

PTG Energy

(PTG.BK/PTG TB)*

Outperform • Reinitiate

Price as of 15 Sep 2020	17.50
12M target price (Bt/shr)	21.40
Unchanged/Revised up(down)(%)	N.A.
Upside/downside (%)	22.3

Key messages

We reinitiate coverage on PTG with a rating of Outperform and a 2021 target price of Bt21.40, based on 20.0x P/E, lower than the 2021 forward P/E of its only regional peer, PETRONAS Dagangan Berhad, at 29.0x. The gap in the PE multiple between PTG and PETRONAS Dagangan Berhad averaged about 9.0-10.0x during 2017-20. We prefer PTG thanks to anticipated three-year earnings CAGR of 14% (2019-22F) despite the COVID-19 crisis. We also see an upward trend in Thailand's oil consumption from April onwards. Thus, we add PTG to our energy top picks.

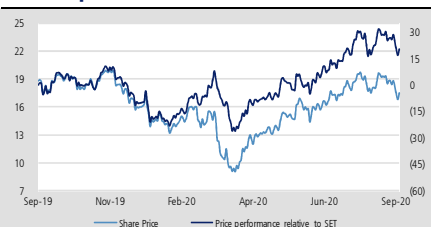
Trading data

Mkt cap (Btbn/US\$m)	29.2/943
Outstanding shares (mn)	1,670
Foreign ownership (mn)	103
3M avg. daily trading (mn)	21.3
52-week trading range (Bt)	9.05 – 20.00
Performance (%)	3M 6M 12M
Absolute	9.4 68.3 (5.9)
Relative	17.0 36.6 21.7

Quarterly EPS

	1Q	2Q	3Q	4Q
2018	0.16	0.11	0.00	0.11
2019	0.31	0.26	0.15	0.21
2020	0.12	0.31		

Share price chart



Source: SET

Kaweewit Thawilwithayanon
66.2658.8888 Ext. 8847
kaweewitt@kgi.co.th

Alive amid COVID-19 crisis

Event

Reinitiate coverage on PTG with a rating of Outperform and a target price of Bt21.40.

Impact

Expect three-year earnings CAGR of 14% (2019-22F)

We forecast PTG's 2020 earnings to rise 5% YoY to Bt1.6bn thanks to better contribution from oil business. We expect total oil sales volume to grow 6% YoY to 4,962 in 2020 despite lockdown measures from the impact of the COVID-19 outbreak in late March - early May. PTG's oil marketing margin is also expected to inch up YoY from Bt1.87/liter to Bt1.90/liter following higher oil marketing margin in Thailand, according to EPPO (Figure 10). In addition, we expect a new biodiesel plant with 500KLPD, which PTG holds a 40% stake in, to generate earnings of approximately Bt250-270mn per year for the company after it started up in 4Q19. Meanwhile, we forecast PTG's earnings to grow 9% YoY to Bt1.8bn in 2021 and 30% YoY to Bt2.3bn in 2022 as we assume oil sales volume growth of 10% YoY to 5,458mn liters in 2021 and 6,004mn liters in 2022, which are below its historical CAGR of 18% during 2016-19 (Figure 4). However, PTG's oil marketing margin is conservatively estimated to soften YoY from Bt1.90/liter to Bt1.80/liter in 2021-22, while management guided that a reasonable margin would be Bt1.80-1.90/liter for its oil service station business.

Expect 3Q20F earnings to soar 82% YoY but drop 9% QoQ

We forecast PTG to post 3Q20 earnings of Bt466mn (+82% YoY, -9% QoQ). The jump YoY would be thanks to higher oil marketing margin and oil sales volume. However, the drop QoQ would be mainly due to oil marketing margin softening from Bt2.1/liter to Bt1.95/liter in 3Q20. We expect total oil sales volume to grow 3% QoQ to 1,244mn liters for the quarter, setting a record high after Thailand's oil consumption grew to 3,345mn liters in July, up 20% from a low of 2,798mn liters in April due to the country's good control of the outbreak. Meanwhile, share of gain from associates (40% stake in biodiesel production with 500KLPD) is estimated to increase QoQ in 3Q20 as there should be no stock loss like in 2Q20 as CPO price was flat at about Bt21.5/kg from June to September. In addition, biodiesel sales volume should recover QoQ, following higher oil sales volume.

Valuation & Action

Our 2021 target price for PTG is Bt21.40, based on 20.0x P/E, lower than the 2021 forward P/E of its only regional peer, PETRONAS Dagangan Berhad, at 29.0x. We reinitiate coverage on PTG with a rating of Outperform as we anticipate three-year earnings CAGR of 14% (2019-22F). We also see an upward trend in Thailand's oil consumption from April onwards. Thus, we add PTG to our energy top picks.

Risks

Volatility in oil marketing margin, CPO price, B100 margin, and change in B10 as Thailand's mandatory diesel.

Key financials and valuations

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (Bt mn)	107,829	120,027	104,578	120,368	137,003
Gross profit (Bt mn)	7,443	9,900	10,453	10,989	12,037
EBIT (Bt mn)	733	1,993	2,703	2,852	3,493
Net profit (Bt mn)	625	1,561	1,632	1,784	2,317
EPS (Bt)	0.37	0.93	0.98	1.07	1.39
DPS (Bt)	0.20	0.40	0.44	0.48	0.62
EPS growth (%)	(31.6)	149.8	4.6	9.3	29.9
P/E (x)	46.8	18.7	17.9	16.4	12.6
P/B (x)	5.4	4.4	3.9	3.4	3.0
EV/EBITDA (x)	10.4	7.2	6.4	5.9	5.0
Net debt to equity (x)	1.3	1.2	1.0	0.9	0.7
Dividend yield (%)	1.1	2.3	2.5	2.7	3.6
Return on avg. equity (%)	11.8	25.6	22.8	22.0	25.1

