

**SELL** (Unchanged)**TP: Bt 6.80**

(From: Bt 8.00)

Change in Numbers

**Downside : 13.4%****30 JULY 2024**

# PTG Energy Pcl. (PTG TB)

## Derating to continue

We reaffirm our **SELL** rating on PTG and lower our DCF-based TP to Bt6.8 from Bt8.0. Despite the substantial drop in its share price, we don't see its current 2024F PE multiple of 13.9x as attractive due to the flat earnings growth outlook and the extension of the retail diesel price cap until October this year.

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### Still a SELL; cutting our TP

We maintain our **SELL** rating and lower our DCF-based 12-month TP (rolled over to a 2025F base year) to Bt6.8/share from Bt8.0. We now assume long-term oil marketing assumptions of Bt1.65/liter vs. Bt1.7 previously and Bt1.6 in 1H24F. This is to reflect ongoing regulatory risk and rising competition from the electric vehicle (EV) business. We do not see any structural change in PTG's earnings growth profile and expect the derating to continue as the domestic oil market is already mature. The stock is still trading at a 13.9x 2024F PE, which we see as unjustified given the flat earnings growth outlook. This is expensive compared to regional peers' average multiple of only 12x. Note that our TP implies a 2025F PE multiple of 11.4x.

### Extended retail diesel price cap

The diesel retail price ceiling of Bt33/liter has been extended until October 2024. The Ministry of Energy (MOE) initially planned to raise the cap to Bt35 in August to mitigate the Oil Fund's burden. With the retail diesel price being capped and the high Oil Fund deficit of Bt64bn, we expect the upside to the oil retail marketing margin to remain under pressure.

### A new Energy Act to control retail oil prices

The MOE is also considering a new Energy Act to replace the current Oil Fuel Fund Act, enacted in 2019, to expand its power to regulate oil prices in the country, including the authority to set the oil tax ceiling. Overall, we are neutral about this move as the retail oil marketing margin has already been semi-regulated through the Oil Fund. Additionally, we believe this act would mainly allow the MOE to control the oil tax, which we see as not directly related to oil retailers.

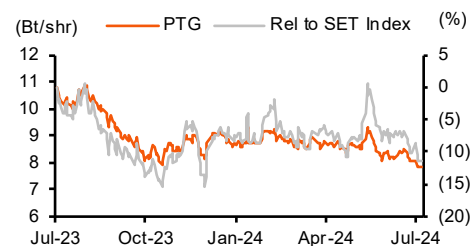
### Temporary 2Q24F margin hike

We estimate PTG to report a 2Q24F profit of Bt443m, a 68% increase q-q, and a 228% rise y-y. This significant improvement is underpinned by a higher oil marketing margin, which we forecast at Bt1.77 per liter compared to Bt1.56 per liter in 1Q24. However, we do not expect the improvement that we project in 2Q24F to continue into 3Q24F. Oil margins may come under pressure as the government has set the retail diesel price at Bt33 per liter despite the potential for higher global diesel prices this winter.

### COMPANY VALUATION

| Y/E Dec (Bt m)    | 2023A   | 2024F   | 2025F   | 2026F   |
|-------------------|---------|---------|---------|---------|
| Sales             | 199,224 | 206,611 | 200,586 | 204,998 |
| Net profit        | 944     | 943     | 999     | 1,021   |
| Consensus NP      | —       | 861     | 1,231   | 1,977   |
| Diff frm cons (%) | —       | 9.5     | (18.9)  | (48.4)  |
| Norm profit       | 950     | 943     | 999     | 1,021   |
| Prev. Norm profit | —       | 932     | 981     | 1,011   |
| Chg frm prev (%)  | —       | 1.2     | 1.8     | 1.0     |
| Norm EPS (Bt)     | 0.6     | 0.6     | 0.6     | 0.6     |
| Norm EPS grw (%)  | 2.4     | (0.8)   | 6.0     | 2.2     |
| Norm PE (x)       | 13.8    | 13.9    | 13.1    | 12.8    |
| EV/EBITDA (x)     | 3.2     | 3.6     | 3.7     | 3.2     |
| P/BV (x)          | 1.5     | 1.4     | 1.3     | 1.3     |
| Div yield (%)     | 4.5     | 3.2     | 3.4     | 3.5     |
| ROE (%)           | 11.2    | 10.5    | 10.5    | 10.1    |
| Net D/E (%)       | 55.9    | 95.3    | 91.3    | 78.8    |

### PRICE PERFORMANCE



### COMPANY INFORMATION

|                              |                               |
|------------------------------|-------------------------------|
| Price as of 30-Jul-24 (Bt)   | 7.85                          |
| Market Cap (US\$ m)          | 364.2                         |
| Listed Shares (m shares)     | 1,670.0                       |
| Free Float (%)               | 58.3                          |
| Avg. Daily Turnover (US\$ m) | 1.5                           |
| 12M Price H/L (Bt)           | 10.90/7.85                    |
| Sector                       | Energy                        |
| Major Shareholder            | Ratchakij Holding Ltd. 25.12% |

