INITIATED REPORT

PTG ENERGY (PTG TB)

THAILAND / SET / ENERGY & UTILITIES

Globlex Securities Co., Ltd.

24 January 2025

Growth pillars on stellar non-oil unit

- Growths in LPG and Punthai are key catalysts
- A nimble play on high entrepreneur spirit to outpace industry
- Initiated with a BUY and a SoTP TP of THB10

Promising net profit growth on non-oil roadmap

PTG is now entering a new growth phase, propelled by non-oil businesses of LPG, café Punthai which are centered on PTG's proven success of its MAX card membership that not only financially drives up sales volumes of oil, LPG, coffee, and Autobacs, but also strategically create a highly loyal customer bases that are now the crux of PTG's growths. In 2023-26E, we project PTG's net profit growth of 18% CAGR, growing from THB1.0b in 2024E to THB1.5b in 2025E and THB1.8b in 2026E, mostly on non-oil earnings growths.

Dual growth drivers from non-oil businesses

PTG's net profit growth drivers will come from two key non-oil businesses of Punthai and LPG, on 1) Punthai's net profit of THB1.0b from c. THB0.2b in 2024E on its targeted expansion in the number of outlets from 1,000 in 2024 to 3,000 by 2027E. 2) net profit growth from the LPG-driven subsidiary, which contributed THB0.3b net profit to PTG in 2024 on expansions in market shares of cooking gas from current 10% to 20%, auto LPG from 31% to 35%, and advertising income from THB0.1b in 2024E to THB0.5b, all within 2027E.

Solid entrepreneur spirit ensures survival and growth

PTG has proven itself to be the strong and efficient company, growing its oil sales volumes both on sales volume per station per month and sales volume per day. Thanks to PTG's strong entrepreneur spirit and the fast and flexible strategic decisions to adapt to the fast-changing industry and regulatory environments, PTG is a nimble and strategic growth plays, in our view.

Growths in both quantity and quality in retail oil stations

Since 2012, PTG has grown its net profit from THB340m in 2012 to reach a THB1.9b high in 2020 before Covid-19 pandemic (2020-22) and government's interventions (2022-24). The key driver is PTG's expansion in number of oil stations on secondary roads (from 397 in 2012 to 2,201 stations in 3Q24) which will continue in 2025E-26E.

Initiated with a BUY and a TP of THB10

We initiated coverage on PTG with a BUY and a SoTP TP of THB10, applying different 2025E forward P/E of 9x for oil station, 15x for non-oil LPG and beverage, and 5x for biodiesel, to reflect different risk-reward characteristics. We think PTG's share price is now attractive, trading at prospective 8x 2025E P/E against its more visible and stronger net profit growth outlook from LPG, Punthai, and biodiesel.

Analyst

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ESG Rating : n.a.

CG Rating : n.a.

BUY

Target Price 12M (THB)	**10.00**
VS. BB Consensus TP (%)	-2.4%
Share Price (THB)	7.50
Upside/Downside	+33.3%

Share Data

Market Cap (THB m)	12,525.00
Par (THB)	1.00
Free Float (%)	58.34
Issued shares (m shares)	1,670

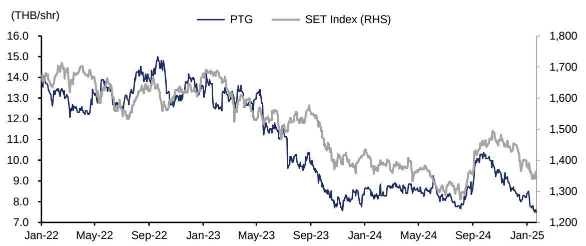
Financial forecast

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	199,048	218,486	239,697	263,059
Net profit	944	1,036	1,480	1,811
Core net profit	950	1,036	1,480	1,811
vs Consensus (%)	-	(9.7)	12.5	22.2
Net profit growth (%)	1.1	9.8	42.9	22.3
Core net profit growth (%)	2.4	9.1	42.9	22.3
EPS (THB)	0.57	0.62	0.89	1.08
Core EPS (THB)	0.57	0.62	0.89	1.08
Chg in core EPS (%)		0.00	0.00	0.00
DPS (THB)	0.35	0.19	0.27	0.33
P/E (x)	15.48	12.09	8.46	6.92
P/BV (x)	1.66	1.36	1.20	1.06
ROE (%)	11.22	11.50	15.08	16.34
Dividend yield (%)	4.00	2.48	3.55	4.34

