

PTT OIL AND RETAIL BUSINESS  
THAILAND / OIL & GAS

OR TB

BUY

UNCHANGED

TARGET PRICE	THB36.00
CLOSE	THB25.00
UP/DOWNSIDE	+44.0%
PRIOR TP	THB36.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+27.5%

## ได้เวลากลับมาสะสม

- กำไรสุทธิรายไตรมาสของ OR น่าจะอยู่ในแนวโน้มขาขึ้นจากปริมาณขายที่สูงขึ้นจากทั้งผลิตภัณฑ์น้ำมันและที่ไม่ใช่น้ำมัน
- เราคาดว่ากำไรสุทธิ 1Q22 จะออกมาดีที่ 3.75 พัน ลบ. ในขณะที่กำไรสุทธิจะเพิ่มเป็น 2.4 พัน ลบ. จาก Marketing margin และปริมาณขายน้ำมันที่สูงขึ้น
- คงแนะนำซื้อที่ราคาเป้าหมาย 36 บาท (SoTP)

## แนวโน้มกำไรสุทธิที่ตรึงอยู่ข้างหน้า

หลังได้รับผลกระทบจากโรคระบาด Covid-19 และราคาน้ำมันดิบที่ปรับตัวสูงขึ้น ซึ่งทำให้รัฐบาลออกมาตรการควบคุมราคาน้ำมันดีเซล เราเชื่อว่ากำไรสุทธิรายไตรมาสของ OR น่าจะอยู่ในแนวโน้มขาขึ้น กำไรที่เพิ่มขึ้นน่าจะได้แรงผลักดันจากปริมาณขายที่สูงขึ้นของทั้งผลิตภัณฑ์น้ำมันและที่ไม่ใช่น้ำมัน Marketing margin ที่สูงขึ้นของธุรกิจสถานีบริการน้ำมันและ EBITDA margin ที่สูงขึ้นของผลิตภัณฑ์ที่ไม่ใช่น้ำมัน พร้อมประโยชน์จากการซื้อและลงทุนในโรงงานใหม่สำหรับการผลิตนมออบ รวมถึงการผลิตและจัดจำหน่ายแบ่งผสม

## สองปัจจัยหนุนจากธุรกิจน้ำมันและที่ไม่ใช่น้ำมัน

นับตั้งแต่ใน 4Q21 เราคาดว่า Marketing margin ของสถานีบริการน้ำมันของ OR จะปรับตัวดีขึ้นเป็น 1.1-1.2 บาท/ลิตร ในขณะที่ปริมาณขายน้ำมันปลีกน่าจะโตตามการฟื้นตัวของความต้องการ เราคาดว่า Marketing margin ที่ปรับตัวสูงขึ้นจะช่วยเสริม EBITDA จากธุรกิจน้ำมันปลีกของ OR ให้ปรับตัวดีขึ้น โดยเราคาดว่า EBITDA margin ของ OR จากธุรกิจที่ไม่ใช่น้ำมันจะปรับตัวดีขึ้นอย่างเห็นได้ชัดตั้งแต่ปี 2022 เป็นต้นไปจาก 1) การขยายสถานีบริการน้ำมัน; 2) สัดส่วนผลิตภัณฑ์ที่ปรับตัวดีขึ้น; และ 3) ต้นทุนการดำเนินงานในด้านการผสมและโลจิสติกส์ที่ลดลง