Source: Company data, KGI Research

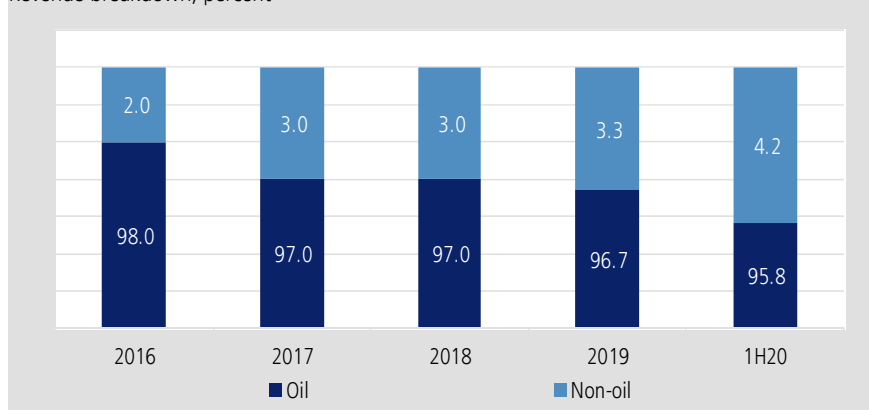
Background

Oil business is PTG's main contributor

PTG Energy (PTG) sells diesel and gasoline products to customers through its 1,866 oil service stations under the PT trademark as of the end of 1H20. Oil business is PTG's core business, contributing more than 90% of total revenue and 85% of total gross profit. The company also holds a 40% stake in biodiesel production with 500KLPD. The firm also operates other businesses, which still have small contributions, such as convenience store in PT service stations, LPG, coffee beverages, and auto care & maintenance for automobiles and commercial trucks. These are the company's non-oil business.