Sources: Bloomberg, Company data, Thanachart estimates

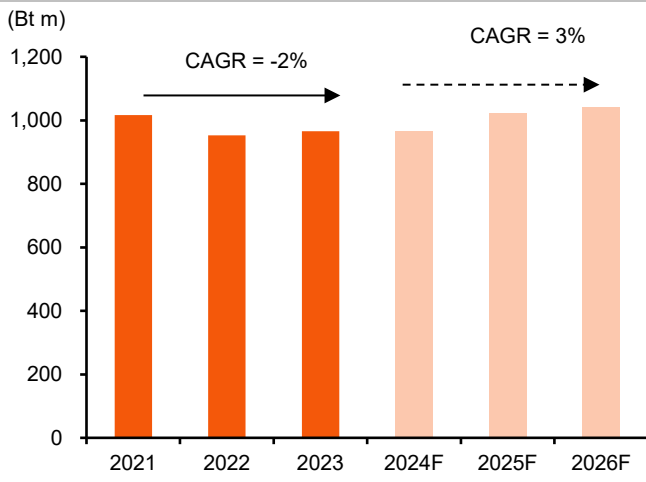


## Still a SELL; cutting our TP

**Maintaining SELL with a lower DCF-based TP of Bt6.8**

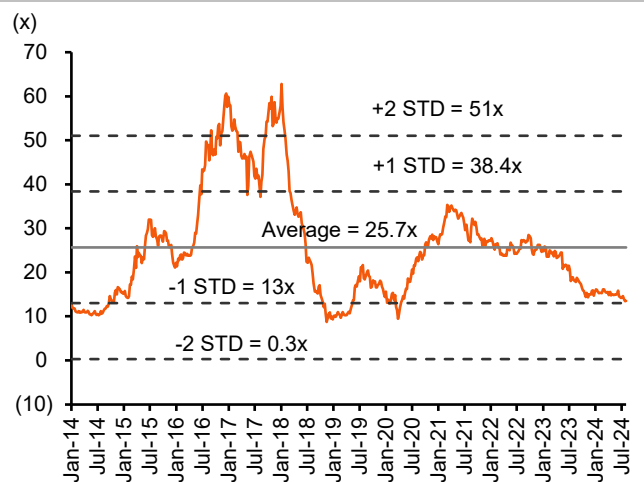
We maintain our SELL rating and lower our DCF-based 12-month TP (rolled over to a 2025F base year) to Bt6.8/share from Bt8.0. We now assume long-term oil marketing assumptions of Bt1.65/liter vs. Bt1.7 previously and Bt1.6 in 1H24F. This is to reflect ongoing regulatory risk and rising competition from the electric vehicle (EV) business. We do not see any structural change in PTG's earnings growth profile and expect the derating to continue as the domestic oil market is already mature. The stock is still trading at 13.9x 2024F PE, which we see as unjustified given the flat earnings growth outlook. This is expensive compared to regional peers' average multiple of only 12x. Note that our TP implies a 2025F PE multiple of 11.4x.

**Ex 1: Flat Profit Growth**



Sources: Company data; Thanachart estimates

**Ex 2: Still High PE Multiples**



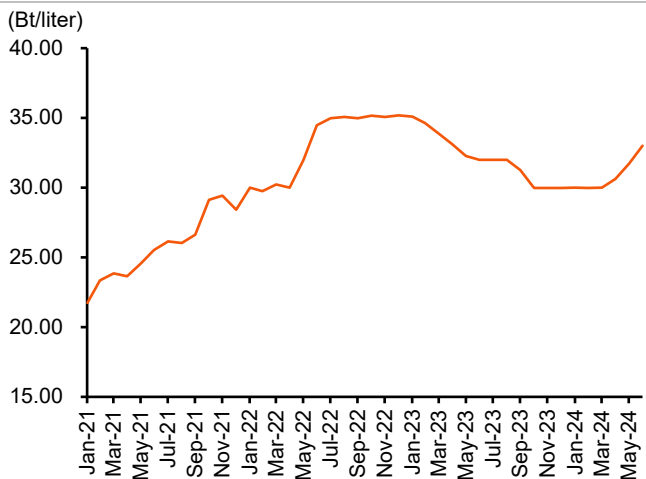
Sources: Bloomberg; Thanachart estimates

## Extended retail diesel price cap

**Price cap extension will likely continue to pressure oil margins**

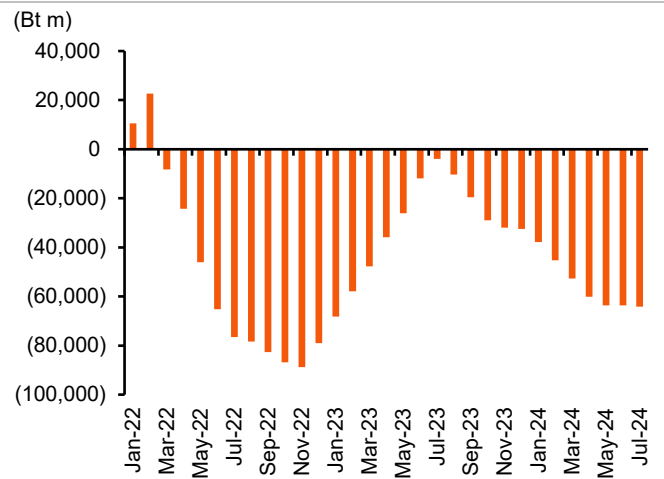
The diesel retail price ceiling of Bt33/liter has been extended until October 2024. The Ministry of Energy (MOE) initially planned to raise the cap to Bt35 in August to mitigate the Oil Fund's burden. With the retail diesel price being capped and the high Oil Fund deficit of Bt64bn, we expect the upside to the oil retail marketing margin to remain under pressure.