## คาดการณ์กำไรสุทธิ 1Q22 จะออกมาดีที่ 3.75 พัน ลบ.

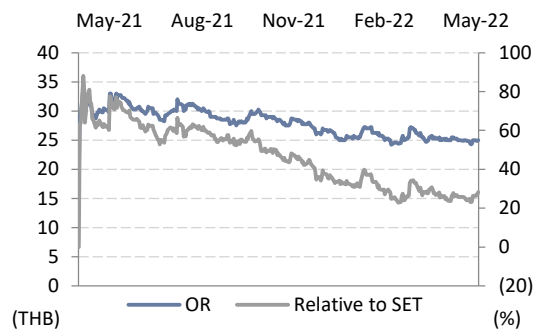
เราคาดว่ากำไรสุทธิ 1Q22 จะออกมาดีที่ 3.75 พัน ลบ. (+60% q-q, -6% y-y) และกำไรปกติจะปรับขึ้นเป็น 2.4 พัน ลบ. (+29% q-q, +85% y-y) โดยมีสมมติฐานสำคัญประกอบด้วย 1) Marketing margin ที่สูงขึ้นเป็น 1.1 บาท/ลิตร (+14% q-q) เนื่องจาก OR หยุดให้เงินสนับสนุนแก่ผู้รับสิทธิดำเนินธุรกิจสถานีบริการน้ำมัน; 2) ปริมาณขายที่สูงขึ้นเป็น 6.5 พันล้านลิตร (+3% q-q) เนื่องจาก OR เปิด สถานีบริการน้ำมันใหม่เพิ่ม 5 แห่งใน 1Q22; 3) เราคาดว่า EBITDA margin สำหรับตลาดน้ำมันในประเทศจะปรับตัวขึ้นเป็น 3.4% ใน 1Q22 จาก 2.1% ใน 4Q21 จาก Marketing margin และปริมาณขายน้ำมันที่สูงขึ้น; 4) EBITDA margin ของธุรกิจที่ไม่ใช่น้ำมันน่าจะปรับตัวสูงขึ้นเป็น 29% จาก 23.7% ใน 4Q21 จากเงินสนับสนุนที่ให้แก่ผู้รับสิทธิดำเนินธุรกิจร้าน Café Amazon ที่ลดลง; 5) จำนวนแก้วที่ขายได้น้อยลงเป็น 83 ล้านแก้วใน 1Q22 (-5% q-q) เนื่องจาก OR ลดมาตรการส่งเสริมการขายที่ให้แก่ลูกค้าใน 1Q22; และ 6) ร้าน Café Amazon ใหม่ 57 แห่งใน 1Q22

## หุ้น Lifestyle ครบวงจรที่มีความน่าสนใจ

เราแนะนำซื้อที่ราคาเป้าหมาย 36 บาท (SoTP) เราคิดว่ากำไรสุทธิของ OR น่าจะโตในอัตราเร่งในปี 2022-24 จากความต้องการที่สูงขึ้นตามการกลับมาเปิดเศรษฐกิจ อัตราค่าไรที่เพิ่มขึ้น และการเติบโตทั้งจากการขยายกิจการจากภายในและการซื้อธุรกิจ

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	511,799	556,085	564,779	578,534
Net profit	11,780	11,896	14,157	14,012
EPS (THB)	0.98	0.99	1.18	1.17
vs Consensus (%)	-	(2.0)	4.3	(3.8)
EBITDA	17,195	19,451	25,154	27,508
Core net profit	11,780	11,896	14,157	14,012
Core EPS (THB)	0.98	0.99	1.18	1.17
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(11.3)	1.0	19.0	(1.0)
Core P/E (x)	25.5	25.2	21.2	21.4
Dividend yield (%)	1.8	1.9	2.0	2.0
EV/EBITDA (x)	15.6	14.6	11.4	10.2
Price/book (x)	3.0	2.8	2.6	2.5
Net debt/Equity (%)	(31.9)	(14.9)	(11.9)	(15.5)
ROE (%)	17.1	11.6	12.9	11.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.0)	2.5	(15.3)
Relative to country (%)	1.6	4.4	(18.4)
Mkt cap (USD m)	8,805		
3m avg. daily turnover (USD m)	18.1		
Free float (%)	62		
Major shareholder	PTT (75%)		
12m high/low (THB)	32.00/23.80		
Issued shares (m)	9,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

In 2020, OR's net profit weakened due to the coronavirus impact, resulting in a lower demand for both oil and non-oil products at its retail and wholesale channels. We expect OR's EBITDA margin from the non-oil business to improve markedly in 2022 onward, driven by its three growth strategies: 1) the expansion of its fuel stations in Thailand; 2) growth in its non-oil food and beverage (F&B) businesses, particularly its Café Amazon outlets and the number of convenience store (CVS) outlets; 3) lower operating costs for mixing and logistics; and 4) the expansion of its overseas presence in new and existing markets to leverage OR's core business value of being a one-stop shop with a "Living Community" concept.

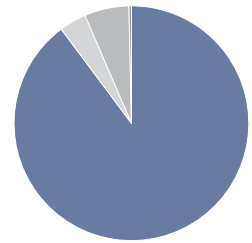
## Company profile

OR is Thailand's leading gas station operator with its station network located mostly in Thailand and overseas. OR's non-oil business has increasingly contributed higher net profits led by its in-house coffee brand, Café Amazon. It also sells jet fuel, lube, asphalt and other petroleum products.

[www.pttor.com](http://www.pttor.com)

## Principal activities (revenue, 2021)

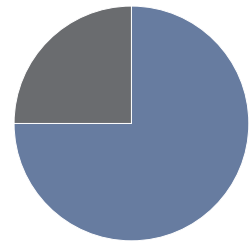
- Oil business - 89.8 %
- Non-oil business - 3.7 %
- International business - 6.1 %
- Others - 0.3 %



Source: PTT Oil and Retail Business

## Major shareholders

- PTT - 75.0 %
- Others - 25.0 %



Source: PTT Oil and Retail Business

## Catalysts

Key potential net profit catalysts include 1) higher sales volumes; 2) a higher marketing margin; and 3) improving EBITDA from non-oil businesses, such as the convenience store and food & beverage segments.