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(7.41)	(21.47)	(7.41)	(8.54)
Market	(4.46)	(14.10)	(10.34)	(4.72)
12M High/Low (THB)				10.70 / 7.45



Major Shareholders (%) as of 27 Nov 2024

Ratchakit Holding Company Limited	25.12
Mr. Pongsak Vachirasakpanich	6.01
Thai NVDR Company Limited	5.75

Company Profile

PTG Energy Public Company Limited consists of eight groups of businesses as follows: 1) Oil (the Company?s core and original business) and Retail Business, 2) LPG Business, 3) Renewable Energy and Investment Business, 4) Logistics Business, 5) System and Equipment Management Business , 6) Food and Beverage Business 7) Auto Care and Maintenance Business, and 8) Electronic Money Business (e-Money). In this regard, the Company is determined to operate the business with the aim of satisfying consumers? needs in a comprehensive manner.

Source: SETSMART, SET

Growth pillars on stellar non-oil unit

Out of oil woods into non-oil sweet juices

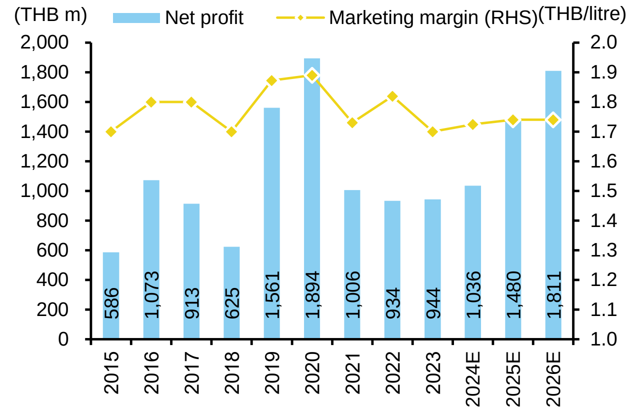
PTG is now entering a new growth phase, propelled by non-oil businesses of LPG, café Punthai which are centered on PTG's proven success of its MAX card membership that not only financially drives up sales volumes of oil, LPG, coffee, and Autobacs, but also strategically create a highly loyal customer bases that are now the crux of PTG's growths.

In 2023-26E, we project PTG's net profit growth of 18% CAGR, growing from THB1.0b in 2024E to THB1.5b in 2025E and THB1.8b in 2026E. Our projected net profit is still highly conservative considering that

1) PTG aims to grow its net profit from Punthai to THB1.0b from c. THB0.2b in 2024E on its targeted expansion in the number of outlets from 1,000 in 2024 to 3,000 by 2027E

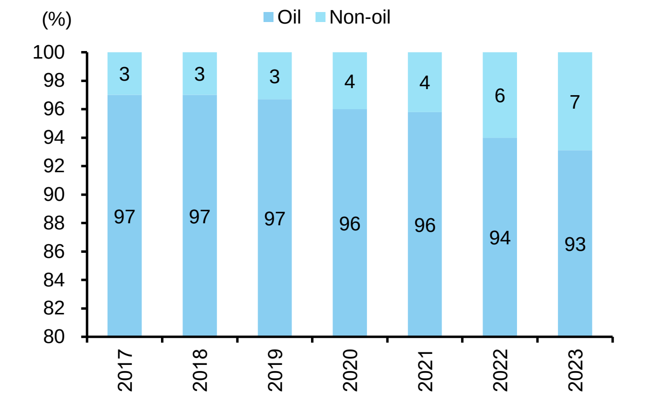
2) net profit growth from the soon-to-IPO LPG-driven Atlas subsidiary, which contributed THB0.3b net profit to PTG in 2024. The expansions in market shares of cooking gas from current 10% to 20%, auto LPG from 31% to 35%, and advertising income from THB0.1b in 2024E to THB0.5b, all within 2027E, will be significant and visible earnings upsides to our projected net profit forecasts in 2025E-26E.

