



PTG Energy

(PTG.BK/PTG TB)*

Outperform • Maintained

Price as of 18 May 2023	12.20
12M target price (Bt/shr)	19.50
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	59.8

Key messages

We expect PTG's 2Q23F earnings to jump significantly QoQ thanks to a wider oil marketing margin. Management guided for an oil marketing margin of Bt1.80-1.90/liter for the company in 2Q23F, up 5-11% QoQ from Bt1.72/liter. Meanwhile, oil sales volume is estimated to grow 8-12% YoY in 2Q23F, implying growth of 0-4% QoQ. We reiterate a rating of Outperform on PTG with an unchanged 2023 target price of Bt19.50, based on 19.0x PE. We also maintain our earnings forecasts at Bt1.7bn (+85% YoY) in 2023F and Bt2.5bn (+43% YoY) in 2024F. We believe the anticipated materially higher earnings QoQ in 2Q23F will support the share price. PTG remains our Energy top pick.

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Seizing the day!

Event

Positive view after 1Q23 analyst meeting.

Impact

Forecast consistently better earnings QoQ in 2Q23F

We expect PTG's 2Q23F earnings to jump significantly QoQ thanks to a wider oil marketing margin. Management guided for an oil marketing margin of Bt1.80-1.90/liter for the company in 2Q23F, up 5-11% QoQ from Bt1.72/liter after the Ministry of Energy allowed retail oil service operators to raise diesel oil marketing margin from fixed Bt1.40/liter to Bt1.80/liter from mid-February onwards. Meanwhile, the company estimates its oil sales volume to grow 8-12% YoY in 2Q23F, implying growth of 0-4% QoQ thanks to i) strong diesel demand from Thailand's planting season in the second quarter, while PTG's proportion of diesel/gasoline sales volume is at about 75%/25%, and ii) consistent patronage of PT Max Card Plus members, which is one of the key factors increasing PTG's oil market share from 17.9% in 4Q22 to 19.2% in 1Q23. The company also targets PT Max Card Plus membership to soar to 400,000 members by 2023F, up 2.0x from around 200,000 members last year.

No worry about possible increase in Thailand's minimum wage

If Thailand's minimum wage is adjusted up to Bt450/day, PTG estimates a negative impact of approximately Bt0.08-0.10/liter, accounting for only 5-6% of our assumption on its oil marketing margin of Bt1.75/liter in 2023F. However, management believes the company will be able to raise the oil marketing margin to match an increase in employee expenses so they are not concerned about the issue, in line with our view of negligible worry. In addition, management expects Thailand's current policy on diesel oil marketing margin at Bt1.80/liter to last until at least 3Q23F if the new Energy Minister does not change the policy.

Expect IPO of its LPG business in 4Q23F at the earliest

After PTG submitted the filing documents for its LPG business with the Securities and Exchange Commission (SEC), the SEC requested more relevant documents to consider approval, including its financial statements in 2Q23F, which are scheduled to be published mid-August. Therefore, management expects the IPO to take place in 4Q23F at the earliest. In addition, although the SEC already approved the listing of its biodiesel business the company guided that this IPO has been postponed until at least until September 30, as Thailand's current policy on diesel B7 is causing high competition in the biodiesel market.

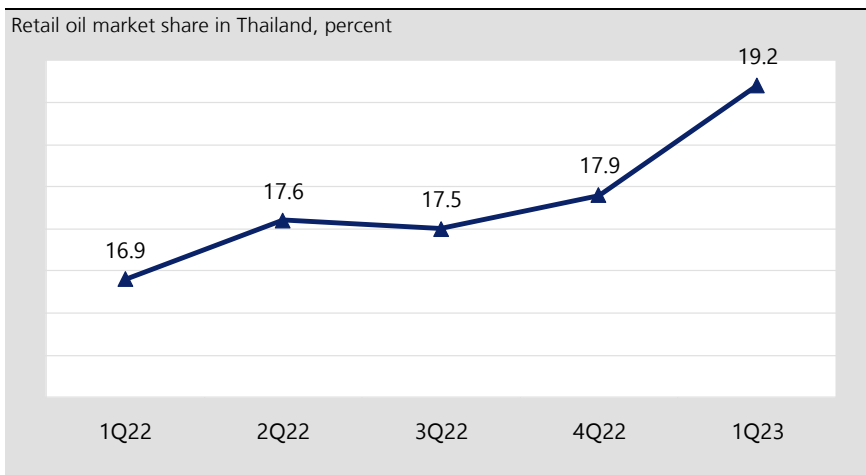
Valuation

We reiterate a rating of Outperform on PTG with an unchanged 2023 target price of Bt19.50, based on 19.0x PE. We believe anticipated materially higher earnings QoQ in 2Q23F will support the share price. We also maintain our earnings forecasts at Bt1.7bn (+85% YoY) in 2023F and Bt2.5bn (+43% YoY) in 2024F. PTG 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: An increase in PTG's retail oil market share from 17.9% in 4Q22 to 19.2% in 1Q23



Source: Company data, KGI Securities Research

Figure 2: Key assumptions for PTG

	2020	2021	2022	2023F	2024F
Oil business					
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
Non-oil business					
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
PTG group					
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	SEAFCO	SEAFCO
BOMS	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
CENTEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAICOM
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	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	



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 ERAWAN 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	SEAFECO	SEAFECO
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
CENTEL	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

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. 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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