Figure 1: More than 95% of total revenue contributed from oil business

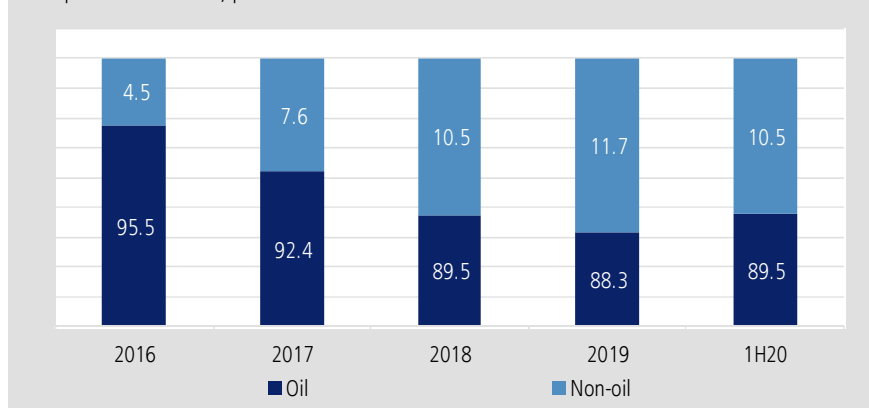
Revenue breakdown, percent



Source: Company data, KGI Research

Figure 2: Oil business is PTG's main gross profit contributor

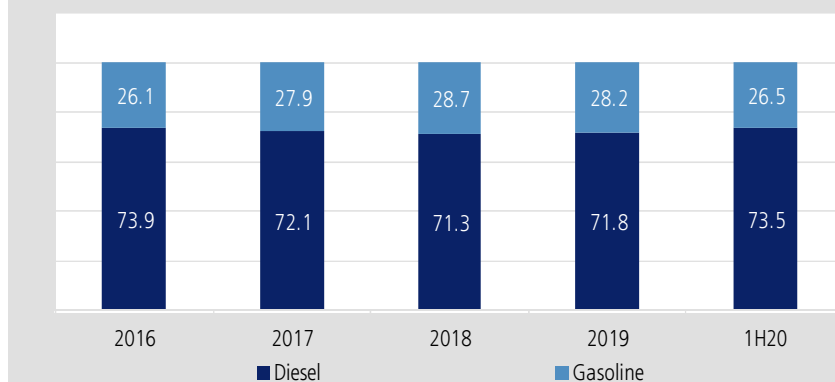
Gross profit breakdown, percent



Source: Company data, KGI Research

Figure 3: Diesel accounts for more than 70% of PTG's total oil sales volume

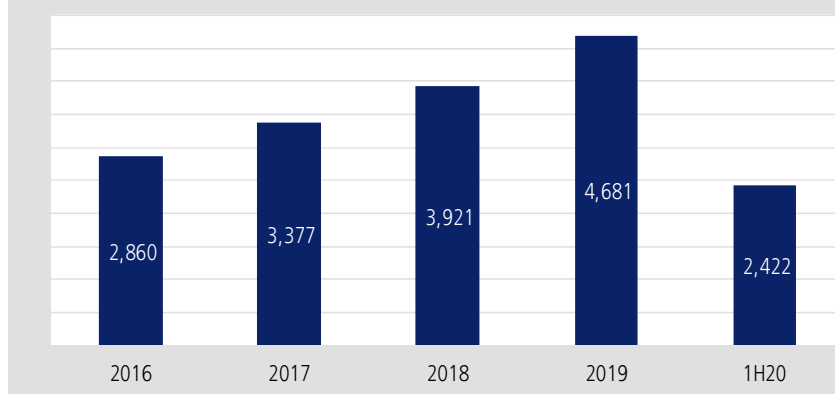
Oil sales volume breakdown, percent



Source: Company data, KGI Research

Figure 4: Total oil sales volume grew at 18% CAGR for 2016-19

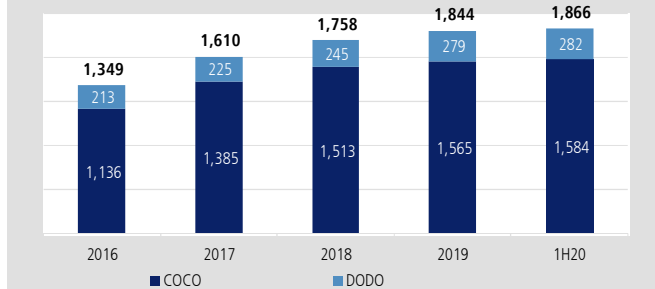
Total oil sales volume, mn liter



Source: Company data, KGI Research

Figure 5: The company had 1,866 oil service stations in 1H20

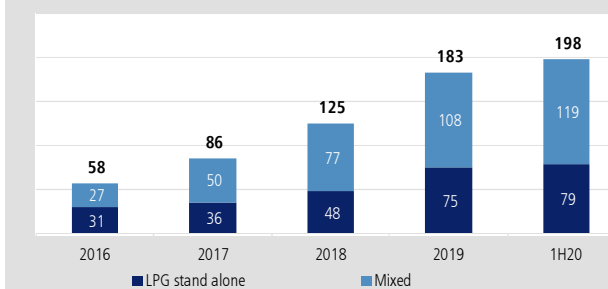
The number of oil service stations, unit



Source: Company data, KGI Research

Figure 6: The company had 198 LPG service stations in 1H20

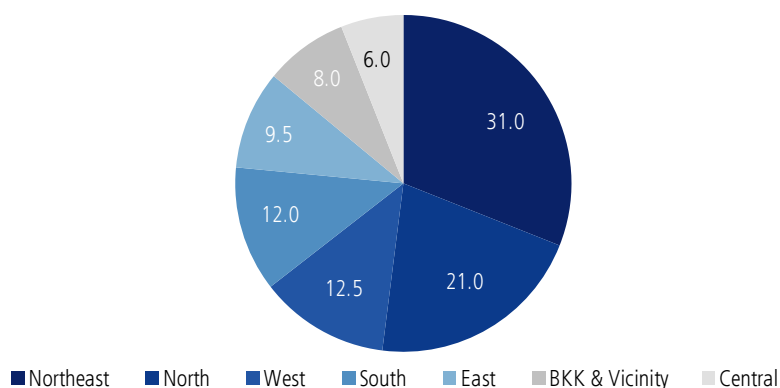
The number of LPG service stations, unit



Source: Company data, KGI Research

Figure 7: The company has the most oil service stations in Northeast Thailand

Oil service station breakdown, percent



Source: Company data, KGI Research

Figure 8: Better average oil sales volume per station

Retail oil sales volume per station per month, k liter



Source: Company data, KGI Research

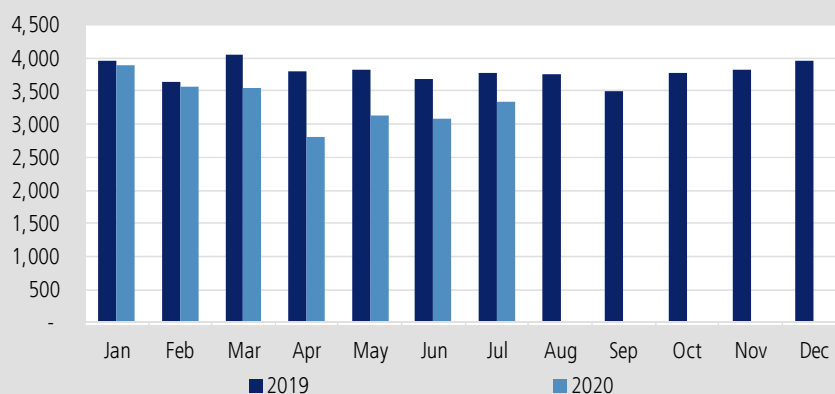
Investment themes

Higher oil consumption for Thailand from April onward

We found Thailand's oil consumption grew to 3,345mn liters in July, up 20% from a low of 2,798mn liters in April, according to Department of Energy Business (DOEB) as the country has been able to control the COVID-19 outbreak. Energy Policy and Planning Office (EPPO) also reported a higher oil marketing margin of Bt2.5/liter in 3Q20, up QoQ from Bt2.15/liter in 2Q20. This high benchmark margin implies oil marketing margin in oil service station business would still be good in 3Q20. With our positive view on an upward trend in Thailand's oil consumption after bottoming out in April, we recommend investing in companies related to oil service stations or biodiesel production businesses such as PTG, PTT (PTT.BK/PTT TB)*, Global Green Chemicals (GGC.BK/GGC TB), and AMA Marine (AMA.BK/AMA TB).