## Risks to our call

The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.

## Event calendar

Date	Event
May 2022	1Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
Brent oil price (USD/bbl)	60	60	60
Sales volume - retail (m litres)	12,244	12,455	12,670
Sales volume - commercial (m litres)	14,257	14,256	14,307
Sales volume - international (m litres)	1,999	2,299	2,644
Sales volume - domestic (m litres)	26,501	26,711	26,977
Oil stations (stations)	2,523	2,674	2,674
Amazon cups sold (m cups)	397	449	502
Revenue per ticket (THB/ticket)	63	64	65

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in marketing margin, we estimate 2022 earnings would rise by 4.3%, and vice versa, all else being equal.
- For every 1% increase in the number of cups sold for Café Amazon, we estimate 2022 earnings would rise by 2.1%, and vice versa, all else being equal.

Source: FSSIA estimates

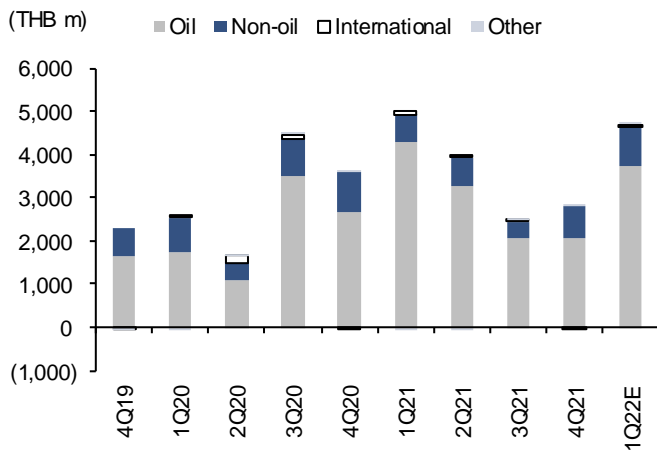


## Time to reload

After having suffered from the negative impacts of the Covid-19 pandemic and rising crude oil price that prompted the government to implement price controls for diesel, we believe OR is poised to see a quarterly net profit uptrend. The rising earnings should be driven by higher sales volumes for both oil and non-oil products, an improving marketing margin for oil stations and a higher EBITDA margin for non-oil products, along with the benefits from its acquisitions and investments in new facilities for bakery and mixing powder production and distribution.

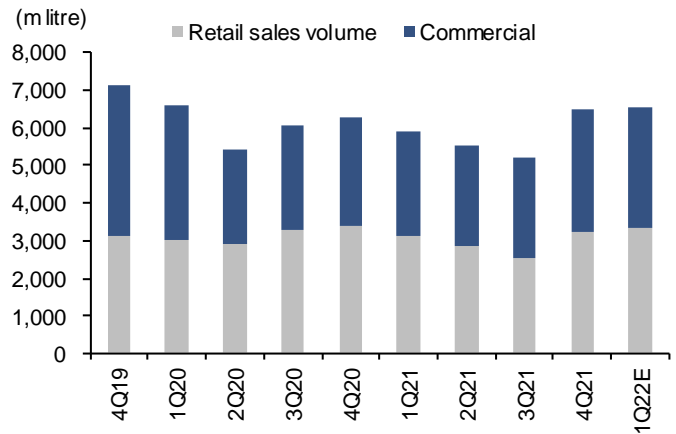
We project the improvement in oil sales volumes to come from both retail oil stations, thanks to the demand recovery following the full reopening of economic activities since 2H21, and the commercial segment, led by higher demand for jet fuel and rising exports for diesel and gasoline.