Exhibit 1: Net profit and marketing margin



Sources: PTG; Globlex Research

Exhibit 2: Revenue breakdown (%)



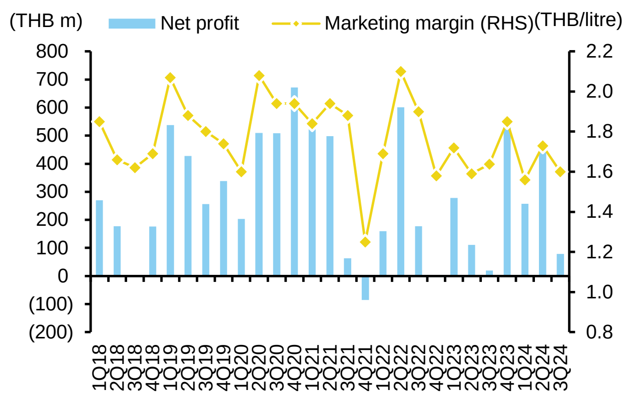
Sources: PTG; Globlex Research

Non-oil revenue growth is key. In 2025E-2E. Aside from PTG's aggressive expansion in the number of retail oil stations, the growing revenue from non-oil businesses, including LPG, café Punthai, and Autobacs' auto services, have been the hidden drivers for PTG's resilient profitability, timely yet partially offsetting the negative impacts of the regulatory risk from the government's diesel price cap and the marketing margin (MM) intervention that have been the devils to PTG's net profit visibility in the past few years.

The high quarterly net profit volatility in 2021-24 has been caused mostly by the government's interventions for the diesel price cap and the MM cap. Given PTG's high sensitivity to the change in MM, estimated to every cut in THB0.1/litre MM will result in THB0.4-0.5b net profit drops, we think PTG's currently poor net profits are the outcomes of the uncontrollable factor of government's policy.

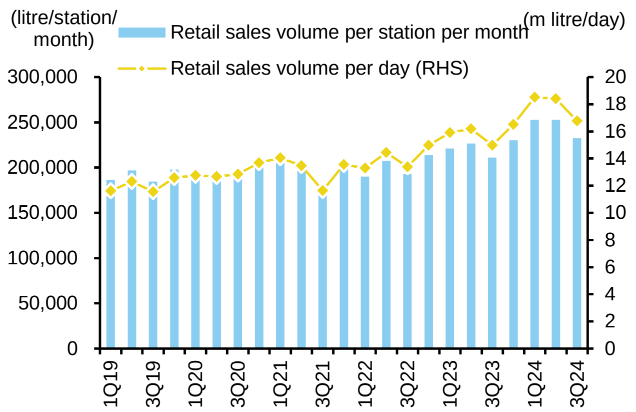
Solid entrepreneur spirit ensures survival and growth. However, PTG still proves itself to be the strong and efficient company, successfully and consistently growing its oil sales volumes both on sales volume per station per month and sales volume per day. Thanks to PTG's strong entrepreneur spirit and the fast and flexible strategic decisions to adapt to the fast-changing industry and regulatory environments and to adopt growth strategy to fit with the advent of new opportunities, PTG is one of Thailand's most nimble and strategic growth plays, in our view.

Exhibit 3: Net profit vs marketing margin



Sources: PTG

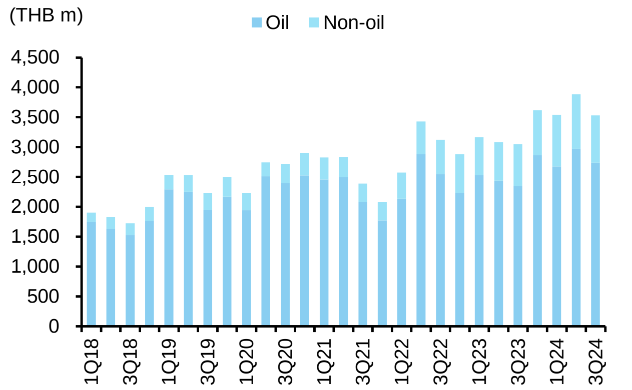
Exhibit 4: Retail oil sales volume per station per month vs retail sales volume per day



Sources: PTG

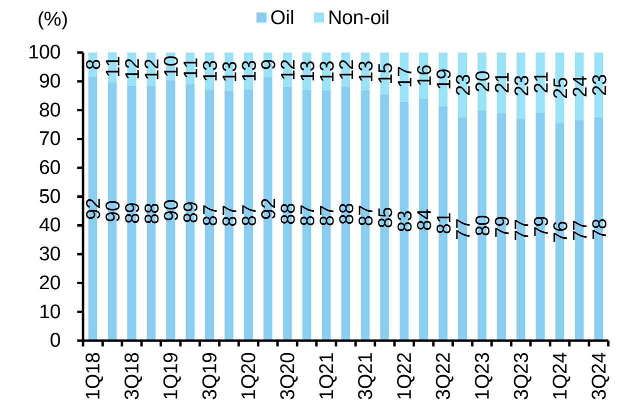
Non-oil growth from twin drivers. Starting in 2025E onwards, we expect PTG's gross and net profit structure to change significantly, moving from predominant oil-driven company to a more balanced oil & non-oil growth company. We project gross profit from non-oil businesses will rise from current 23% of total gross profit in 3Q24 to 45-50% by 2027E.

