



PTG Energy

(PTG.BK/PTG TB)*

Neutral · Maintained

Price as of 10 Aug 2023	10.40
12M target price (Bt/shr)	11.40
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	9.6

Key messages

PTG reported 2Q23 earnings of Bt111mn (-82% YoY, -60% QoQ). The result missed the Bloomberg consensus by 44% and our forecast by 56% due to i) larger-than-expected SG&A expenses of Bt2.71bn (vs. our assumption of Bt2.67bn), mostly from advertising and promotion and ii) lower-than-expected oil marketing margin of Bt1.59/liter (vs. our assumption of Bt1.62/liter). We believe the share price will be pressured by i) lower earnings performance in 2Q23 and ii) uncertainty about the impact on PTG's diesel oil marketing margin after the Ministry of Energy changed the adjustment period for diesel levy into the Oil Fuel Fund from mid-May onward. We will provide an update on this issue from the analyst meeting next week. We reiterate a rating of Neutral on PTG with a 2023F target price of Bt11.40, based on 16.0x PE.

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

2Q23 earnings review: Materially missed the consensus

Event

PTG reported 2Q23 earnings of Bt111mn (-82% YoY, -60% QoQ). The result missed the Bloomberg consensus by 44% and our forecast by 56% due to i) larger-than-expected SG&A expenses of Bt2.71bn (vs. our assumption of Bt2.67bn), mostly from advertising and promotion and ii) lower-than-expected oil marketing margin of Bt1.59/liter (vs. our assumption of Bt1.62/liter). The 1H23 earnings accounted for 33% of our full-year forecast.

Impact

2Q23 earnings plunged 82% YoY and 60% QoQ

The drop YoY and QoQ came mainly from lower oil marketing margin of Bt1.59/liter, down 25% YoY and 8% QoQ for the quarter after Thailand changed the adjustment frequency of the diesel levy into the Oil Fuel Fund from a daily basis to a fixed amount for three-to-five days, effective mid-May 2023.

Key highlights

- Oil earnings declined QoQ in 2Q23 as PTG's oil marketing margin dropped 8% QoQ to Bt1.59/liter because of the change in the adjustment frequency on the diesel levy into Thailand's Oil Fuel Fund from mid-May onward. However, the company's oil sales volume grew 4% QoQ to 1,534mn liters, making a new quarterly high thanks to the country's economic recovery, as well as consistent patronage by PT Max Card and PT Max Card Plus members.
- Earnings from its non-oil business rebounded slightly QoQ since non-oil revenue rose 6% QoQ to Bt3.3bn owing to more sales for PunThai Coffee and Max Mart, following good traffic at PT-branded retail oil service stations. The company's LPG sales volume inched up 2% QoQ to 154mn liters. However, PTG's non-oil gross profit margin softened QoQ from 20.2% to 19.4% due to weaker LPG margin for the quarter.

Valuation

We reiterate a rating of Neutral on PTG with a 2023F target price of Bt11.40, based on 16.0x PE. We believe the share price will be pressured by i) the lower earnings performance in 2Q23 and ii) uncertainty about the impact on PTG's diesel oil marketing margin after the Ministry of Energy changed the adjustment period for diesel levy into the Oil Fuel Fund from mid-May onward. We will provide an update on this issue from the analyst meeting next week.

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 2Q23 earnings review

Bt mn	2Q23	2Q22	YoY (%)	1Q23	QoQ (%)	1H23	1H22	YoY (%)	Comments
Revenue	50,802	46,307	9.7	50,936	(0.3)	101,738	85,277	19.3	Dubai crude price softened 3% QoQ to US\$78/bbl in 2Q23.
Cost of goods sold	(47,717)	(42,877)	11.3	(47,768)	(0.1)	(95,485)	(79,271)	20.5	
Gross profit	3,085	3,430	(10.1)	3,167	(2.6)	6,252	6,006	4.1	PTG's oil marketing margin dropped 8% QoQ to Bt1.59/liter in 2Q23.
Operating expenses	(2,714)	(2,427)	11.8	(2,652)	2.4	(5,366)	(4,613)	16.3	
Other incomes	99	88	12.3	87	14.3	186	177	4.9	
Operating profit	470	1,091	(56.9)	602	(22.0)	1,072	1,569	(31.7)	
Interest expense	(284)	(280)	1.4	(273)	4.3	(557)	(562)	(1.0)	
Net Investment Income/(Loss)	6	(51)	N.A.	41	(85.9)	47	(25)	N.A.	
Current taxation	(76)	(159)	52.3	(81)	(6.0)	(156)	(212)	(26.2)	
Extraordinary items	(2)	16	N.A.	(3)	(34.0)	(6)	47	N.A.	
Net profit	111	601	(81.5)	278	(59.9)	389	761	(48.9)	Missed the Bloomberg consensus by 44% and our forecast by 56%
EPS (Bt)	0.07	0.36	(81.5)	0.17	(59.9)	0.23	0.46	(48.9)	
Percent	2Q23	2Q22	YoY (ppts)	1Q23	QoQ (ppts)	1H23	1H22	YoY (ppts)	
Gross profit margin	6.1	7.4	(1.3)	6.2	(0.1)	6.1	7.0	(0.9)	
SG&A/sales	5.3	5.2	0.1	5.2	0.1	5.3	5.4	(0.1)	

Source: Company data, KGI Securities Research

Figure 2: Key assumptions for 2Q23 earnings

	2Q23	2Q22	YoY (%)	1Q23	QoQ (%)
Oil business					
Sales volume (mn liters)	1,534	1,367	12.2	1,474	4.1
Marketing margin (Bt/liter)	1.59	2.11	(24.7)	1.72	(7.5)
Non-oil business					
LPG sales volume (mn liters)	154	121	27.3	151	2.0
Revenue (Bt mn)	3,337	2,173	53.6	3,146	6.1
Gross profit margin (%)	19.4	25.3	(23.0)	20.2	(3.8)
PTG group					
Total gross profit (Bt mn)	3,085	3,430	(10.1)	3,167	(2.6)
- Oil (Bt mn)	2,436	2,881	(15.4)	2,531	(3.8)
- Non-oil (Bt mn)	649	549	18.2	636	2.0

Source: Company data, KGI Securities Research

Figure 3: Key assumptions for PTG

	2020	2021	2022	2023F	2024F
Oil business					
Sales volume (mn liters)	4,959	5,020	5,316	5,950	6,300
Marketing margin (Bt/liter)	1.89	1.72	1.84	1.65	1.70
Non-oil business					
LPG sales volume (mn liters)	174	306	497	650	845
Revenue (Bt mn)	4,266	5,624	9,478	12,978	15,333
Gross profit margin (%)	28.6	26.3	23.4	21.0	21.0
PTG group					
Total gross profit (Bt mn)	10,599	10,132	12,008	12,543	13,930
- Oil (Bt mn)	9,380	8,652	9,786	9,818	10,710
- Non-oil (Bt mn)	1,219	1,480	2,222	2,725	3,220

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
BDM	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 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

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 2703B-2704, Tower A , Shanghai Dawning Centre,500 Hongbaoshi Road Shanghai, PRC 201103
	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

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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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