**Ex 3: Thailand Retail Diesel Price**



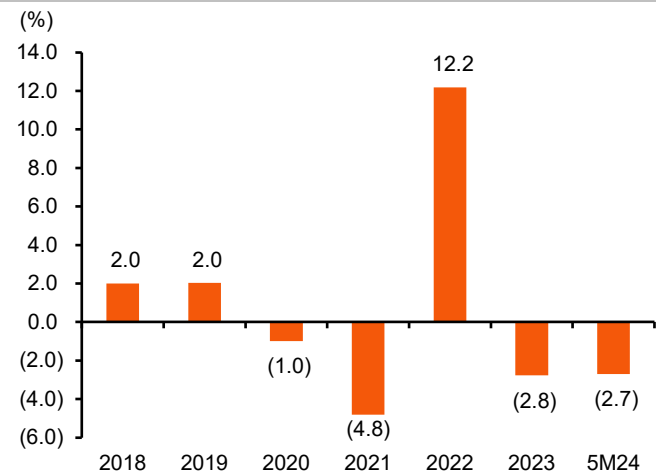
Source: EPPO

**Ex 4: Oil Fund Balance**



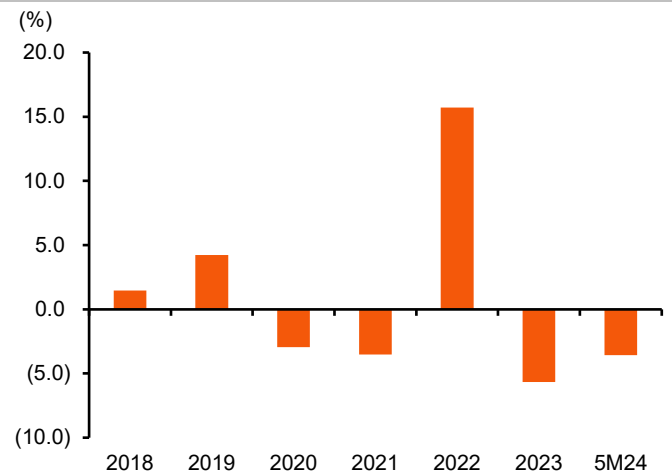
Source: offo

**Ex 5: Thailand Domestic Oil Demand**



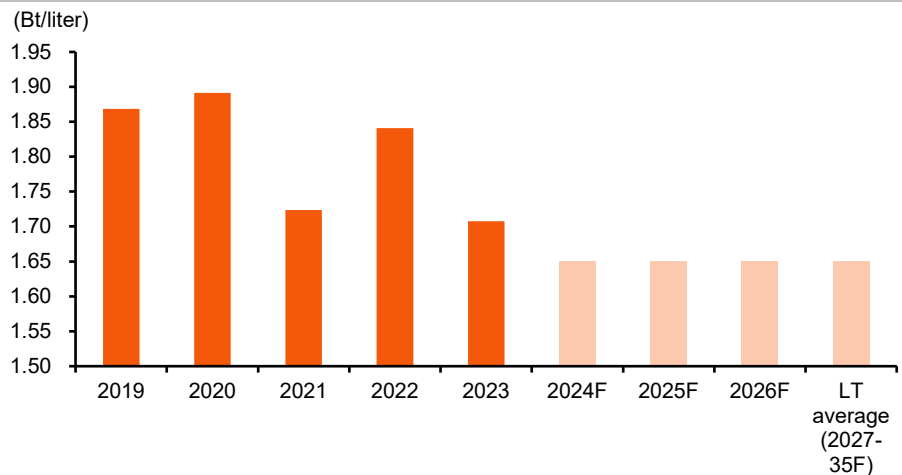
Source: DOEB

**Ex 6: Domestic Diesel Oil Demand**



Source: DOEB

**Ex 7: PTG's Oil Marketing Margin**



Sources: Company data, Thanachart estimates

## A new Energy Act to control retail oil prices

*We are neutral on the new Energy Act*

The MOE is also considering a new Energy Act to replace the current Oil Fuel Fund Act, enacted in 2019, to expand its power to regulate oil prices in the country, including the authority to set the oil tax ceiling. Under the bill, which is currently being scrutinized by the Council of State, a new commission with roles similar to the Energy Regulatory Commission will be set up to regulate the retail prices of oil and liquefied petroleum gas (LPG) via taxes and subsidies. Overall, we are neutral about this move as the retail oil marketing margin has already been semi-regulated through the oil fund. Additionally, we believe this act would mainly allow the MOE to control the oil tax, which we see as not directly related to oil retailers.

**Ex 8: Thailand Retail Oil Price Structure (as of 26 July)**

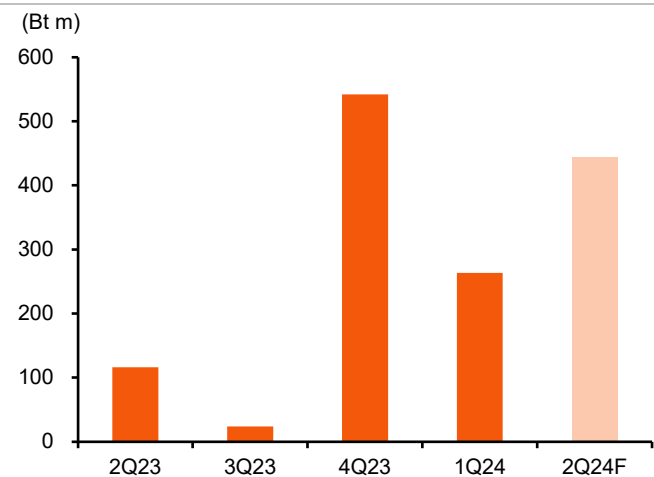
| (Bt/liter)    | Ex-refinery | Excise tax | M.tax  | Oil Fund | Cons. Fund | Wholesale (WS) | VAT (WS) | WS & VAT | Marketing margin | VAT (MM) | Retail |
|---------------|-------------|------------|--------|----------|------------|----------------|----------|----------|------------------|----------|--------|
| ULG95         | 21.8332     | 6.5        | 0.65   | 10.28    | 0.05       | 39.3132        | 2.7519   | 42.0651  | 3.9018           | 0.2731   | 46.24  |
| GASOHOL95 E10 | 22.0639     | 5.85       | 0.585  | 3.7      | 0.05       | 32.2489        | 2.2574   | 34.5063  | 3.5922           | 0.2515   | 38.35  |
| GASOHOL91     | 21.6154     | 5.85       | 0.585  | 3.7      | 0.05       | 31.8004        | 2.226    | 34.0264  | 3.695            | 0.2586   | 37.98  |
| GASOHOL95 E20 | 22.5939     | 5.2        | 0.52   | 1.71     | 0.05       | 30.0739        | 2.1052   | 32.1791  | 3.7952           | 0.2657   | 36.24  |
| GASOHOL95 E85 | 28.0737     | 0.975      | 0.0975 | 1.06     | 0.05       | 30.2562        | 2.1179   | 32.3741  | 3.3793           | 0.2366   | 35.99  |
| H-DIESEL B7   | 22.9537     | 5.99       | 0.599  | -1.06    | 0.05       | 28.5327        | 1.9973   | 30.53    | 2.2523           | 0.1577   | 32.94  |
| H-DIESEL B20  | 24.5955     | 5.153      | 0.5153 | -1.06    | 0.05       | 29.2538        | 2.0478   | 31.3016  | 1.5312           | 0.1072   | 32.94  |
| FO 600 2%S    | 18.4907     | 0.64       | 0.064  | 0.06     | 0.05       | 19.3047        | 1.3513   | 20.656   |                  |          |        |
| FO 1500 2%S   | 17.8442     | 0.64       | 0.064  | 0.06     | 0.05       | 18.6582        | 1.3061   | 19.9643  |                  |          |        |
| LPG (Bt/Kg)   | 22.7107     | 2.17       | 0.217  | -4.1798  | 0          | 20.9179        | 1.4643   | 22.3822  | 3.2566           | 0.228    | 25.87  |