Exhibit 5: Gross profit breakdown



Sources: PTG

Exhibit 6: Gross profit breakdown (%)

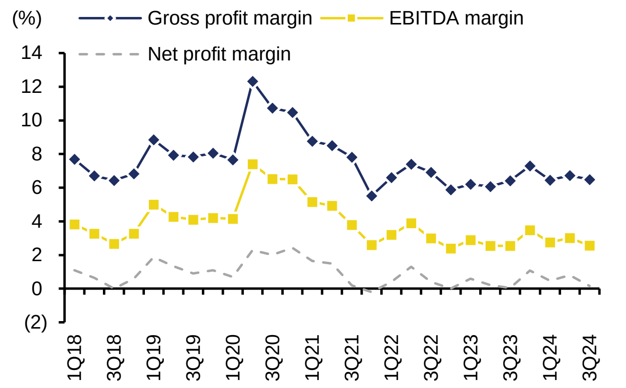


Sources: PTG

Higher EBITDA margin on non-oil growths. Thanks to high EBITDA margin of non-oil businesses, we think the growths in non-oil EBITDA will improve PTG's overall EBITDA margin from 2.6% in 3Q24 to 5-10% by 2026E, driven by the rising EBITDA from LPG and café Punthai.

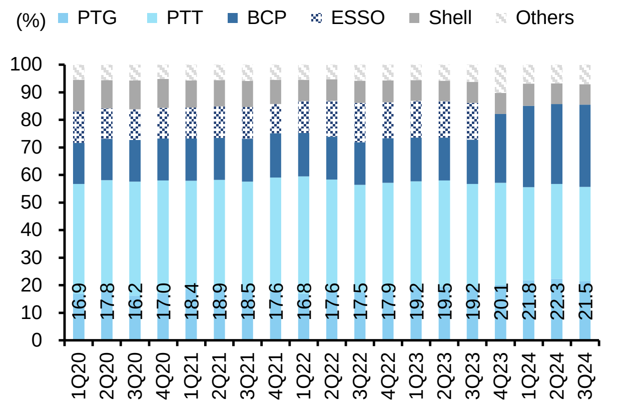
PTG has been successful in growing its number of oil and LPG stations to command consistently higher market shares in Thailand's retail oil station business, which rises from 16.9% in 1Q20 to 21.5% in 3Q24. In deed back a decade ago PTG's market share was only 5-6%, and it has since quadrupled in the past two decades.