Figure 9: Higher oil consumption for Thailand from April onwards

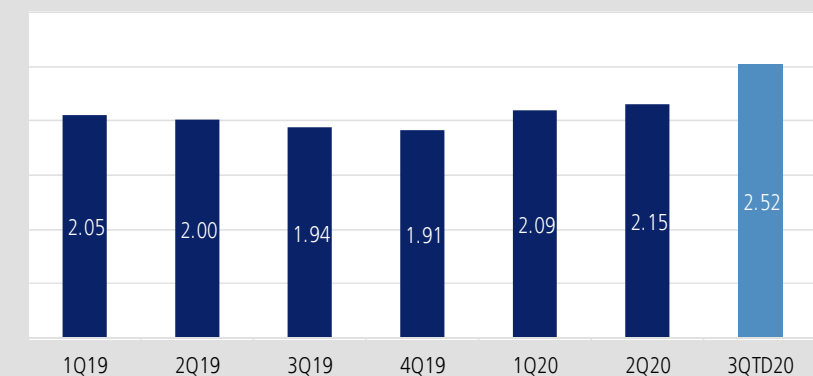
Thailand's oil consumption, mn liter



Source: Department of Energy Business (DOEB), KGI Research

Figure 10: Better oil marketing margin in Thailand in 3Q20

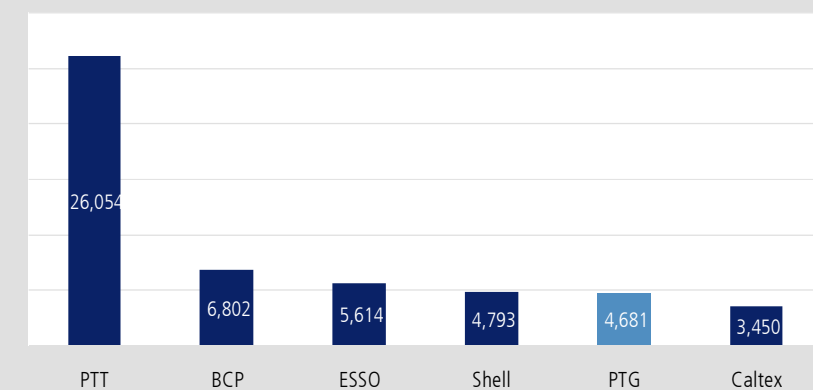
Thailand's oil marketing margin, Bt/liter



Source: Energy Policy and Planning Office (EPPO), KGI Research

Figure 11: In 2019, PTG ranked fifth in Thailand's total oil sales volume; however, its sales volume through retail service stations ranked second

Total oil sales volume, mn liter



Source: Department of Energy Business (DOEB), Company data, KGI Research

Financial outlook

Expect three-year earnings CAGR of 14% (2019-22F)

We forecast PTG's 2020 earnings to rise 5% YoY to Bt1.6bn thanks to better contribution from its oil business. We expect total oil sales volume to continue to grow 6% YoY to 4,962mn liters in 2020 as the company plans to increase its number of oil service stations to 1,900 this year, up from 1,844 in 2019, despite the lockdown during the COVID-19 outbreak in late March - early May. PTG's oil marketing margin is also expected to inch up YoY from Bt1.87/liter to Bt1.90/liter following higher oil marketing margin in Thailand, according to EPPO (Figure 10). In addition, we expect a new biodiesel plant with 500KLPD, which PTG holds a 40% stake in, to generate earnings of approximately Bt250-270mn per year for the company after it started up in 4Q19.

Meanwhile, we forecast PTG's earnings to continue to grow 9% YoY to Bt1.8bn in 2021 and 30% YoY to Bt2.3bn in 2022 due mainly to higher total oil sales volume. We assume oil sales growth of 10% YoY to 5,458mn liters in 2021 and 6,004mn liters in 2022, which are below its historical CAGR of 18% during 2016-19 (Figure 4). However, PTG's oil marketing margin is conservatively estimated to soften YoY from Bt1.90/liter to Bt1.80/liter in 2021-22, while management guided that a reasonable margin would be Bt1.80-1.90/liter for its oil service station business.

Figure 12: Key assumptions for PTG

	2018	2019	2020F	2021F	2022F
<u>Oil business</u>					
Sales volume (mn liters)	3,921	4,681	4,962	5,458	6,004
Marketing margin (Bt/liter)	1.70	1.87	1.90	1.80	1.80
<u>Non-oil business</u>					
Gross profit margin (%)	24.2	29.2	25.0	25.0	25.0
<u>Revenue</u>					
Oil (Bt mn)	104,594	116,066	100,478	115,711	132,085
Non-oil (Bt mn)	3,235	3,961	4,100	4,658	4,918
Total (Bt mn)	107,829	120,027	104,578	120,368	137,003

Source: Company data, KGI Research estimates

Expect 3Q20F earnings to soar 82% YoY but drop 9% QoQ

We forecast PTG to post 3Q20 earnings of Bt466mn (+82% YoY, -9% QoQ). The jump YoY would be thanks to higher oil marketing margin and oil sales volume. However, the drop QoQ would be mainly due to a softer oil marketing margin from Bt2.1/liter to Bt1.95/liter in 3Q20. We expect total oil sales volume to continue to grow 3% QoQ to 1,244mn liters for the quarter, setting a record high after Department of Energy Business (DOEB) reported Thailand's oil consumption grew to 3,345mn liters in July, up 20% from a low of 2,798mn liters in April due to the country's good control of the outbreak. Meanwhile, share of gain from associates (40% stake in biodiesel production with 500KLPD) is estimated to increase QoQ in 3Q20 as there should be no stock loss like in 2Q20 as CPO price was flat at about Bt21.5/kg from June to September. In addition, its biodiesel sales volume would recover QoQ, following higher oil sales volume.

Figure 13: Expect 3Q20F earnings of Bt466mn, up 82% YoY but down 9% QoQ

Bt mn	3Q20F	3Q19	YoY (%)	2Q20	QoQ (%)	9M20F	9M19	YoY (%)
Revenue	26,143	28,485	(8.2)	22,257	17.5	77,521	88,983	(12.9)
Cost of goods sold	(23,480)	(26,151)	(10.2)	(19,513)	20.3	(69,882)	(81,585)	(14.3)
Gross profit	2,663	2,333	14.2	2,745	(3.0)	7,639	7,399	3.2
Operating expenses	(1,900)	(1,992)	(4.6)	(1,879)	1.1	(5,723)	(5,833)	(1.9)
Other incomes	40	50	(19.2)	46	(12.5)	147	174	(15.5)
Operating profit	803	391	105.8	911	(11.8)	2,063	1,740	18.6
Depreciation of fixed assets	750	771	(2.8)	723	3.8	2,169	2,222	(2.4)
Operating EBITDA	1,553	1,162	33.7	1,634	(4.9)	4,232	3,962	6.8
Non-operating income	-	-	N.A.	1	N.A.	1	-	N.A.
Non-operating expenses	(270)	(84)	220.2	(268)	0.8	(810)	(253)	220.0
Net investment income/(loss)	50	7	667.3	12	327.6	226	0	N.A.
Pre-tax profit	583	313	86.6	656	(11.0)	1,480	1,487	(0.5)
Current taxation	(117)	(55)	114.0	(143)	(18.3)	(296)	(283)	4.5
Minorities	1	2	(37.8)	3	(65.8)	5	(1)	(961.4)
Extraordinary items	-	-	N.A.	-	N.A.	-	-	N.A.
Net profit	466	257	81.5	510	(8.7)	1,179	1,204	(2.1)
EPS (Bt)	0.28	0.15	81.5	0.31	(8.7)	0.71	0.72	(2.1)
Percent	3Q20F	3Q19	YoY (ppts)	2Q20	QoQ (ppts)	9M20F	9M19	YoY (ppts)
Gross profit margin	10.2	8.2	2.0	12.3	(2.1)	9.9	8.3	1.5
EBITDA margin	5.9	4.1	1.9	7.3	(1.4)	5.5	4.5	1.0
Net margin	1.8	0.9	0.9	2.3	(0.5)	1.5	1.4	0.2