Source: EPPO

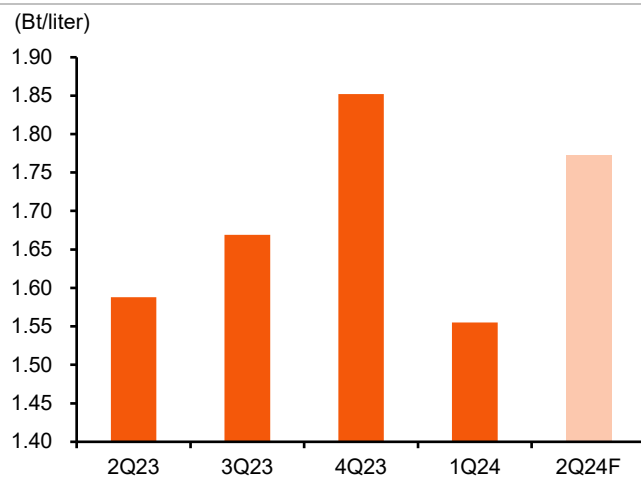
**Temporary 2Q24F margin hike**

*We expect the oil margin to normalize in 3Q24F*

We estimate PTG to report a 2Q24F profit of Bt443m, a 68% increase q-q, and a 228% rise y-y. This significant improvement is underpinned by a higher oil marketing margin, which we forecast at Bt1.77 per liter compared to Bt1.56 per liter in 1Q24. However, we do not expect the improvement that we project in 2Q24F to continue into 3Q24F. Oil margins may come under pressure as the government has set the retail diesel price at Bt33 per liter despite the potential for higher global diesel prices this winter.

**Ex 9: 2Q24F Preview**

Sources: Company data; Thanachart estimates

**Ex 10: PTG's Oil Marketing Margin**

Sources: Company data; Thanachart estimates

## Ex 11: 12-month DCF-based Valuation, Using a Base Year Of 2025F

| (Bt m)                             | 2025F  | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F | 2032F | 2033F | 2034F | 2035F | Terminal Value |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------------|
| EBITDA                             | 6,046  | 6,626 | 6,389 | 5,932 | 5,777 | 5,526 | 5,783 | 6,039 | 6,003 | 6,244 | 6,097 |                |
| Free cash flow                     | 1,347  | 2,274 | 2,178 | 2,108 | 2,412 | 2,107 | 2,447 | 2,559 | 2,618 | 2,702 | 2,392 | 25,061         |
| PV of free cash flow               | 1,211  | 1,838 | 1,583 | 1,376 | 1,415 | 1,111 | 1,125 | 1,053 | 964   | 891   | 706   | 7,392          |
| Risk-free rate (%)                 | 2.5    |       |       |       |       |       |       |       |       |       |       |                |
| Market risk premium (%)            | 8.0    |       |       |       |       |       |       |       |       |       |       |                |
| Beta                               | 1.2    |       |       |       |       |       |       |       |       |       |       |                |
| WACC (%)                           | 11.3   |       |       |       |       |       |       |       |       |       |       |                |
| Terminal growth (%)                | 2.0    |       |       |       |       |       |       |       |       |       |       |                |
| Enterprise value - add investments | 20,665 |       |       |       |       |       |       |       |       |       |       |                |
| Net debt                           | 9,107  |       |       |       |       |       |       |       |       |       |       |                |
| Minority interest                  | 190    |       |       |       |       |       |       |       |       |       |       |                |
| Equity value                       | 11,369 |       |       |       |       |       |       |       |       |       |       |                |
| # of shares (m)                    | 1,670  |       |       |       |       |       |       |       |       |       |       |                |
| Equity value/share (Bt)            | 6.8    |       |       |       |       |       |       |       |       |       |       |                |