**Exhibit 1: Quarterly operating profit breakdown by segment**



Sources: OR; FSSIA estimates

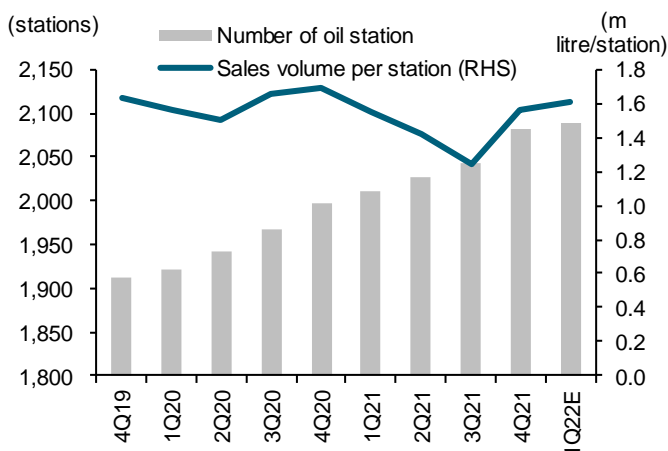
**Exhibit 2: Oil sales volume breakdown by retail and commercial segment**



Sources: OR; FSSIA estimates

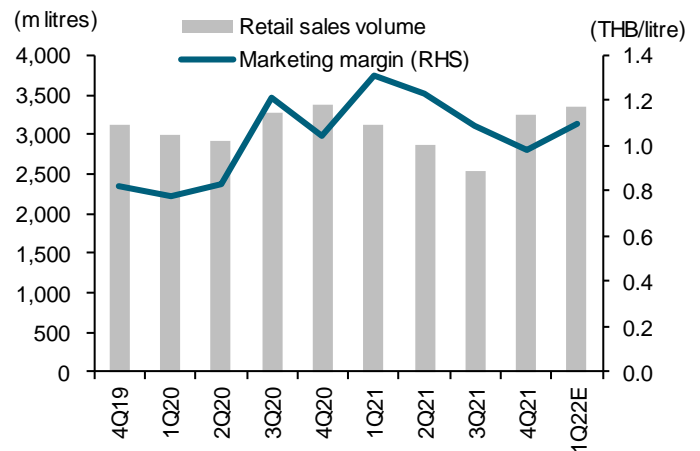
Starting in 4Q21, we project the marketing margin of OR's oil stations to improve to THB1.1-1.2/litre, OR's historical average, up from the bottom at THB0.86/litre in 3Q21 when OR complied with the government's policy to cap the retail selling price of diesel at THB28/litre. As the retail oil sales volume should grow following the demand recovery, we project the rising marketing margin to further strengthen OR's EBITDA from the retail oil business.

**Exhibit 3: Number of oil stations vs sales volume per station**



Sources: OR; FSSIA estimates

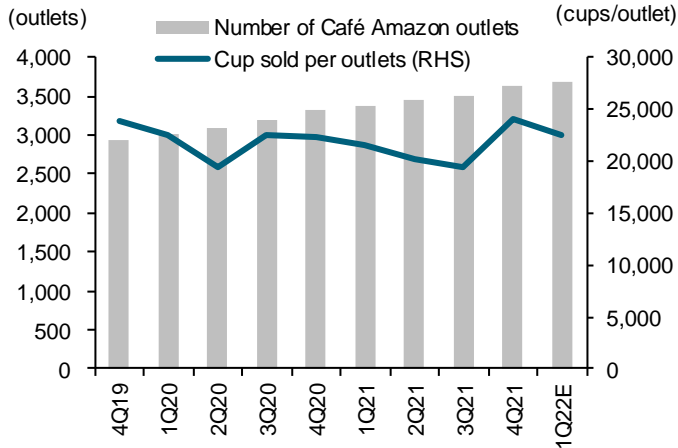
**Exhibit 4: Retail sales volume vs oil marketing margin**



Sources: OR; FSSIA estimates

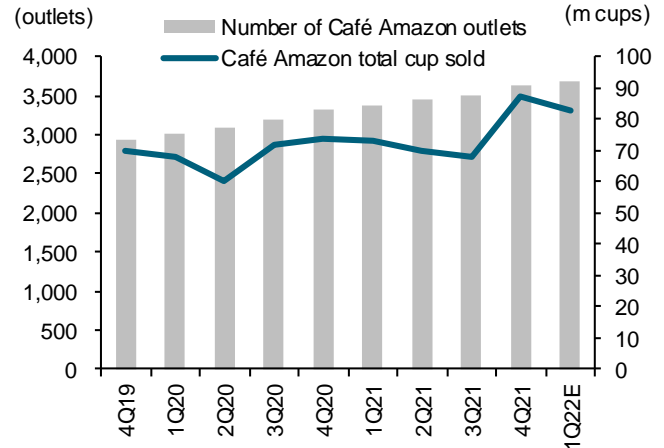
Similarly, we expect OR's EBITDA margin from the non-oil business to improve markedly in 2022 onward, driven by 1) higher sales volumes, benefitting from the economies of scales; 2) an outlet expansion; 3) an improving product mix with a higher proportion of internally produced bakery products; 4) lower operating costs for mixing and logistics as OR plans to gradually ramp up the utilisation rates of its new mixing powder plant and distribution centre.

