



# PTG Energy

(PTG.BK/PTG TB)\*

## Outperform • Maintained

Price as of 23 Feb 2023	14.20
12M target price (Bt/shr)	19.50
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	37.3

### Key messages

PTG reported a 4Q22 net loss of Bt4mn (recovering from a net loss of Bt86mn in 4Q21, but declining from a net profit of Bt177mn in 3Q22). Full-year earnings were at Bt934mn (-7% YoY), in line with the Bloomberg consensus and our forecast. We reiterate a rating of Outperform on PTS with an unchanged 2023 target price of Bt19.50, based on 19.0x PE. Despite the bad earnings performance in 4Q22, we believe the share price will be supported by the positive news that Thailand's Committee on Energy Policy Administration (CEPA) approved on February 14 to adjust up the oil marketing margin for diesel from Bt1.40/liter to Bt2.00/liter. PTG remains our Energy top pick.

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## 4Q22 earnings review: In line with the consensus

### Event

PTG reported a 4Q22 net loss of Bt4mn (recovering from a net loss of Bt86mn in 4Q21, but declining from a net profit of Bt177mn in 3Q22). Full-year earnings were at Bt934mn (-7% YoY), in line with the Bloomberg consensus and our forecast. In addition, the company announced a 2H22 dividend of Bt0.20/share with XD on March 9, implying a full-year dividend yield of 2.8% at the current share price (including Bt0.20/share in 1H22).

### Impact

#### Reported a small net loss in 4Q22

The increase YoY and the decrease QoQ came from PTG's oil marketing margin of Bt1.58/liter for the quarter (+26% YoY, -20% QoQ), standing at a poor level (less than Bt1.70/liter) as Thailand had to import more regional refined oil, which has higher costs than domestic refined oil, after planned maintenance shutdowns at two large domestic refineries in 4Q22.

### Key highlights

- Oil earnings plunged QoQ in 4Q22 as PTG's oil marketing margin declined 20% QoQ to Bt1.58/liter due to higher costs as there was more regional refined oil imports after Thailand's two refineries had planned maintenance shutdowns for the quarter. However, the company's oil sales volume grew 10% QoQ to 1,407mn liters, marking an all-time high thanks to high seasonal oil consumption in the country and an upward trend in foreigner travelers.
- Earnings from its non-oil business rebounded QoQ owing to significantly higher contribution from the Max Mart segment of convenience stores, given more traffic at PTG's retail oil service stations. Non-oil revenue also rose 15% QoQ to Bt2.9bn as a result of greater LPG sales volume of 139mn liters (+5% QoQ) and more sales for PunThai Coffee and Max Mart convenience stores. However, the company's non-oil gross profit margin inched down QoQ from 22.8% to 22.1% on the back of a softer LPG margin for the quarter.
- Share of loss from associates (the company holds a 40% stake in a biodiesel plant with capacity of 500,000LPD), recovered 24% QoQ to a loss of Bt66mn thanks to smaller biodiesel stock loss QoQ in 4Q22 amid high competition of domestic biodiesel market with only B7 demand.

### Valuation

We reiterate a rating of Outperform on PTG with an unchanged 2023 target price of Bt19.50, based on 19.0x PE. Despite the bad earnings performance in 4Q22, we believe the share price will be supported by the positive news that Thailand's Committee on Energy Policy Administration (CEPA) approved on February 14 to adjust up the oil marketing margin for diesel from Bt1.40/liter to Bt2.00/liter. PTG also remains our Energy top pick.

### Risk

Volatility in oil marketing margin, oil sales volume, LPG sales volume, and biodiesel sales volume, and sales in Max Mart convenience stores.