Source: Company data, KGI Research estimates

Figure 14: Key assumptions for 3Q20F earnings

	3Q20F	3Q19	YoY (%)	2Q20	QoQ (%)
Oil business					
Sales volume (mn liters)	1,244	1,131	10.0	1,205	3.2
Marketing margin (Bt/liter)	1.95	1.80	8.5	2.08	(6.4)
Non-oil business					
Gross profit margin (%)	25.0	26.4	(5.4)	26.9	(7.0)
Revenue					
Oil (Bt mn)	25,193	27,345	(7.9)	21,389	17.8
Non-oil (Bt mn)	950	1,139	(16.6)	868	9.4

Source: Company data, KGI Research

Valuation

Reinitiate coverage with a rating of Outperform and a target price of Bt21.40

Our 2021 target price for PTG is Bt21.40, based on 20.0x P/E, lower than the 2021 forward P/E of its only regional peer, PETRONAS Dagangan Berhad, at 29.0x. The gap in the PE multiple between PTG and PETRONAS Dagangan Berhad averaged about 9.0-10.0x during 2017-20. We reinitiate coverage on PTG with a rating of Outperform thanks to our anticipated three-year earnings CAGR of 14% (2019-22F) despite the COVID-19 crisis. We also see an upward trend in Thailand's oil consumption from April onwards. Thus, we add PTG to our energy top pick.

Figure 15: Valuation of PTG based on P/E

P/E (x)	2021 EPS (Bt)	Price
19.0	1.07	20.4
20.0	1.07	21.4
21.0	1.07	22.5

Source: Company data, KGI Research estimates

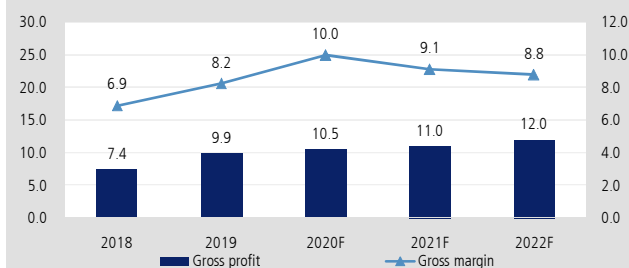
Figure 16: Company profile

PTG Energy (PTG) sells diesel and gasoline products to customer through its oil service stations under the PT trademark, which is the company's core business. The company also holds a 40% stake in biodiesel production with 500,000LPD. In addition, the firm operates other businesses, which still have small contribution, such as convenience store in PT service stations, LPG, coffee beverage, and auto care & maintenance for automobiles and commercial trucks.

Source: Company data, KGI Research

Figure 18: Gross profit

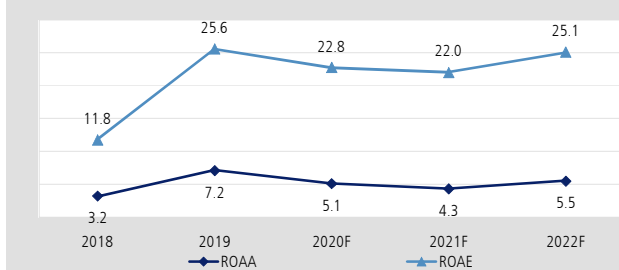
Gross profit, Bt bn (LHS); gross profit margin, percent (RHS)