**Exhibit 5: Café Amazon: number of cups sold vs cups sold per outlet**



Sources: OR; FSSIA estimates

**Exhibit 6: Café Amazon: number of outlets vs total cups sold**



Sources: OR; FSSIA estimates

## Expect strong 1Q22 results

We project a strong 1Q22 net profit of THB3.75b, up 60% q-q but down 6% y-y. We expect core net profit to rise to THB2.4b, up 29% q-q and 85% y-y. Key expectations are:

- A higher marketing margin to THB1.1/litre (+14% q-q) as OR ended its subsidies for oil station franchisees and changed its strategy to raise the oil selling prices at a more frequent rate to reduce the gap between the rising oil cost and the oil selling price.
- A rising oil sales volume to 6.5b litres, up 3% q-q, as OR added 5 new oil stations in 1Q22, bringing the total number of oil stations to 2,088 at end-1Q22. The improvement in the sales volumes should come from both the retail and commercial segments, led by the demand recovery following the resumption of large-scale transportation and a rise in jet fuel consumption for the commercial market.
- The oil sales volume should rise by 4% q-q, driven by the demand recoveries in Cambodia and Laos and the addition of 9 new stations in those countries, leading to a higher EBITDA margin at 3.5%, up from 3% in 4Q21.
- We project the EBITDA margin for the domestic oil market to improve to 3.4% in 1Q22, up from 2.1% in 4Q21, driven by the higher marketing margin and rising oil sales volumes.
- The EBITDA margin for non-oil should rise to 29%, up from 23.7% in 4Q21, based on 1) the lower subsidies provided to Café Amazon franchisees; and 2) higher sales for non-drink products with a higher bakery sales volume. We project the EBITDA from the non-oil segment to account for 35% of total EBITDA in 1Q22 on the rising EBITDA margin.
- Fewer cups sold at 83m in 1Q22, down 5% q-q from 87m in 4Q21, as OR reduced the promotions given to clients in 1Q22. The delivery sales volume should account for 13% of the total sales volume in 1Q22, based on our estimate.
- Café Amazon added 57 new outlets in 1Q22, bringing the total number of outlets to 3,685 at end-1Q22. OR increased the number of its convenience stores by 11 outlets to 2,086 at end-1Q22.

## Exhibit 7: 1Q22E operational performance

	1Q21	4Q21	1Q22E			2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
<b>Revenue</b>	<b>118,460</b>	<b>157,840</b>	<b>160,542</b>	<b>1.7</b>	<b>35.5</b>	<b>511,799</b>	<b>556,085</b>	<b>8.7</b>
Operating costs	(112,050)	(153,422)	(155,810)	1.6	39.1	(494,604)	(536,635)	8.5
<b>EBITDA</b>	<b>6,410</b>	<b>4,418</b>	<b>4,732</b>	<b>7.1</b>	<b>(26.2)</b>	<b>17,195</b>	<b>19,451</b>	<b>13.1</b>
EBITDA margin (%)	5.4	2.8	2.9	nm	nm	3.4	3.5	nm
Depn & amort.	(1,420)	(1,629)	(1,421)	(12.7)	0.1	(6,075)	(8,032)	32.2
EBIT	4,990	2,789	3,311	18.7	(33.6)	11,120	11,418	2.7
Interest expense	(335)	(307)	(345)	12.2	3.1	(1,250)	(649)	(48.1)
Interest & invt inc	842	1,034	1,032	(0.2)	22.6	3,480	3,654	5.0
Associates' contrib	126	140	156	11.7	24.0	372	410	10.0
Exceptionals	(674)	57	154	nm	nm	771	0	nm
<b>Pretax profit</b>	<b>4,949</b>	<b>3,712</b>	<b>4,308</b>	<b>16.1</b>	<b>(13.0)</b>	<b>14,494</b>	<b>14,833</b>	<b>2.3</b>
Tax	(947)	(393)	(557)	41.6	(41.2)	(2,719)	(2,937)	8.0
Tax rate (%)	19.1	10.6	12.9	22.0	(32.4)	18.8	19.8	5.6
Minority interests	1	1	3	140.9	120.4	4	0	(100.0)
<b>Net profit</b>	<b>4,003</b>	<b>2,353</b>	<b>3,754</b>	<b>59.5</b>	<b>(6.2)</b>	<b>11,780</b>	<b>11,896</b>	<b>1.0</b>
Non-recurring	(2,683)	(465)	(1,313)	182.1	(51.1)	0	0	nm
<b>Core profit</b>	<b>1,320</b>	<b>1,888</b>	<b>2,441</b>	<b>29.3</b>	<b>84.9</b>	<b>11,780</b>	<b>11,896</b>	<b>1.0</b>
EPS (THB)	0.33	0.20	0.31	59.5	(6.2)	0.98	0.99	1.0
Core EPS (THB)	0.11	0.16	0.20	29.3	84.9	0.98	0.99	1.0

