



# PTG Energy

(PTG.BK/PTG TB)\*

## Outperform • Maintained

Price as of 13 Aug 2021	15.40
12M target price (Bt/shr)	27.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	75.3

### Key messages

PTG reported 2Q21 earnings of Bt498mn (-2% YoY, -6% QoQ), another good quarterly performance despite the severe third wave of COVID-19 in Thailand. The result was in line with the Bloomberg consensus and our forecast. However, the share price may be pressured by the bad COVID-19 situation after the number of new daily infections in the country increased to more than 20,000 per day now. We reiterate a rating of Outperform on the counter with a 2022 target price of Bt27.00, based on 20.0x P/E.

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## 2Q21 earnings review: In line with the consensus

### Event

PTG reported 2Q21 earnings of Bt498mn (-2% YoY, -6% QoQ), another good quarterly performance despite the severe third wave of COVID-19 in Thailand. The result was in line with the Bloomberg consensus and our forecast. The 1H21 earnings accounted for 52% of our full-year forecast.

### Impact

#### 2Q21 earnings softened 2% YoY and 6% QoQ

The decrease both YoY and QoQ came mainly from the COVID-19 outbreak from April onwards, which has been much more severe than the two previous waves, leading to the impact of oil and non-oil contribution for the quarter.

### Key highlights

- Oil earnings rose slightly QoQ in 2Q21 after PTG's oil marketing margin improved 5% QoQ to a high Bt1.94/liter, which is a good level (more than Bt1.9/liter) thanks to its efficient operating management. However, the oil sales volume declined 3% QoQ to 1,290mn liters, caused by the severe COVID-19 outbreak in the country starting since April.
- Earnings from non-oil business dropped QoQ since PTG's non-oil gross profit margin reduced QoQ from 29.6% to 26.8% for the quarter, given the impact of the third wave of COVID-19. However, non-oil revenue inched up 2% QoQ to Bt1.3bn due to greater LPG sales volume of 66mn liters (+6% QoQ), primarily from growth in the household segment.
- Share of profit from associates, which the company holds a 40% stake in biodiesel production with 500,000LPD, declined 43% QoQ to Bt45mn as a result of a softer biodiesel gross profit margin after CPO price fell 10% QoQ to Bt33.7/kg, given high seasonal palm production in 2Q21.

### Valuation & action

We reiterate a rating of Outperform on the counter with a 2022 target price of Bt27.00, based on 20.0x P/E. Although the company recently guided for oil sales volume growth of 5-8% in 2021 (dropping from the previous target of 8-12%), we maintain our full-year forecast of Bt2.0bn as its oil marketing margin of Bt1.89/liter in 1H21 is higher than our assumption of Bt1.84/liter this year. Meanwhile, the share price may be pressured by the bad COVID-19 situation after the number of new daily infections in the country increased to more than 20,000 per day.

### Risks

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

**Figure 1: PTG's 2Q21 earnings review**

Bt mn	2Q21	2Q20	YoY (%)	1Q21	QoQ (%)	1H21	1H20	YoY (%)	Comments
Revenue	33,310	22,257	49.7	32,264	3.2	65,573	51,378	27.6	Dubai crude price recovered 12% QoQ to US\$67/bbl
Cost of goods sold	(30,473)	(19,513)	56.2	(29,435)	3.5	(59,908)	(46,403)	29.1	
Gross profit	2,837	2,745	3.4	2,828	0.3	5,666	4,975	13.9	Oil marketing margin improved 5% QoQ to high Bt1.94/liter in 2Q21.
Operating expenses	(2,069)	(1,879)	10.1	(2,057)	0.6	(4,125)	(3,823)	7.9	
Other incomes	81	46	76.4	79	2.0	160	107	49.3	
Operating profit	849	911	(6.8)	851	(0.2)	1,700	1,260	35.0	
Interest expense	(276)	(268)	3.1	(274)	0.9	(550)	(540)	1.8	
Net Investment Income/(Los	45	12	284.4	78	(42.6)	123	176	(30.1)	Softer biodiesel margin, given high seasonal palm production in 2Q21
Current taxation	(118)	(143)	(17.7)	(125)	(5.6)	(242)	(179)	35.3	
Extraordinary items	-	-	N.A.	-	N.A.	-	-	N.A.	
Net profit	498	510	(2.4)	531	(6.3)	1,029	713	44.3	In line with the Bloomberg consensus and our forecast
EPS (Bt)	0.30	0.31	(2.4)	0.32	(6.3)	0.62	0.43	44.3	
Percent	2Q21	2Q20	YoY (ppts)	1Q21	QoQ (ppts)	1H21	1H20	YoY (ppts)	
Gross profit margin	8.5	12.3	(3.8)	8.8	(0.2)	8.6	9.7	(1.0)	
SG&A/sales	6.2	8.4	(2.2)	6.4	(0.2)	6.3	7.4	(1.1)	