Source: Company data, KGI Research

Figure 20: Company ROAA and ROAE

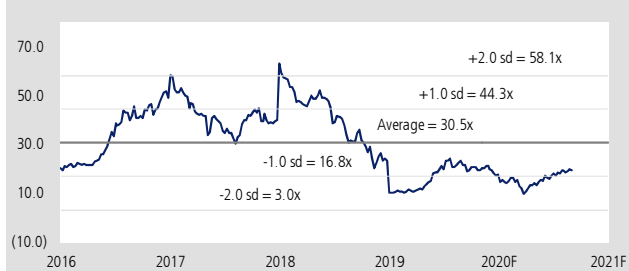
ROAA an ROAE, percent



Source: Company data, KGI Research

Figure 22: Company trading PE

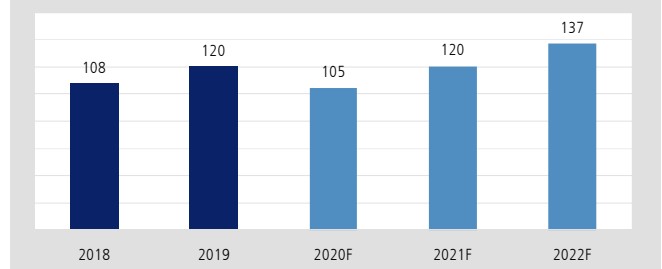
PE, times



Source: KGI Research

Figure 17: Revenue

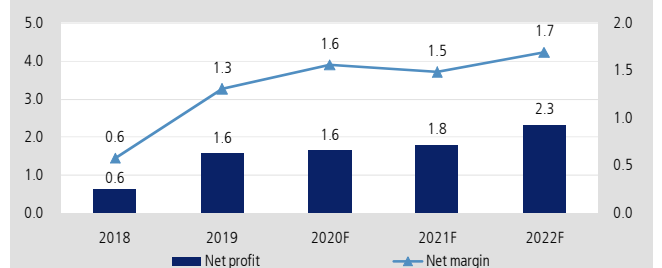
Revenue, Bt bn



Source: Company data, KGI Research

Figure 19: Net profit

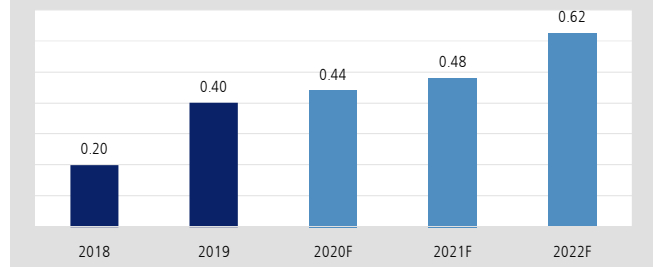
Net profit, Bt bn (LHS); net profit margin, percent (RHS)



Source: Company data, KGI Research

Figure 21: Dividend

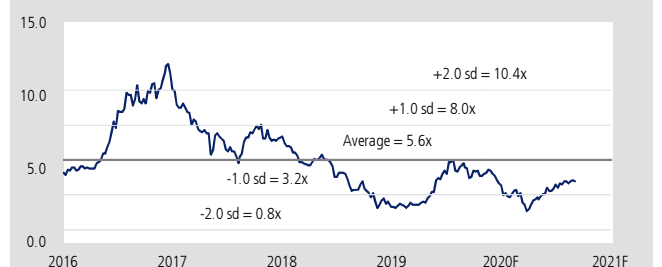
Dividend per share, Bt



Source: Company data, KGI Research

Figure 23: Company trading PB

PB, times



Source: KGI Research

Quarterly Income Statement

(Bt mn)	Mar-18A	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20F
Income Statement (Bt mn)											
Revenue	24,752	27,089	26,745	29,243	28,655	31,844	28,485	31,043	29,121	22,257	26,143
Cost of Goods Sold	(22,849)	(25,271)	(25,023)	(27,244)	(26,118)	(29,315)	(26,151)	(28,542)	(26,890)	(19,513)	(23,480)
Gross Profit	1,903	1,818	1,722	2,000	2,537	2,529	2,333	2,502	2,231	2,745	2,663
Operating Expenses	(1,559)	(1,628)	(1,715)	(1,809)	(1,875)	(1,966)	(1,992)	(2,074)	(1,944)	(1,879)	(1,900)
Other incomes	64	90	72	87	78	47	50	51	61	46	40
Operating Profit	408	281	78	277	739	610	391	478	348	911	803
Depreciation of fixed assets	555	599	640	680	705	746	771	789	696	723	750
Operating EBITDA	963	880	719	957	1,444	1,356	1,162	1,268	1,045	1,634	1,553
Non-Operating Income	0	0	0	0	0	0	0	0	0	1	0
Interest Income	0	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	0	0	0	0	0	0	0	0	0	1	0
Non-Operating Expenses	(66)	(70)	(75)	(78)	(87)	(82)	(84)	(82)	(272)	(268)	(270)
Interest Expenses	(66)	(70)	(75)	(78)	(87)	(82)	(84)	(82)	(272)	(268)	(270)
Other Non-op Expenses	0	0	0	0	0	0	0	0	(0)	0	0
Net Investment Income/(Loss)	(15)	5	(3)	1	(9)	3	7	39	165	12	50
Pre-tax Profit	327	216	1	200	643	531	313	436	241	656	583
Current Taxation	(57)	(38)	(1)	(23)	(124)	(104)	(55)	(76)	(36)	(143)	(117)
Minorities	0	0	(1)	(1)	(1)	(2)	2	3	1	3	1
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0
Net Profit	269	177	1	178	520	428	257	356	203	510	466
EPS (Bt)	0.16	0.11	0.00	0.11	0.31	0.26	0.15	0.21	0.12	0.31	0.28
Margins											
Gross profit margin	7.7	6.7	6.4	6.8	8.9	7.9	8.2	8.1	7.7	12.3	10.2
Operating EBIT margin	1.7	1.0	0.3	0.9	2.6	1.9	1.4	1.5	1.2	4.1	3.1
Operating EBITDA margin	3.9	3.3	2.7	3.3	5.0	4.3	4.1	4.1	3.6	7.3	5.9
Net profit margin	1.1	0.7	0.0	0.6	1.8	1.3	0.9	1.1	0.7	2.3	1.8
Growth											
Revenue growth	18.5	26.2	35.9	29.4	15.8	17.6	6.5	6.2	1.6	(30.1)	(8.2)
Operating EBIT growth	64.2	(20.2)	(75.7)	(4.4)	81.0	116.9	398.9	72.4	(52.9)	49.5	105.8
Operating EBITDA growth	50.7	13.0	(9.9)	18.6	49.9	54.0	61.7	32.4	(27.7)	20.5	33.7
Net profit growth	48.6	(33.2)	(99.6)	(25.6)	93.0	141.8	27,850	100.8	(60.9)	19.2	81.5