Exhibit 7: Profitability



Sources: PTG

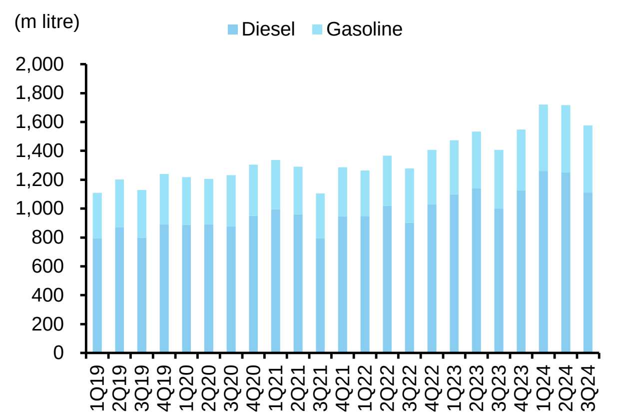
Exhibit 8: Retail oil market share



Sources: EPPO

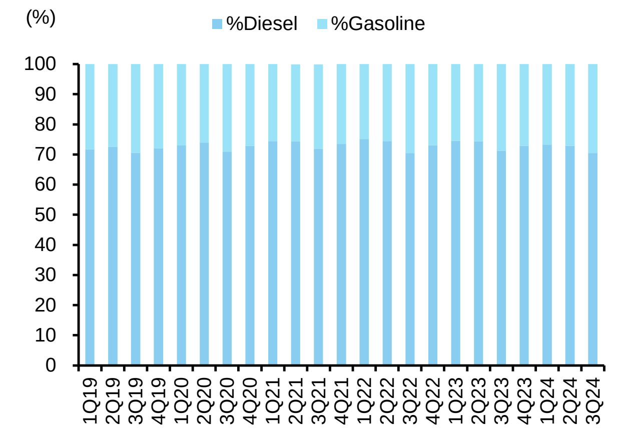
High diesel exposure poses risk to PTG. While Thailand has around 65% diesel sales proportion, PTG has focused on diesel sales volume to the large transportation fleets, which consumes a great amount of diesel. Thereby PTG's sales volume proportion is dominated by diesel at 70-75%, higher than Thailand's 65%. Unfortunately, as diesel is a strategic fuel used for transportations, Thai government has always intervened in the diesel price, resulting in PTG's earnings losses.

Exhibit 9: Sales volume by products



Sources: PTG

Exhibit 10: Sales volume by products (%)



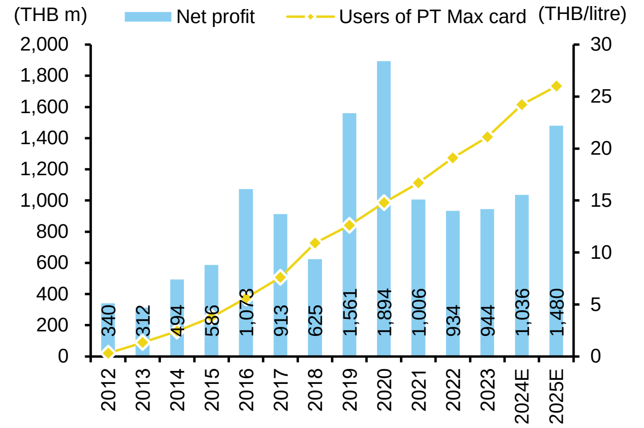
Sources: PTG

Growths in both quantity and quality in retail oil stations. Since 2012, PTG has grown its net profit from THB340m in 2012 to reach a THB1.9b high in 2020 before the Covid-19 pandemic came in 2020-22 and then the government's interventions hit throughout 2022-24. The key driver is PTG's strategy to expand its number of oil stations on the secondary road networks nationwide as its arch rivals including PTT (OR), BCP, ESSO, SHELL, and CALTEX, had all focused only on major roads, leaving demand rooms for PTG.

As PTG's number of stations increases from 397 stations in 2012 to 2,201 stations as of 3Q24 (+5.5x), PTG's net profits has grown organically by 5.6x, slightly better than the growths in number of stations added.

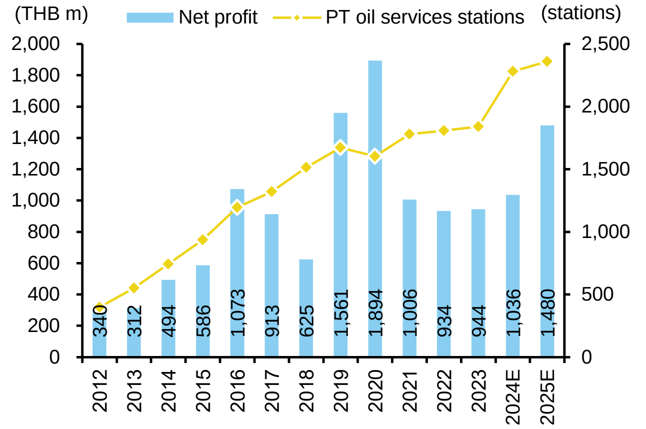
Max card: PTG's success factor. The key success factors for the net profit growths from 2012 to 2020 (without government's interventions and Covid-19 pandemic) are the success of PTG's MAX card program, which has created a highly loyal customer base of over 24m as of 2024, up from a mere 0.3m in 2012.

Exhibit 11: Net profit vs number of MAX card users



Sources: PTG; Globlex Research

Exhibit 12: Net profit vs the number of oil stations



Sources: PTG; Globlex Research

MAX card plus – a game changer. In 2023, PTG introduced a new paid membership MAX card plus, with an annual membership fee of THB599. Ever since the number of MAX card plus has risen from 0.2m in 2023 to over 1m as of 3Q24 and is projected to rise further to 2.0m by the end of 2025E.

Exhibit 13: MAX card plus (red) and EV (green)

Sources: PTG

Exhibit 14: Shops eligible for MAX card plus and EV

Sources: PTG

MAX card plus (red) for ICE vehicle and MAX card EV (green) for EVs are two paid membership cards introduced by PTG to timely and fully cover both segments currently competing in Thailand's retail oil market. According to management, the two types of MAX card plus (red and green) have proven to be highly effective to not only draw new customers into PTG's oil, LPG, and charger facilities but also create a solid customer royalty that has now become PTG's core value and growth.