Sources: OR; FSSIA estimates

## Attractive play for the reopening theme

We maintain BUY and our SoTP-based target price of THB36. We think OR's net profit growth is now poised to accelerate in 2022-24, driven by higher demand following the economic reopening, improving margins, and growth from both organic expansions and acquisitions to leverage its core strength in the fully integrated business model of being an oil/non-oil lifestyle provider.

## Exhibit 8: SoTP-based target price

SoTP valuation	EBITDA	EBITDA margin	EV/EBITDA	Valuation	(THB/shr)	Comments
	(THB m)	(%)	(X)	(THB m)		
Oil business	14,042	2.3	10.5	147,512	16.4	
Retail	6,857	1.8	12.0	82,554	9.2	At 12x FY22E EV/EBITDA
Commercial	7,186	3.0	9.0	64,958	7.2	At 9x FY22E EV/EBITDA
Non-oil	6,917	27.4	20.6	142,808	15.9	
Food & Beverage	4,475	28.3	21.0	93,974	10.4	At 21x FY22E EV/EBITDA
Others	2,442	26.0	20.0	48,834	5.4	At 20x FY22E EV/EBITDA
International	1,535	3.5	11.0	16,883	1.9	At 11x FY22E EV/EBITDA
Others	93	11.8	8.0	740	0.1	At 8.0x FY21E EV/EBITDA
<b>Total</b>	<b>22,586</b>		<b>13.6</b>	<b>307,944</b>	<b>34.2</b>	<b>At 13.6x FY21E EV/EBITDA</b>
Net debt	15,734	nm	nm	15,734	1.7	FY22E net debt
<b>Total value</b>	<b>38,321</b>		<b>8.4</b>	<b>323,678</b>	<b>36.0</b>	

Sources: OR; FSSIA estimates

## Financial Statements

### PTT Oil and Retail Business

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	428,804	511,799	556,085	564,779	578,534
Cost of goods sold	(390,479)	(469,517)	(511,611)	(514,210)	(524,992)
<b>Gross profit</b>	<b>38,325</b>	<b>42,282</b>	<b>44,474</b>	<b>50,569</b>	<b>53,542</b>
Other operating income	0	0	0	0	0
Operating costs	(25,261)	(25,087)	(25,024)	(25,415)	(26,034)
<b>Operating EBITDA</b>	<b>13,064</b>	<b>17,195</b>	<b>19,451</b>	<b>25,154</b>	<b>27,508</b>
Depreciation	(5,203)	(6,075)	(8,032)	(11,491)	(14,274)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>7,861</b>	<b>11,120</b>	<b>11,418</b>	<b>13,663</b>	<b>13,233</b>
Net financing costs	3,343	3,001	3,005	3,547	3,739
Associates	535	372	410	451	496
Recurring non-operating income	535	372	410	451	496
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>11,739</b>	<b>14,494</b>	<b>14,833</b>	<b>17,661</b>	<b>17,468</b>
Tax	(1,776)	(2,719)	(2,937)	(3,504)	(3,456)
<b>Profit after tax</b>	<b>9,963</b>	<b>11,775</b>	<b>11,896</b>	<b>14,157</b>	<b>14,012</b>
Minority interests	0	4	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>9,963</b>	<b>11,780</b>	<b>11,896</b>	<b>14,157</b>	<b>14,012</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>9,963</b>	<b>11,780</b>	<b>11,896</b>	<b>14,157</b>	<b>14,012</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.11	0.98	0.99	1.18	1.17
Reported EPS	1.11	0.98	0.99	1.18	1.17
DPS	0.50	0.46	0.48	0.50	0.50
Diluted shares (used to calculate per share data)	9,000	12,000	12,000	12,000	12,000
<b>Growth</b>					
Revenue (%)	(25.7)	19.4	8.7	1.6	2.4
Operating EBITDA (%)	16.8	31.6	13.1	29.3	9.4
Operating EBIT (%)	3.6	41.5	2.7	19.7	(3.1)
Recurring EPS (%)	(8.6)	(11.3)	1.0	19.0	(1.0)
Reported EPS (%)	(8.6)	(11.3)	1.0	19.0	(1.0)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	7.7	7.1	6.6	6.9	6.8
Gross margin of key business (%)	7.7	7.1	6.6	6.9	6.8
Operating EBITDA margin (%)	3.0	3.4	3.5	4.5	4.8
Operating EBIT margin (%)	1.8	2.2	2.1	2.4	2.3
Net margin (%)	2.3	2.3	2.1	2.5	2.4
Effective tax rate (%)	17.0	20.4	20.4	20.4	20.4
Dividend payout on recurring profit (%)	45.2	46.9	48.4	42.4	42.8
Interest cover (X)	(2.5)	(3.8)	(3.9)	(4.0)	(3.7)
Inventory days	19.1	16.9	18.2	18.9	18.8
Debtor days	29.2	22.8	24.2	25.5	24.9
Creditor days	32.9	28.3	32.8	34.1	33.9
Operating ROIC (%)	10.6	15.3	13.7	13.2	11.9
ROIC (%)	7.6	9.7	9.0	9.3	8.6
ROE (%)	26.2	17.1	11.6	12.9	11.9
ROA (%)	4.9	5.3	4.7	5.7	5.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Oil business	389,783	459,576	495,000	496,374	502,201
Non-oil business	16,723	19,123	23,375	25,648	27,706
International business	21,011	31,386	35,860	40,857	46,726
Others	1,286	1,714	1,850	1,900	1,900