Source: Company data, KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2018	2019	2020F	2021F	2022F
Total Assets	20,940	22,652	40,820	41,466	42,469
Current Assets	3,937	4,850	4,454	4,476	5,621
Cash & ST Investments	1,009	1,038	1,122	825	1,508
Inventories	1,758	2,217	1,895	2,052	2,345
Accounts Receivable	1,158	1,222	1,065	1,226	1,395
Others	13	373	373	373	373
Non-current Assets	17,002	17,802	36,366	36,990	36,849
LT Investments	2,218	2,208	2,208	2,208	2,208
Net fixed Assets	11,026	11,458	10,522	12,293	13,240
Others	3,758	4,135	23,635	22,489	21,400
Total Liabilities	15,464	15,944	33,215	32,880	32,609
Current Liabilities	10,892	11,614	9,885	10,685	11,503
Accounts Payable	6,335	5,779	4,939	5,740	6,558
ST Borrowings	4,332	5,540	4,650	4,650	4,650
Others	226	296	296	296	296
Long-term Liabilities	4,572	4,330	23,330	22,194	21,105
Long-term Debts	3,986	3,857	4,357	4,157	3,957
Others	585	474	18,974	18,038	17,149
Shareholders' Equity	5,476	6,707	7,605	8,586	9,861
Common Stock	1,670	1,670	1,670	1,670	1,670
Capital Surplus	1,177	1,182	1,182	1,182	1,182
Retained Earnings	2,628	3,855	4,753	5,734	7,008
Preferred Stock	0	0	0	0	0

Source: KGI Research

Key Ratios

Year to 31 Dec (Bt mn)	2018	2019	2020F	2021F	2022F
Forecast Drivers					
Growth (% YoY)					
Sales	27.4	11.3	(12.9)	15.1	13.8
OP	(24.9)	172.0	35.7	5.5	22.5
EBITDA	16.4	48.6	11.5	7.8	15.5
NP	(31.6)	149.8	4.6	9.3	29.9
EPS	(31.6)	149.8	4.6	9.3	29.9
Profitability (%)					
Gross Margin	6.9	8.2	10.0	9.1	8.8
Operating Margin	0.7	1.7	2.6	2.4	2.5
EBITDA Margin	3.3	4.4	5.6	5.2	5.3
Net Profit Margin	0.6	1.3	1.6	1.5	1.7
ROAA	3.2	7.2	5.1	4.3	5.5
ROAE	11.8	25.6	22.8	22.0	25.1
Stability					
Gross Debt/Equity (%)	151.9	140.1	118.4	102.6	87.3
Net Debt/Equity (%)	133.5	124.6	103.7	93.0	72.0
Interest Coverage (x)	3.6	6.7	2.9	3.1	3.7
Interest & ST Debt Coverage (x)	0.2	0.4	0.5	0.6	0.7
Cash Flow Interest Coverage (x)	17.0	11.0	21.0	4.2	5.0
Cash Flow/Interest & ST Debt (x)	1.1	0.6	4.0	0.8	0.9
Current Ratio (x)	0.4	0.4	0.5	0.4	0.5
Quick Ratio (x)	0.2	0.2	0.3	0.2	0.3
Net Debt (Bt mn)	7,309	8,358	7,885	7,981	7,098
Per Share Data (Bt)					
EPS	0.4	0.9	1.0	1.1	1.4
CFPS	2.9	2.2	13.6	2.7	3.2
BVPS	3.3	4.0	4.5	5.1	5.9
SPS	--	--	--	--	--
EBITDA/Share	2.1	3.1	3.5	3.8	4.3
DPS	0.2	0.4	0.4	0.5	0.6
Activity					
Asset Turnover (x)	5.5	5.5	3.3	2.9	3.3
Days Receivables	3.9	3.7	3.7	3.7	3.7
Days Inventory	6.4	7.3	7.3	6.8	6.8
Days Payable	6.3	5.2	5.2	5.2	5.2
Cash Cycle	4.0	5.8	5.8	5.3	5.3

Source: KGI Research

Profit & Loss

Year to 31 Dec (Bt mn)	2018	2019	2020F	2021F	2022F
Revenue	107,829	120,027	104,578	120,368	137,003
Cost of Goods Sold	(100,386)	(110,127)	(94,125)	(109,379)	(124,967)
Gross Profit	7,443	9,900	10,453	10,989	12,037
Operating Expenses	(6,711)	(7,907)	(7,749)	(8,137)	(8,543)
Other incomes	313	225	190	200	209
Operating Profit	1,045	2,218	2,893	3,052	3,703
Depreciation of fixed assets	2,475	3,011	2,936	3,230	3,553
Operating EBITDA	3,520	5,229	5,829	6,281	7,255
Non-Operating Income	0	0	0	0	0
Interest Income	0	0	0	0	0
Other Non-op Income	0	0	0	0	0
Non-Operating Expenses	(290)	(335)	(1,083)	(1,076)	(1,068)
Interest Expenses	(290)	(335)	(1,083)	(1,076)	(1,068)
Other Non-op Expenses	0	0	0	0	0
Net Investment Income/(Loss)	(12)	40	237	262	271
Pre-tax Profit	743	1,923	2,047	2,238	2,905
Current Taxation	(120)	(359)	(409)	(448)	(581)
Minorities	(1)	3	6	6	6
Extraordinary items	0	0	0	0	0
Net Profit	625	1,561	1,632	1,784	2,317
EPS (Bt)	0.37	0.93	0.98	1.07	1.39

Source: KGI Research

Cash Flow

Year to 31 Dec (Bt mn)	2018	2019	2020F	2021F	2022F
Operating Cash Flow	4,923	3,683	22,708	4,560	5,337
Net Profit	625	1,561	1,632	1,784	2,317
Depreciation & Amortization	2,475	3,011	2,936	3,230	3,553
Change in Working Capital	1,882	(1,079)	(360)	482	356
Others	(58)	190	18,500	(936)	(889)
Investment Cash Flow	(5,347)	(4,225)	(21,500)	(3,854)	(3,411)
Net CAPEX	(3,349)	(2,170)	(2,000)	(5,000)	(4,500)
Change in LT Investment	0	0	0	0	0
Change in Other Assets	(1,998)	(2,055)	(19,500)	1,146	1,089
Free Cash Flow	1,574	1,512	20,708	(440)	837
Financing Cash Flow	508	584	(1,124)	(1,003)	(1,243)
Change in Share Capital	0	0	0	0	0
Net Change in Debt	1,052	1,078	(390)	(200)	(200)
Change in Other LT Liab.	(544)	(494)	(734)	(803)	(1,043)
Net Cash Flow	85	41	84	(297)	683