Sources: Company data, Thanachart estimates

## Valuation Comparison

## Ex 12: Valuation Comparison With Regional Peers

| Company   | Code        | Country   | EPS Growth    |             | PE          |             | P/BV       |            | EV/EBITDA   |             | Div. Yield |            | ROE         |             |
|---|-------------|-----------|---------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|------------|-------------|-------------|
|   |             |           | 24F (%)       | 25F (%)     | 24F (x)     | 25F (x)     | 24F (x)    | 25F (x)    | 24F (x)     | 25F (x)     | 24F (%)    | 25F (%)    | 24F (%)     | 25F (%)     |
| <b>Petrol station operators</b>                     |             |           |               |             |             |             |            |            |             |             |            |            |             |             |
| <b>Pure petrol station operators</b>                |             |           |               |             |             |             |            |            |             |             |            |            |             |             |
| PTT Oil And Retail                                  | OR TB *     | Thailand  | (5.3)         | 6.4         | 17.8        | 16.8        | 1.6        | 1.6        | 9.2         | 8.7         | 3.2        | 3.4        | 9.4         | 9.6         |
| PTG Pcl   | PTG TB *    | Thailand  | (0.8)         | 6.0         | 13.9        | 13.1        | 1.4        | 1.3        | 3.6         | 3.7         | 3.2        | 3.4        | 10.5        | 10.5        |
| Bangchak Corp                                       | BCP TB *    | Thailand  | (2.8)         | 11.7        | 4.6         | 4.1         | 0.6        | 0.5        | 4.1         | 3.8         | 5.2        | 5.8        | 12.5        | 12.8        |
| ESSO (Thailand)                                     | ESSO TB *   | Thailand  | 27.2          | 38.5        | 7.9         | 5.7         | 0.9        | 0.8        | 5.4         | 4.2         | 4.7        | 6.6        | 11.1        | 14.2        |
| SUSCO Pcl   | SUSCO TB    | Thailand  | 69.6          | 15.4        | 8.7         | 7.6         | 0.7        | 0.7        | 10.5        | 7.8         | 5.6        | 6.5        | 8.5         | 9.1         |
| <b>Average</b>                                      |             |           | <b>4.6</b>    | <b>15.6</b> | <b>11.1</b> | <b>9.9</b>  | <b>1.1</b> | <b>1.0</b> | <b>5.6</b>  | <b>5.1</b>  | <b>4.1</b> | <b>4.8</b> | <b>10.9</b> | <b>11.8</b> |
| <b>Petrol station operators with other business</b> |             |           |               |             |             |             |            |            |             |             |            |            |             |             |
| Ampol   | ALD AU      | Australia | (30.4)        | 16.7        | 15.1        | 12.9        | 2.3        | 2.1        | 7.7         | 7.1         | 5.2        | 5.9        | 15.1        | 17.2        |
| Sinopec   | 386 HK      | China     | (0.7)         | 5.5         | 8.6         | 8.2         | 0.7        | 0.7        | 5.6         | 5.3         | 7.0        | 7.4        | 8.1         | 8.1         |
| <b>Average</b>                                      |             |           | <b>(15.5)</b> | <b>11.1</b> | <b>11.8</b> | <b>10.5</b> | <b>1.5</b> | <b>1.4</b> | <b>6.7</b>  | <b>6.2</b>  | <b>6.1</b> | <b>6.7</b> | <b>11.6</b> | <b>12.7</b> |
| <b>Average</b>                                      |             |           | <b>(2.1)</b>  | <b>14.1</b> | <b>11.3</b> | <b>10.1</b> | <b>1.2</b> | <b>1.2</b> | <b>5.9</b>  | <b>5.5</b>  | <b>4.8</b> | <b>5.4</b> | <b>11.1</b> | <b>12.1</b> |
| <b>Thailand retailers</b>                           |             |           |               |             |             |             |            |            |             |             |            |            |             |             |
| Berli Jucker  | BJC TB *    | Thailand  | 8.0           | 7.0         | 16.1        | 15.0        | 0.7        | 0.7        | 10.2        | 9.9         | 4.4        | 4.7        | 4.2         | 4.5         |
| CP All  | CPALL TB *  | Thailand  | 33.3          | 17.5        | 21.6        | 18.3        | 4.1        | 3.6        | 8.9         | 8.0         | 2.3        | 2.7        | 20.3        | 21.3        |
| Central Pattana                                     | CPN TB *    | Thailand  | 24.7          | 18.0        | 29.0        | 24.6        | 1.0        | 1.0        | 11.8        | 10.9        | 2.4        | 2.9        | 3.6         | 4.1         |
| Central Retail Corp.                                | CRC TB *    | Thailand  | 8.0           | 10.3        | 16.2        | 14.7        | 2.4        | 2.2        | 11.7        | 10.8        | 3.4        | 3.6        | 15.6        | 15.8        |
| Siam Global House                                   | GLOBAL TB * | Thailand  | 7.2           | 11.3        | 21.9        | 19.7        | 2.6        | 2.4        | 8.0         | 7.6         | 1.8        | 2.0        | 12.6        | 12.9        |
| Home Product  | HMPRO TB *  | Thailand  | 11.2          | 16.0        | 27.0        | 23.3        | 3.2        | 2.9        | 20.9        | 18.5        | 1.3        | 1.5        | 12.3        | 13.0        |
| Siam Makro  | MAKRO TB *  | Thailand  | 10.9          | 10.0        | 16.3        | 14.8        | 4.4        | 4.1        | 9.5         | 8.8         | 4.9        | 5.4        | 27.5        | 28.8        |
| <b>Average</b>                                      |             |           | <b>14.8</b>   | <b>12.9</b> | <b>21.1</b> | <b>18.6</b> | <b>2.6</b> | <b>2.4</b> | <b>11.6</b> | <b>10.6</b> | <b>2.9</b> | <b>3.3</b> | <b>13.7</b> | <b>14.3</b> |

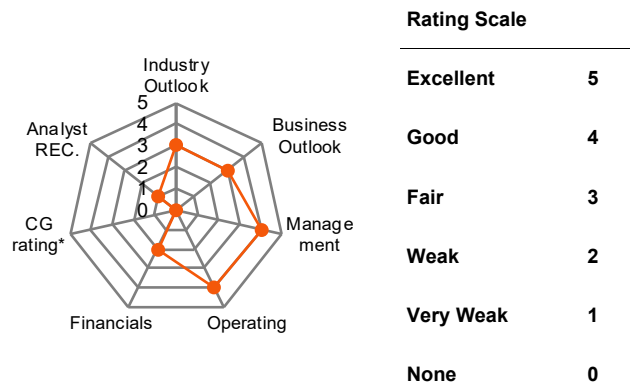
Sources: Bloomberg, \* Thanachart estimates  
Based on 30 July 2024 closing prices

## COMPANY DESCRIPTION

PTG Energy Pcl (PTG) has six core business segments: 1) Fuel retailing through PT petrol stations, mostly under the company-owned and company-operated (COCO) model. 2) Fuel wholesaling to other oil traders and industrial operators. 3) LPG retailing through PT petrol stations (also COCO). 4) Minimart and coffee-shop businesses under the names Max Mart and Pun Thai Coffee. 5) Sales of other automotive-related products. 6) Rental of space at its COCO petrol stations. The company is now expanding its non-oil business portion via investments and M&As to utilize its strong brand recognition and large customer base to grow profits.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \*CG Awards

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Owns and self-operates most of its PT gas stations
- Manages its own logistics and oil tank operations
- Extensive station coverage with an asset-light model

### O — Opportunity

- Gaining market share from independent gas stations
- Investments in energy-related and automotive-related businesses

### W — Weakness

- Stations operate under rental contracts
- Second-tier target market generates lower non-oil income
- Aggressive expansion is financed with debt

### T — Threat

- Risk of being unable to find good-quality stations
- Government intervention to lower the oil retail margin
- Risk from new investments and M&As

## CONSENSUS COMPARISON

|                       | Consensus | Thanachart | Diff    |
|-----------------------|-----------|------------|---------|
| Target price (Bt)     | 10.23     | 6.80       | -34%    |
| Net profit 24F (Bt m) | 861       | 943        | 9%      |
| Net profit 25F (Bt m) | 1,231     | 999        | -19%    |
| Consensus REC         | BUY: 10   | HOLD: 4    | SELL: 2 |

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025F earnings are 19% below the Bloomberg consensus estimate, which we attribute to us factoring in a potential margin squeeze and cost pressure.
- Similarly, our TP is 34% below the Street's on the back of our lower profit forecasts.