Source: Company data, KGI Securities Research

**Figure 2: Key assumptions for 2Q21 earnings**

	2Q21	2Q20	YoY (%)	1Q21	QoQ (%)
<b>Oil business</b>					
Sales volume (mn liters)	1,290	1,205	7.1	1,336	(3.4)
Marketing margin (Bt/liter)	1.94	2.08	(7.1)	1.84	5.2
<b>Non-oil business</b>					
LPG sales volume (mn liters)	66	31	111.5	62	6.5
Gross profit margin (%)	26.8	26.9	(0.3)	29.6	(9.5)
<b>Revenue</b>					
Total (Bt mn)	33,310	22,257	49.7	32,264	3.2
- Oil (Bt mn)	32,040	21,451	49.4	31,013	3.3
- Non-oil (Bt mn)	1,270	806	57.6	1,251	1.5
<b>Gross profit</b>					
Total (Bt mn)	2,837	2,745	3.4	2,828	0.3
- Oil (Bt mn)	2,497	2,511	(0.6)	2,458	1.6
- Non-oil (Bt mn)	340	233	45.9	371	(8.1)


Source: Company data, KGI Securities Research

**Figure 3: Key assumptions for PTG**


	2018	2019	2020	2021F	2022F
<b>Oil business</b>					
Sales volume (mn liters)	3,921	4,681	4,959	5,359	5,895
Marketing margin (Bt/liter)	1.70	1.87	1.89	1.84	1.80
<b>Non-oil business</b>					
Gross profit margin (%)	24.2	29.2	28.6	28.5	28.5
<b>Revenue</b>					
Oil (Bt mn)	104,594	116,066	100,246	113,607	129,683
Non-oil (Bt mn)	3,235	3,961	4,266	5,119	5,600
Total (Bt mn)	107,829	120,027	104,423	118,726	135,284

Source: Company data, KGI Securities Research


# Corporate Governance Report of Thai Listed Companies

 <b>Companies with Excellent CG Scoring</b>					
Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	EGCO	ELECTRICITY GENERATING	PTTEP	PTT EXPLORATION AND PRODUCTION
ADVANC	ADVANCED INFO SERVICE	GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL
AMA	AMA MARINE	GGC	GLOBAL GREEN CHEMICALS	PYLON	PYLON
AMATA	AMATA CORPORATION	GPSC	GLOBAL POWER SYNERGY	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	HMPRO	HOME PRODUCT CENTER	RS	RS
AP	ASIAN PROPERTY DEVELOPMENT	INTUCH	SHIN CORPORATION	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	IRPC	IRPC	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	IVL	INDORAMA VENTURES	SCCC	SIAM CITY CEMENT
BCPG	BCPG	KBANK	KASIKORNBANK	SEAFCO	SEAFCO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KCE	KCE ELECTRONICS	SMPC	SAHAMITR PRESSURE CONTAINER
BEC	BEC WORLD	KKP	KIATNAKIN BANK	SPALI	SUPALAI
BEM	BANGKOK EXPRESSWAY AND METRO	KTB	KRUNG THAI BANK	SPRC	STAR PETROLEUM REFINING
BGRIM	B. GRIMM POWER	KTC	KRUNGTHAI CARD	SVI	SVI
BPP	BANPU POWER	LH	LAND AND HOUSES	TACC	T.A.C. CONSUMER
BTS	BTS GROUP HOLDINGS	LPN	L.P.N. DEVELOPMENT	TCAP	THANACHART CAPITAL
CENDEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAI COM
CK	CH. KARNCHANG	MBK	MBK	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	MINT	MINOR INTERNATIONAL	TOP	THAI OIL
CPALL	CP ALL	MTC	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	TMBTHANACHART BANK
CPN	CENTRAL PATTANA	PSH	PRUKSA HOLDING	VGI	VGI GLOBAL MEDIA
DELTA	DELTA ELECTRONICS (THAILAND)	PTG	PTG ENERGY	WHA	WHA CORPORATION
DTAC	TOTAL ACCESS COMMUNICATION	PTT	PTT	WHAUP	

 <b>Companies with Very Good CG Scoring</b>					
Stock	Company name	Stock	Company name	Stock	Company name
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	GULF	GULF ENERGY DEVELOPMENT	SAPPE	SAPPE
BBL	BANGKOK BANK	JMT	JMT NETWORK SERVICES	SAWAD	SIRISAWAD POWER 1979
CBG	CARABAO GROUP	LPH	LADPRAO GENERAL HOSPITAL	SINGER	SINGER THAILAND
CHG	CHULARAT HOSPITAL	M	MK RESTAURANT GROUP	SPA	SIAM WELLNESS GROUP
COM7	COM7	MAJOR	MAJOR CINEPLEX GROUP	TFG	THAIFOODS GROUP
DOHOME	DOHOME	MEGA	MEGA LIFESCIENCES	TKN	TAOKAENOI FOOD & MARKETING
ERW	THE ERWAN GROUP	NETBAY	NETBAY	ZEN	ZEN CORPORATION GROUP
GLOBAL	SIAM GLOBAL HOUSE	OSP	OSOTSPA		

 <b>Companies with Good CG Scoring</b>					
Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	ESSO	ESSO (THAILAND)	SF	SIAM FUTURE DEVELOPMENT
BH	BUMRUNGRAD HOSPITAL	HUMAN	HUMANICA	SISB	SISB
EKH	EKACHAI MEDICAL CARE	RBF	R&B FOOD SUPPLY	TPCH	TPC POWER HOLDING

<b>Companies classified Not in the three highest score groups</b>					
Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	OR	PTT OIL AND RETAIL BUSINESS	STGT	SRI TRANG GLOVES (THAILAND)
KEX	KERRY EXPRESS (THAILAND)	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION		

Source: [www.thai-iod.com](http://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
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORNBANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

## Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRISAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFICO	SEAFICO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENDEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

## Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

## No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BCPG	BCPG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

Source: [www.cgthailand.org](http://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.

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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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