Sources: PTT Oil and Retail Business; FSSIA estimates

## Financial Statements

### PTT Oil and Retail Business

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	9,963	11,780	11,896	14,157	14,012
Depreciation	5,203	6,075	8,032	11,491	14,274
Associates & minorities	4,045	3,480	3,654	3,837	4,029
Other non-cash items	-	-	-	-	-
Change in working capital	493	5,310	(3,283)	138	497
<b>Cash flow from operations</b>	<b>19,703</b>	<b>26,645</b>	<b>20,300</b>	<b>29,623</b>	<b>32,813</b>
Capex - maintenance	(3,191)	(3,290)	(4,350)	(6,223)	(7,731)
Capex - new investment	(10,200)	(10,200)	(26,900)	(21,800)	(17,400)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(5,987)	(8,612)	(22,550)	(15,577)	(9,669)
<b>Cash flow from investing</b>	<b>(19,378)</b>	<b>(22,102)</b>	<b>(53,800)</b>	<b>(43,600)</b>	<b>(34,800)</b>
Dividends paid	(4,500)	(5,520)	(5,760)	(6,000)	(6,000)
Equity finance	0	53,497	0	0	0
Debt finance	3,608	16,433	24,502	0	0
Other financing cash flows	(6,729)	(21,732)	(25,863)	17,858	13,266
<b>Cash flow from financing</b>	<b>(7,621)</b>	<b>42,678</b>	<b>(7,122)</b>	<b>11,858</b>	<b>7,266</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(7,296)</b>	<b>47,220</b>	<b>(40,622)</b>	<b>(2,119)</b>	<b>5,278</b>
Free cash flow to firm (FCFF)	1,772.23	5,792.57	(32,850.84)	(13,687.24)	(1,697.49)
Free cash flow to equity (FCFE)	(2,796.04)	(756.64)	(34,862.12)	3,880.57	11,278.32
<b>Per share (THB)</b>					
FCFF per share	0.20	0.64	(3.65)	(1.52)	(0.19)
FCFE per share	(0.31)	(0.08)	(3.87)	0.43	1.25
Recurring cash flow per share	2.13	1.78	1.97	2.46	2.69
Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	43,498	44,165	71,065	92,865	110,265
Less: Accumulated depreciation	(1,502)	(1,502)	(9,535)	(21,025)	(35,300)
<b>Tangible fixed assets (net)</b>	<b>41,996</b>	<b>42,663</b>	<b>61,531</b>	<b>71,840</b>	<b>74,966</b>
<b>Intangible fixed assets (net)</b>	<b>5,624</b>	<b>5,463</b>	<b>5,463</b>	<b>5,463</b>	<b>5,463</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	5,218	6,920	6,920	6,920	6,920
Cash & equivalents	19,004	66,224	25,602	23,483	28,761
A/C receivable	29,543	34,321	39,512	39,512	39,512
Inventories	19,021	24,432	26,622	26,757	27,318
Other current assets	1,027	1,090	1,184	1,203	1,232
<b>Current assets</b>	<b>68,594</b>	<b>126,066</b>	<b>92,920</b>	<b>90,954</b>	<b>96,823</b>
Other assets	23,547	26,546	26,546	26,546	26,546
<b>Total assets</b>	<b>144,979</b>	<b>207,659</b>	<b>193,380</b>	<b>201,724</b>	<b>210,718</b>
Common equity	37,823	99,818	105,848	113,900	121,807
Minorities etc.	93	54	54	54	54
<b>Total shareholders' equity</b>	<b>37,916</b>	<b>99,872</b>	<b>105,903</b>	<b>113,954</b>	<b>121,861</b>
Long term debt	41,634	29,502	5,000	5,000	5,000
Other long-term liabilities	24,961	26,555	26,555	26,555	26,555
<b>Long-term liabilities</b>	<b>66,595</b>	<b>56,057</b>	<b>31,555</b>	<b>31,555</b>	<b>31,555</b>
A/C payable	28,898	44,000	47,944	48,188	49,198
Short term debt	9,169	4,868	4,868	4,868	4,868
Other current liabilities	2,402	2,862	3,110	3,159	3,236
<b>Current liabilities</b>	<b>40,469</b>	<b>51,730</b>	<b>55,922</b>	<b>56,214</b>	<b>57,302</b>
<b>Total liabilities and shareholders' equity</b>	<b>144,979</b>	<b>207,659</b>	<b>193,380</b>	<b>201,724</b>	<b>210,718</b>
Net working capital	18,291	12,980	16,263	16,125	15,628
Invested capital	94,675	94,573	116,724	126,895	129,523
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	4.20	8.32	8.82	9.49	10.15
Tangible book value per share	3.58	7.86	8.37	9.04	9.70
<b>Financial strength</b>					
Net debt/equity (%)	83.9	(31.9)	(14.9)	(11.9)	(15.5)
Net debt/total assets (%)	21.9	(15.3)	(8.1)	(6.7)	(9.0)
Current ratio (x)	1.7	2.4	1.7	1.6	1.7
CF interest cover (x)	(1.2)	(2.1)	3.6	(6.2)	(6.7)
Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>22.6</b>	<b>25.5</b>	<b>25.2</b>	<b>21.2</b>	<b>21.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>32.5</b>	<b>36.7</b>	<b>36.3</b>	<b>30.5</b>	<b>30.8</b>
Reported P/E (x)	22.6	25.5	25.2	21.2	21.4
Dividend yield (%)	2.0	1.8	1.9	2.0	2.0
Price/book (x)	5.9	3.0	2.8	2.6	2.5
Price/tangible book (x)	7.0	3.2	3.0	2.8	2.6
EV/EBITDA (x) **	19.7	15.6	14.6	11.4	10.2
EV/EBITDA @ target price (x) **	27.2	23.3	21.4	16.6	15.0
EV/invested capital (x)	2.7	2.8	2.4	2.3	2.2
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: PTT Oil and Retail Business; FSSIA estimates



## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description	Score Range
Excellent	90-100
Very Good	80-89
Good	70-79

**Disclaimer:**

The disclosure of the survey results 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 evaluation 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 results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIIK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute 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 Thaipat Institute that is 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, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

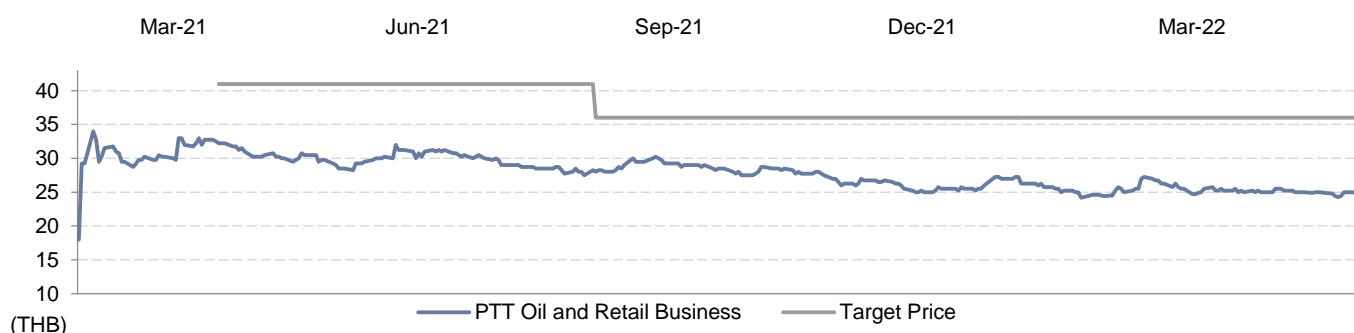
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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### History of change in investment rating and/or target price

#### PTT Oil and Retail Business (OR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Mar-2021	BUY	41.00	09-Aug-2021	BUY	36.00	-	-	-

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
PTT Oil and Retail Business	OR TB	THB 25.00	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 05-May-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.