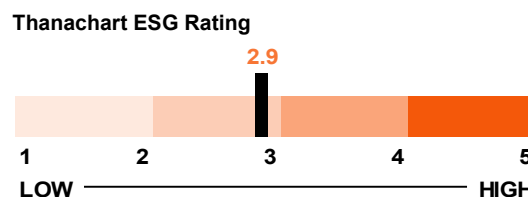
Sources: Bloomberg consensus, Thanachart estimates

## RISKS TO OUR INVESTMENT CASE

- A sharp fall in oil prices would be the key upside risk to our earnings forecasts.
- A stronger-than-expected margin is also an upside risk to our call.
- The outcome of its future investments and M&A activity would also present a risk to our numbers.

Source: Thanachart

PTG is the second-largest oil retailer in Thailand by retail market share. The company operates over 2,000 service stations nationwide. It is also active in LPG distribution and provides non-oil services at its stations, such as minimarts and coffee shops. We assess PTG’s ESG score at 2.9, which is in line with its peer group.



|     | SET ESG Index | SET ESG (BBB-AAA) | DJSI Index | MSCI (CCC-AAA) | ESG Book (0-100) | Refinitiv (0-100) | S&P Global (0-100) | Moody's (0-100) | CG Rating (0-5) |
|-----|---------------|-------------------|------------|----------------|------------------|-------------------|--------------------|-----------------|-----------------|
| PTG | -             | -                 | -          | -              | 51.81            | 62.45             | 54.00              | -               | 0.0             |

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.

**Factors Our Comments**

**ENVIRONMENT**

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- PTG has comprehensive environmental goals with regard to greenhouse gas (GHG) emissions, electricity, and water consumption, as well as waste management.
- The company is expanding data collection in Scope 1-3 to include GHG emissions at the head office, oil depots, and fleet offices. PTG aims to reduce GHG emissions by 40% in 2030. This is to be achieved by various measures, including installing solar rooftops at its gas stations and using biodiesel in its tanker trucks.
- PTG aims to increase its efficiency by reducing electricity and water consumption for every liter of fuel sold. For electricity, it targets to reduce consumption intensity by 3% compared to the 2022 base year (achieved 6% as of 2023). For water, it also aims to reduce consumption intensity by 2% (achieved +6.8% as of 2023). The proportion of tap water consumption per unit of oil sales through the oil depot increased due to improvements in the fire suppression system and the upgrading of firewater storage tanks.
- PTG’s waste-management policies include sustainable tires, e-documents, and recyclable waste segregation.

**SOCIAL**

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- PTG has established preventive and mitigation measures to tackle human rights issues, including employee rights (health and safety, collective bargaining, illegal forms of labor, data privacy, discrimination), community rights, and supplier/contractor rights.
- PTG aims to achieve a community satisfaction rate of 90% (achieved 96.60% in 2023).
- PTG has assessed 100% of its business activities throughout the entire value chain for human rights risks.

**GOVERNANCE & SUSTAINABILITY**

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- PTG’s board of directors comprises ten members, eight of whom are non-executive directors while three are independent directors. However, there are two females on the BOD.
- PTG has established a Corporate Governance Policy, an Anti-Corruption Policy, and a Business Code of Conduct to ensure good corporate governance. The company achieved 96% in the Corporate Governance Report of Thai Listed Companies (CGR) assessment.
- PTG adopts an active risk management policy. It assesses ESG risks across multiple dimensions — strategic, financial, operational, regulatory, and environmental.

Sources: Company data, Thanachart

**INCOME STATEMENT**

| <b>FY ending Dec (Bt m)</b>       | <b>2022A</b>  | <b>2023A</b>  | <b>2024F</b>  | <b>2025F</b>  | <b>2026F</b>  |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Sales                             | 179,786       | 199,224       | 206,611       | 200,586       | 204,998       |
| Cost of sales                     | 167,414       | 185,889       | 192,763       | 186,220       | 190,123       |
| <b>Gross profit</b>               | <b>12,371</b> | <b>13,335</b> | <b>13,849</b> | <b>14,366</b> | <b>14,875</b> |
| % gross margin                    | 6.9%          | 6.7%          | 6.7%          | 7.2%          | 7.3%          |
| Selling & administration expenses | 9,765         | 11,009        | 12,099        | 12,426        | 12,912        |
| <b>Operating profit</b>           | <b>2,607</b>  | <b>2,326</b>  | <b>1,749</b>  | <b>1,939</b>  | <b>1,963</b>  |
| % operating margin                | 1.5%          | 1.2%          | 0.8%          | 1.0%          | 1.0%          |
| Depreciation & amortization       | 3,185         | 3,340         | 4,408         | 4,107         | 4,663         |
| <b>EBITDA</b>                     | <b>5,792</b>  | <b>5,666</b>  | <b>6,157</b>  | <b>6,046</b>  | <b>6,626</b>  |
| % EBITDA margin                   | 3.2%          | 2.8%          | 3.0%          | 3.0%          | 3.2%          |
| Non-operating income              | 0             | 0             | 417           | 421           | 427           |
| Non-operating expenses            | 0             | 0             | 0             | 0             | 0             |
| Interest expense                  | (1,123)       | (1,128)       | (1,120)       | (1,264)       | (1,265)       |
| <b>Pre-tax profit</b>             | <b>1,484</b>  | <b>1,199</b>  | <b>1,046</b>  | <b>1,096</b>  | <b>1,125</b>  |
| Income tax                        | 361           | 261           | 261           | 276           | 282           |
| <b>After-tax profit</b>           | <b>1,123</b>  | <b>938</b>    | <b>785</b>    | <b>821</b>    | <b>843</b>    |
| % net margin                      | 0.6%          | 0.5%          | 0.4%          | 0.4%          | 0.4%          |
| Shares in affiliates' Earnings    | (177)         | 33            | 180           | 200           | 200           |
| Minority interests                | (19)          | (22)          | (22)          | (22)          | (22)          |
| Extraordinary items               | 7             | (6)           | 0             | 0             | 0             |
| <b>NET PROFIT</b>                 | <b>934</b>    | <b>944</b>    | <b>943</b>    | <b>999</b>    | <b>1,021</b>  |
| <b>Normalized profit</b>          | <b>927</b>    | <b>950</b>    | <b>943</b>    | <b>999</b>    | <b>1,021</b>  |
| EPS (Bt)                          | 0.6           | 0.6           | 0.6           | 0.6           | 0.6           |
| Normalized EPS (Bt)               | 0.6           | 0.6           | 0.6           | 0.6           | 0.6           |

