

PTT Exp. & Production (PTTEP TB) - BUY, Price Bt157, TP Bt187**Results Comment**

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1Q24 – in-line

- PTTEP reported 1Q24 profit of Bt18.7bn, up marginally by 2% q-q but dropped 3% y-y. This is overall in-line with our and consensus estimate.
- Core profit dropped 4% q-q** due to a 2% decrease in the average selling price to US\$47.24/BOE, as well as a slight reduction in sales volume to 473,048 BOED. The decrease in sales volume was mainly due to lower crude loads from projects in Algeria. However, this was partly offset by an increase in sales volume from the G1/61 Project (Erawan), which significantly ramped up production to 800 mmscfd since 20 Mar 2024.
- Cost was dropped 7% q-q at US\$27.7/BOE** due to lower depreciation expense. Depreciation expense decreased by US\$31m, primarily from reserves revision upward from G2/61 Project and G1/61 Project.
- Non-recurring items.** The loss from non-operating items in 1Q24 was at US\$19m vs a loss of US\$89m in 4Q23. This is mainly from oil hedging loss amount US\$16m booked in 1Q24.
- Outlook.** We expect 2Q24F profit to trend marginally higher with rising volume and selling price. PTTEP guided sale volume to increase by 9% q-q. Maintain BUY.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	75,493	67,479	78,206	79,516	75,737	Revenue	(5)	0	26	295,760	301,115
Gross profit	41,530	36,243	39,905	40,090	37,452	Gross profit	(7)	(10)	26	144,732	140,148
SG&A	3,410	3,646	3,979	5,944	3,758	SG&A	(37)	10	20	18,801	19,471
Operating profit	38,120	32,597	35,925	34,146	33,694	Operating profit	(1)	(12)	27	125,931	120,677
EBITDA	54,703	51,907	58,058	57,442	55,924	EBITDA	(3)	2	26	215,458	218,205
Other income	2,312	2,720	2,404	2,900	3,075	Other income	6	33	26	11,768	13,358
Other expense	0	0	0	0	0	Other expense					
Interest expense	2,617	2,606	2,653	2,367	3,026	Interest expense	28	16	39	7,699	7,226
Profit before tax	37,815	32,711	35,676	34,679	33,743	Profit before tax	(3)	(11)	26	130,000	126,809
Income tax	18,199	13,283	17,035	15,186	14,922	Income tax	(2)	(18)	25	59,164	57,728
Equity & invest. income	419	331	320	407	362	Equity & invest. income	(11)	(14)	25	1,477	1,477
Minority interests	0	3	2	(4)	1	Minority interests	na		na	0	0
Extraordinary items	(753)	1,277	(862)	(1,612)	(502)	Extraordinary items	na	na	na	0	0
Net profit	19,281	21,040	18,101	18,284	18,683	Net profit	2	(3)	26	72,312	70,557
Normalized profit	20,034	19,762	18,963	19,896	19,185	Normalized profit	(4)	(4)	27	72,312	70,557
EPS (Bt)	4.86	5.30	4.56	4.61	4.71	EPS (Bt)	2	(3)	26	18.21	17.77
Normalized EPS (Bt)	5.05	4.98	4.78	5.01	4.83	Normalized EPS (Bt)	(4)	(4)	27	18.21	17.77
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24		1Q23	2Q23	3Q23	4Q23	1Q24
Cash & ST investment	146,716	116,504	110,997	144,386	191,245	Sales growth	10.8	(18.8)	(11.6)	(13.2)	0.3
A/C receivable	32,817	31,835	49,481	62,241	51,929	Operating profit growth	6.3	(24.3)	(13.1)	(18.2)	(11.6)
Inventory	19,349	22,250	22,649	20,914	22,074	EBITDA growth	3.3	(16.9)	(9.7)	(12.2)	2.2
Other current assets	10,488	9,991	17,601	7,260	8,245	Norm profit growth	6.5	(9.4)	(18.1)	(26.2)	(4.2)
Investment	9,586	9,965	9,684	9,768	10,165	Norm EPS growth	6.5	(9.4)	(18.1)	(26.2)	(4.2)
Fixed assets	412,818	439,328	451,115	440,271	470,023	Gross margin	55.0	53.7	51.0	50.4	49.5
Other assets	239,996	236,237	242,174	217,982	236,995	Operating margin	50.5	48.3	45.9	42.9	44.5
Total assets	871,771	866,110	903,701	902,821	990,677	EBITDA margin	72.5	76.9	74.2	72.2	73.8
S-T debt	8,774	3,713	3,293	3,560	3,482	Norm net margin	26.5	29.3	24.2	25.0	25.3
A/C payable	44,054	44,028	50,160	49,412	51,248	D/E (x)	0.2	0.2	0.2	0.2	0.2
Other current liabilities	46,295	17,226	26,949	35,619	50,396	Net D/E (x)	(0.1)	(0.0)	(0.0)	(0.1)	(0.2)
L-T debt	96,220	97,815	99,685	95,320	99,577	Interest coverage (x)	20.9	19.9	21.9	24.3	18.5
Other liabilities	196,188	202,335	208,439	219,468	234,068	Interest rate	9.6	10.1	10.4	9.4	12.0
Minority interest	0	115	113	116	215	Effective tax rate	48.1	40.6	47.7	43.8	44.2
Shareholders' equity	480,240	500,878	515,063	499,327	551,691	ROA	9.2	9.1	8.6	8.8	8.1
Working capital	8,112	10,057	21,970	33,743	22,755	ROE	16.9	16.1	14.9	15.7	14.6
Total debt	104,994	101,527	102,977	98,880	103,059						
Net debt	(41,723)	(14,976)	(8,020)	(45,506)	(88,186)						

Sources: Company data, Thanachart estimates

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