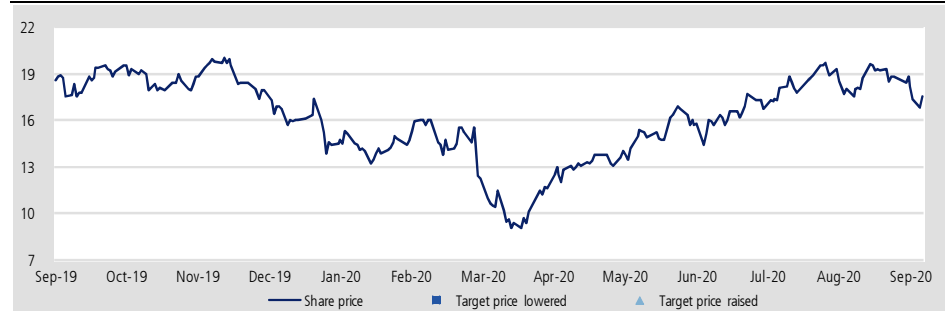
Source: KGI Research

Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= Operating Margin
2018	93.1%	2.3%	6.2%	-1.6%
2019	91.8%	2.5%	6.6%	-0.8%
2020F	90.0%	2.8%	7.4%	-0.2%
2021F	90.9%	2.7%	6.8%	-0.3%
2022F	91.2%	2.6%	6.2%	0.0%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= Capital Turnover
2018	-0.06	0.10	0.03	13.77
2019	-0.06	0.10	0.03	13.59
2020F	-0.05	0.10	0.23	3.64
2021F	-0.05	0.10	0.19	4.21
2022F	-0.04	0.10	0.16	4.76
Year	$\frac{\text{Operating Margin}}{\text{Capital Turnover}}$	x	$\frac{\text{Cash Tax Rate}}{\text{Capital Turnover}}$	= After-tax Return on Inv. Capital
2018	-1.6%	13.8	83.9	-18.7
2019	-0.8%	13.6	81.3	-9.4
2020F	-0.2%	3.6	79.9	-0.6
2021F	-0.3%	4.2	79.9	-1.1
2022F	0.0%	4.8	80.0	-0.2

Source: KGI Research

PTG Energy - Recommendation & target price history



Source: KGI Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
EGCO	ELECTRICITY GENERATING	KTB	KRUNG THAI BANK	TISCO	TISCO FINANCIAL GROUP
KBANK	KASIKORNBANK	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING		
KKP	KIATNAKIN BANK	SCB	THE SIAM COMMERCIAL BANK		



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	ERW	THE ERAWAN GROUP	SCC	THE SIAM CEMENT
AOT	AIRPORTS OF THAILAND	GFPT	GFPT	SPALI	SUPALAI
AP	ASIAN PROPERTY DEVELOPMENT	IFEC	INTER FAR EAST ENGINEERING	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
BBL	BANGKOK BANK	LPN	L.P.N. DEVELOPMENT	SVI	SVI
BH	BUMRUNGRAD HOSPITAL	MINT	MINOR INTERNATIONAL	TASCO	TIPCO ASPHALT
BIGC	BIG C SUPERCENTER	PS	PRUKSA REAL ESTATE	TCAP	THANACHART CAPITAL
CK	CH. KARNCHANG	QH	QUALITY HOUSES	TMB	TMB BANK
CPALL	CP ALL	ROBINS	ROBINSON DEPARTMENT STORE	TRUE	TRUE CORPORATION
CPN	CENTRAL PATTANA	RS	RS		
DRT	DIAMOND ROOFING TILES	SAMART	SAMART CORPORATION		



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
CENTEL	CENTRAL PLAZA HOTEL	HMPRO	HOME PRODUCT CENTER	MAKRO	SIAM MAKRO
DCC	DYNASTY CERAMIC	ILINK	INTERLINK COMMUNICATION	MODERN	MODERNFORM GROUP
GL	GROUP LEASE	KTC	KRUNGTHAI CARD	TRT	TIRATHAI
GLOW	GLOW ENERGY	MAJOR	MAJOR CINEPLEX GROUP	TVO	THAI VEGETABLE OIL

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	CHG	CHULARAT HOSPITAL	NOK	NOK AIRLINES
ANAN	ANANDA DEVELOPMENT	CKP	CK POWER	PACE	PACE DEVELOPMENT CORPORATION
BA	BANGKOK AIRWAYS	DTAC	TOTAL ACCESS COMMUNICATION	SAWAD	SRISAWAD POWER 1979
BCH	BANGKOK CHAIN HOSPITAL	GLOBAL	SIAM GLOBAL HOUSE	TMT	THAI METAL TRADE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	TPCH	TPC POWER HOLDING
BEM	BANGKOK EXPRESSWAY AND METRO	GUNKUL	GUNKUL ENGINEERING	WHA	WHA CORPORATION
BJCHI	BJC HEAVY INDUSTRIES	LPH	LADPRAO GENERAL HOSPITAL	WORK	WORKPOINT ENTERTAINMENT
CBG	CARABAO GROUP	MTLS	MUANGTHAI LEASING		

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERAWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENDEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SIRISAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

KGI Locations

China	Shanghai	Room 1507, Park Place, 1601 Nanjing West Road, Jingan District, Shanghai, PRC 200040
	Shenzhen	Room 24D1, 24/F, A Unit, Zhen Ye Building, 2014 Bao'annan Road, Shenzhen, PRC 518008
Taiwan	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
Hong Kong		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
Thailand	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
Singapore		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826

KGI's Ratings

Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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