*We expect flat profit growth over the next three years*

**BALANCE SHEET**

| <b>FY ending Dec (Bt m)</b>     | <b>2022A</b>  | <b>2023A</b>  | <b>2024F</b>  | <b>2025F</b>  | <b>2026F</b>  |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>ASSETS:</b>                  |               |               |               |               |               |
| Current assets:                 | 5,125         | 7,838         | 6,102         | 6,251         | 6,706         |
| Cash & cash equivalent          | 2,071         | 3,381         | 1,500         | 1,800         | 2,160         |
| Account receivables             | 899           | 1,108         | 1,149         | 1,116         | 1,140         |
| Inventories                     | 2,154         | 3,330         | 3,453         | 3,336         | 3,406         |
| Others                          | 0             | 20            | 0             | 0             | 0             |
| Investments & loans             | 1,930         | 2,009         | 2,009         | 2,009         | 2,009         |
| Net fixed assets                | 12,356        | 13,202        | 13,758        | 14,363        | 14,251        |
| Other assets                    | 25,724        | 23,882        | 27,882        | 27,882        | 27,882        |
| <b>Total assets</b>             | <b>45,135</b> | <b>46,932</b> | <b>49,752</b> | <b>50,506</b> | <b>50,848</b> |
| <b>LIABILITIES:</b>             |               |               |               |               |               |
| Current liabilities:            | 13,599        | 16,210        | 15,078        | 15,073        | 14,993        |
| Account payables                | 6,961         | 10,340        | 7,922         | 7,653         | 7,813         |
| Bank overdraft & ST loans       | 2,000         | 2,800         | 3,494         | 3,647         | 3,505         |
| Current LT debt                 | 3,793         | 1,951         | 2,434         | 2,541         | 2,442         |
| Others current liabilities      | 845           | 1,119         | 1,228         | 1,232         | 1,232         |
| <b>Total LT debt</b>            | <b>3,066</b>  | <b>3,622</b>  | <b>4,519</b>  | <b>4,718</b>  | <b>4,534</b>  |
| Others LT liabilities           | 20,195        | 18,175        | 20,767        | 20,744        | 20,761        |
| <b>Total liabilities</b>        | <b>36,860</b> | <b>38,006</b> | <b>40,365</b> | <b>40,536</b> | <b>40,289</b> |
| Minority interest               | 124           | 145           | 168           | 190           | 212           |
| Preferreds shares               | 0             | 0             | 0             | 0             | 0             |
| Paid-up capital                 | 1,670         | 1,670         | 1,670         | 1,670         | 1,670         |
| Share premium                   | 1,185         | 1,185         | 1,185         | 1,185         | 1,185         |
| Warrants                        | 0             | 0             | 0             | 0             | 0             |
| Surplus                         | (145)         | (151)         | (151)         | (151)         | (151)         |
| <b>Retained earnings</b>        | <b>5,441</b>  | <b>6,076</b>  | <b>6,514</b>  | <b>7,076</b>  | <b>7,642</b>  |
| Shareholders' equity            | 8,151         | 8,780         | 9,219         | 9,780         | 10,347        |
| <b>Liabilities &amp; equity</b> | <b>45,135</b> | <b>46,932</b> | <b>49,752</b> | <b>50,506</b> | <b>50,848</b> |

Sources: Company data, Thanachart estimates



**CASH FLOW STATEMENT**

| <b>FY ending Dec (Bt m)</b>       | <b>2022A</b>   | <b>2023A</b>   | <b>2024F</b>   | <b>2025F</b>   | <b>2026F</b>   |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Earnings before tax               | 1,484          | 1,199          | 1,046          | 1,096          | 1,125          |
| Tax paid                          | (246)          | (190)          | (275)          | (271)          | (282)          |
| Depreciation & amortization       | 3,185          | 3,340          | 4,408          | 4,107          | 4,663          |
| Chg In working capital            | 869            | 1,995          | (2,583)        | (118)          | 66             |
| Chg In other CA & CL / minorities | 431            | 1,083          | 304            | 199            | 200            |
| <b>Cash flow from operations</b>  | <b>5,724</b>   | <b>7,426</b>   | <b>2,900</b>   | <b>5,013</b>   | <b>5,772</b>   |
| Capex                             | (4,036)        | (4,186)        | (4,964)        | (4,712)        | (4,550)        |
| Right of use                      | 680            | 2,250          | 0              | 0              | 0              |
| ST loans & investments            | 196            | (20)           | 20             | 0              | 0              |
| LT loans & investments            | 113            | (79)           | 0              | 0              | 0              |
| Adj for asset revaluation         | 0              | 0              | 0              | 0              | 0              |
| Chg In other assets & liabilities | (993)          | (3,256)        | (1,407)        | (23)           | 17             |
| <b>Cash flow from investments</b> | <b>(4,040)</b> | <b>(5,290)</b> | <b>(6,351)</b> | <b>(4,735)</b> | <b>(4,533)</b> |
| Debt financing                    | (436)          | (511)          | 2,075          | 459            | (424)          |
| Capital increase                  | 0              | 0              | 0              | 0              | 0              |
| Dividends paid                    | (752)          | (334)          | (504)          | (437)          | (454)          |
| Warrants & other surplus          | (126)          | 19             | 0              | 0              | 0              |
| <b>Cash flow from financing</b>   | <b>(1,314)</b> | <b>(826)</b>   | <b>1,571</b>   | <b>22</b>      | <b>(879)</b>   |
| <b>Free cash flow</b>             | <b>1,687</b>   | <b>3,240</b>   | <b>(2,064)</b> | <b>301</b>     | <b>1,222</b>   |