**Figure 1: PTG's 4Q22 and 2022 earnings review**

Bt mn	4Q22	4Q21	YoY (%)	3Q22	QoQ (%)	2022	2021	YoY (%)	Comments
Revenue	48,975	37,600	30.3	45,171	8.4	179,422	133,759	34.1	Oil sales volume grew 10% QoQ to 1,407mn liters in 4Q22.
Cost of goods sold	(46,096)	(35,524)	29.8	(42,047)	9.6	(167,414)	(123,627)	35.4	
Gross profit	2,879	2,076	38.7	3,124	(7.8)	12,008	10,132	18.5	Oil marketing margin reduced 20% QoQ to Bt1.58/liter in 4Q22.
Operating expenses	(2,582)	(2,037)	26.8	(2,569)	0.5	(9,765)	(8,271)	18.1	
Other incomes	103	98	4.8	84	22.5	363	329	10.4	
Operating profit	399	137	191.7	638	(37.5)	2,607	2,190	19.0	
Interest expense	(282)	(284)	(1.0)	(279)	0.9	(1,123)	(1,118)	0.5	
Net Investment Income/(Los	(66)	47	N.A.	(86)	24.1	(177)	205	N.A.	Smaller biodiesel stock loss QoQ in 4Q22
Current taxation	(61)	21	N.A.	(88)	(30.2)	(361)	(261)	38.5	
Extraordinary items	(5)	-	N.A.	(11)	(53.9)	31	-	N.A.	
Net profit	(4)	(86)	95.8	177	N.A.	934	1,006	(7.2)	In line with the Bloomberg consensus and our forecast in 2022
EPS (Bt)	(0.00)	(0.05)	95.8	0.11	N.A.	0.56	0.60	(7.2)	
Percent	4Q22	4Q21	YoY (ppts)	3Q22	QoQ (ppts)	2022	2021	YoY (ppts)	
Gross profit margin	5.9	5.5	0.4	6.9	(1.0)	6.7	7.6	(0.9)	
SG&A/sales	5.3	5.4	(0.1)	5.7	(0.4)	5.4	6.2	(0.7)	

Source: Company data, KGI Securities Research

**Figure 2: Key assumptions for 4Q22 and 2022 earnings**

	4Q22	4Q21	YoY (%)	3Q22	QoQ (%)	2022	2021	YoY (%)
<b>Oil business</b>								
Sales volume (mn liters)	1,407	1,287	9.3	1,278	10.1	5,316	5,020	5.9
Marketing margin (Bt/liter)	1.58	1.26	25.7	1.99	(20.4)	1.84	1.72	6.8
<b>Non-oil business</b>								
LPG sales volume (mn liters)	139	102	36.1	132	5.2	497	306	62.5
Revenue (Bt mn)	2,948	1,796	64.1	2,556	15.3	9,478	5,624	68.5
Gross profit margin (%)	22.1	25.3	(12.8)	22.8	(3.0)	23.4	26.3	(10.9)
<b>PTG group</b>								
Total gross profit (Bt mn)	2,879	2,076	38.7	3,124	(7.8)	12,008	10,132	18.5
- Oil (Bt mn)	2,228	1,621	37.4	2,542	(12.4)	9,786	8,652	13.1
- Non-oil (Bt mn)	651	455	43.1	582	11.9	2,222	1,480	50.1

Source: Company data, KGI Securities Research

**Figure 3: Key assumptions for PTG**

	2020	2021	2022	2023F	2024F
<b>Oil business</b>					
Sales volume (mn liters)	4,959	5,020	5,316	5,747	6,092
Marketing margin (Bt/liter)	1.89	1.72	1.84	1.75	1.80
<b>Non-oil business</b>					
LPG sales volume (mn liters)	174	306	497	700	910
Revenue (Bt mn)	4,266	5,624	9,478	13,280	16,142
Gross profit margin (%)	28.6	26.3	23.4	23.0	22.0
<b>PTG group</b>					
Total gross profit (Bt mn)	10,599	10,132	12,008	13,112	14,516
- Oil (Bt mn)	9,380	8,652	9,786	10,057	10,965
- Non-oil (Bt mn)	1,219	1,480	2,222	3,054	3,551

Source: Company data, KGI Securities Research

# Corporate Governance Report of Thai Listed Companies



## Companies with Excellent CG Scoring

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	KASIKORN BANK	SEAFCD	SEAFCD
BDM5	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
CENEL	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	MTG	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHARDEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	THANACHART 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	



## Companies with Very Good CG Scoring

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	SRI SAWAD 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		



## Companies with Good CG Scoring

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

## Companies classified Not in the three highest score groups

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

**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	KASIKORN BANK	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	SEAFCO	SEAFCO
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)

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## 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.  Excess return = 12M target price/current price-
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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