	1,718	2,194	2,270	2,037
Other income	742	1,549	1,222	5,038
Earning before taxes	26,955	41,642	41,177	33,421
Income taxes	16,436	21,042	17,006	17,811
Normalized profit	18,805	22,214	25,286	22,416
FX gain/loss	(159)	(1,531)	(3,163)	1,575
Net profit	10,519	20,600	24,172	15,611
Sales growth	8%	22%	6%	3%
Net profit growth	-1%	96%	17%	-35%
Gross profit margin	82%	80%	79%	80%
Net profit margin	16%	25%	28%	17%

Financial Ratio

At 31 December	2021	2022	2023F	2024F
Current ratio (x)	1.34	1.72	2.49	3.33
Receivable Turnover (x)	7.56	8.63	7.00	6.27
Inventory Turnover (x)	85.30	92.06	72.51	53.54
Payable Turnover (x)	1.63	1.47	2.17	7.70
Debt to Equity	0.89	0.86	0.58	0.55
Return on Asset	5.33	8.58	7.25	5.76
Return on Equity	10.10	16.07	12.44	9.01

Source : ASPS Research



2022–2024F EARNINGS FORECAST (CONT.)

Statement of Cash Flows (Million B)

At 31 December	2021	2022	2023F	2024F
Cash flows from operating activities				
Net profit	38,864	70,901	60,716	45,343
Adjustment:	(45,657)	(85,543)	(61,920)	(499)
Depreciation and amortisation	70,294	83,168	70,113	69,150
Unrealized Fx gain/loss	292	285	-	-
Net cash flows from operating activities	155,726	250,458	186,258	147,224
Cash flows from investing activities				
Increase/decrease from short-term investment	(2,753)	(92)	(20,000)	(20,000)
Increase/decrease from related investment	1,683	(1,812)	838	838
Increase/decrease from fixed assets	(121,684)	(61,755)	(65,789)	(54,127)
Net cash flows from investing activities	(123,016)	(58,760)	(85,707)	(73,741)
Cash flows from financing activities				
Increase/decrease from loans	11,250	(3,211)	(2,150)	(2,149)
Increase/decrease from bonds/ordinary shares	(9)	-	-	-
Dividend paid	(19,325)	(28,670)	(36,722)	(25,805)
Net cash flows from financing activities	(22,199)	(69,958)	(66,722)	(50,805)
Increase/decrease in net cash	(35,146)	36,198	(28,091)	22,179

Statement of Financial Position (Million B)

At 31 December	2021	2022	2023F	2024F
Cash and cash equivalents	85,528	122,324	94,233	116,411
Current assets	139,584	196,842	171,249	169,120
Total assets	783,536	869,864	805,179	770,336
Current liabilities	104,502	114,616	68,865	50,720
Total liabilities	368,186	402,744	296,364	272,471
Shareholders' equity	415,350	467,121	508,815	497,865
Paid-up share capital	3,970	3,970	3,970	3,970
Premium on share capital	105,418	105,418	105,418	105,418
Retained earning	287,007	329,065	363,976	388,478
Total liabilities and shareholders' equity	783,536	869,864	805,179	770,336

Assumption

At 31 December	2021	2022	2023F	2024F
Dubai crude oil price (US\$/BOE)	69	100	90	75
Avg. gas selling price (US\$/MMBTU)	5.69	6.20	6.00	5.50
Avg. liquid selling price (US\$/BBL)	67	100	90	75
Liquid sales volume growth	8%	5%	5%	2%
Gas sales volume growth	10%	13%	8%	10%
Avg. petroleum sales volume ('000 bbl/d)	416	468	480	480
Normalized profit growth	44%	51%	-46%	-34%
THB/USD exchange rate	31.0	33.0	33.0	33.0

Source : ASPS Research