**VALUATION**

| <b>FY ending Dec</b>                | <b>2022A</b> | <b>2023A</b> | <b>2024F</b> | <b>2025F</b> | <b>2026F</b> |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Normalized PE (x)                   | 14.1         | 13.8         | 13.9         | 13.1         | 12.8         |
| Normalized PE - at target price (x) | 12.3         | 12.0         | 12.0         | 11.4         | 11.1         |
| PE (x)                              | 14.0         | 13.9         | 0.0          | 13.1         | 12.8         |
| PE - at target price (x)            | 12.2         | 12.0         | 12.0         | 11.4         | 11.1         |
| EV/EBITDA (x)                       | 3.4          | 3.2          | 3.6          | 3.7          | 3.2          |
| EV/EBITDA - at target price (x)     | 3.1          | 2.9          | 3.3          | 3.4          | 3.0          |
| P/BV (x)                            | 1.6          | 1.5          | 1.4          | 1.3          | 1.3          |
| P/BV - at target price (x)          | 1.4          | 1.3          | 1.2          | 1.2          | 1.1          |
| P/CFO (x)                           | 2.3          | 1.8          | 4.5          | 2.6          | 2.3          |
| Price/sales (x)                     | 0.1          | 0.1          | 0.1          | 0.1          | 0.1          |
| Dividend yield (%)                  | 5.1          | 4.5          | 3.2          | 3.4          | 3.5          |
| FCF Yield (%)                       | 12.9         | 24.7         | (15.7)       | 2.3          | 9.3          |
| <b>(Bt)</b>                         |              |              |              |              |              |
| Normalized EPS                      | 0.6          | 0.6          | 0.6          | 0.6          | 0.6          |
| EPS                                 | 0.6          | 0.6          | 0.6          | 0.6          | 0.6          |
| DPS                                 | 0.4          | 0.4          | 0.3          | 0.3          | 0.3          |
| BV/share                            | 4.9          | 5.3          | 5.5          | 5.9          | 6.2          |
| CFO/share                           | 3.4          | 4.4          | 1.7          | 3.0          | 3.5          |
| FCF/share                           | 1.0          | 1.9          | (1.2)        | 0.2          | 0.7          |

Sources: Company data, Thanachart estimates

*We see its 13.9x 2024F  
PE as expensive, given  
weaker earnings growth*

## FINANCIAL RATIOS

| FY ending Dec                    | 2022A  | 2023A  | 2024F  | 2025F  | 2026F  |
|----------------------------------|--------|--------|--------|--------|--------|
| <b>Growth Rate</b>               |        |        |        |        |        |
| Sales (%)                        | 34.1   | 10.8   | 3.7    | (2.9)  | 2.2    |
| Net profit (%)                   | (7.2)  | 1.1    | (0.2)  | 6.0    | 2.2    |
| EPS (%)                          | (7.2)  | 1.1    | (0.2)  | 6.0    | 2.2    |
| Normalized profit (%)            | (7.9)  | 2.4    | (0.8)  | 6.0    | 2.2    |
| Normalized EPS (%)               | (7.9)  | 2.4    | (0.8)  | 6.0    | 2.2    |
| Dividend payout ratio (%)        | 71.5   | 61.9   | 45.0   | 45.0   | 45.0   |
| <b>Operating performance</b>     |        |        |        |        |        |
| Gross margin (%)                 | 6.9    | 6.7    | 6.7    | 7.2    | 7.3    |
| Operating margin (%)             | 1.5    | 1.2    | 0.8    | 1.0    | 1.0    |
| EBITDA margin (%)                | 3.2    | 2.8    | 3.0    | 3.0    | 3.2    |
| Net margin (%)                   | 0.6    | 0.5    | 0.4    | 0.4    | 0.4    |
| D/E (incl. minor) (x)            | 1.1    | 0.9    | 1.1    | 1.1    | 1.0    |
| Net D/E (incl. minor) (x)        | 0.8    | 0.6    | 1.0    | 0.9    | 0.8    |
| Interest coverage - EBIT (x)     | 2.3    | 2.1    | 1.6    | 1.5    | 1.6    |
| Interest coverage - EBITDA (x)   | 5.2    | 5.0    | 5.5    | 4.8    | 5.2    |
| ROA - using norm profit (%)      | 2.1    | 2.1    | 1.9    | 2.0    | 2.0    |
| ROE - using norm profit (%)      | 11.4   | 11.2   | 10.5   | 10.5   | 10.1   |
| <b>DuPont</b>                    |        |        |        |        |        |
| ROE - using after tax profit (%) | 13.8   | 11.1   | 8.7    | 8.6    | 8.4    |
| - asset turnover (x)             | 4.0    | 4.3    | 4.3    | 4.0    | 4.0    |
| - operating margin (%)           | 1.5    | 1.2    | 1.0    | 1.2    | 1.2    |
| - leverage (x)                   | 5.5    | 5.4    | 5.4    | 5.3    | 5.0    |
| - interest burden (%)            | 56.9   | 51.5   | 48.3   | 46.4   | 47.1   |
| - tax burden (%)                 | 75.7   | 78.2   | 75.1   | 74.9   | 75.0   |
| WACC (%)                         | 10.8   | 10.8   | 10.8   | 11.3   | 11.3   |
| ROIC (%)                         | 12.5   | 12.2   | 9.5    | 8.0    | 7.8    |
| NOPAT (Bt m)                     | 1,973  | 1,820  | 1,313  | 1,452  | 1,472  |
| invested capital (Bt m)          | 14,939 | 13,772 | 18,166 | 18,887 | 18,669 |

*ROE has come down due to lower profit*

Sources: Company data, Thanachart estimates

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### SET ESG Index (SET ESG)

Currently, long-term investment guidelines abroad are beginning to focus on investing in companies that have sustainable business practices. which considers environmental, social and governance factors (Environmental, Social and Governance or ESG) of the company in making investment decisions along with analyzing the company's financial data.

Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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| Score range  | Description   |
|--------------|---|
| CCC - B      | <b>LAGGARD:</b> A company lagging its industry based on its high exposure and failure to manage significant ESG risks   |
| BB - BBB - A | <b>AVERAGE :</b> A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers |
| AA - AAA     | <b>LEADER:</b> A company leading its industry in managing the most significant ESG risks and opportunities  |

### The Dow Jones Sustainability Indices (DJSI)

The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. The family was launched in 1999 as the first global sustainability benchmark and tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria. Created jointly by S&P Dow Jones Indices and SAM, the DJSI combine the experience of an established index provider with the expertise of a specialist in Sustainable Investing to select the most sustainable companies from across 61 industries. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices.

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

### Moody's ESG Solutions

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|        |       |              |
|--------|-------|--------------|
| 90-100 | ▲▲▲▲▲ | Excellent    |
| 80-89  | ▲▲▲▲  | Very Good    |
| 70-79  | ▲▲▲   | Good         |
| 60-69  | ▲▲    | Satisfactory |
| 50-59  | ▲     | Pass         |
| Below  |       | N/A          |

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