Exhibit 15: MAX card plus EV benefits

ร้านค้า	สิทธิประโยชน์	จำนวนสิทธิ์	เงื่อนไข
eleXa	ส่วนลด 50 บาท ค่าบริการชาร์จไฟ ที่ EleX by EGAT	2 สิทธิ์ ต่อเดือน	• รับโค้ดส่วนลด ได้ที่ แอปพลิเคชั่น Max Me
LPG	ส่วนลด 50 สตางค์/ลิตร สำหรับน้ำมันใสหรือ LPG	100 ลิตร ต่อเดือน	• แสดงบัตร Max Card Plus EV ที่สถานีบริการน้ำมันหรือ L...
Coffee World	ส่วนลด 50% เครื่องดื่ม ร้อน/เย็น/ปั่น	10 แก้ว ต่อเดือน	• แสดงบัตร Max Card Plus EV ที่ร้านกาแฟพันธุ์ไทยหรือค...
AUTOBACS	ซื้อยางรถยนต์ 3 แถม 1 (เฉพาะรุ่นที่กำหนด)	1 สิทธิ์ ต่อรอบอายุบัตร	• แสดงบัตร Max Card Plus EV ที่ศูนย์ซ่อมบำรุงรถยนต์ออโ...
	ฟรี! เปลี่ยน/เติมลมยาง ไนโตรเจน และ Safety Check 25 รายการ	ไม่จำกัด	
	ส่วนลด 15% ค่าอะไหล่ซ่อมบำรุง		
	ส่วนลด 20% อุปกรณ์เสริมในรถยนต์		
	ฟรี! ค่าบริการรถยก มูลค่า 1,800 บาท	2 สิทธิ์ ต่อรอบอายุบัตร	• เรียกใช้บริการ โทร 1614 กด 2 ตลอด 24 ชม.
Lamina DIGITAL	ส่วนลด 30%* ค่าฟิล์มติดรถยนต์ Lamina (ไม่รวม Sunroof) หรือ ฟรี! Lamina Power Sunroof* เมื่อติดตั้งรอบคันรวมบานหน้า ในราคาปกติ	ไม่จำกัด	• แสดงบัตร Max Card Plus EV ที่ศูนย์ติดตั้งฟิล์ม Lamina ...
bolttech	ส่วนลด 10% ค่าประกันรถยนต์ EV	ไม่จำกัด	• ทำรายการได้ที่ www.maxcardplus.com/maxplus
	ซื้อ พ.ร.บ. ราคาพิเศษ รถเก๋ง ราคา 555.21 บาท (ปกติ 645.21บาท) รถกระบะ ราคา 832.28 บาท (ปกติ 967.28บาท)		

Sources: PTG

Thanks to attractive benefits offered via MAX card plus, customers have returned repeatedly to vehicle tanks with fuels, LPG, and electricity for EVs; and 2) quench their thirsts with beverages from Punthai café.

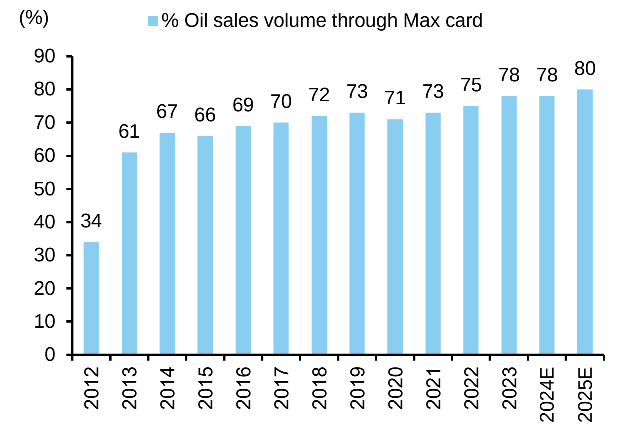
Exhibit 16: MAX card plus (red) benefits

ร้านค้า	สิทธิประโยชน์	จำนวนสิทธิ์	เงื่อนไข
LPG	ส่วนลด 50 สตางค์/ลิตร สำหรับน้ำมันใสหรือ LPG	200 ลิตร ต่อเดือน	- แสดงบัตร Max Card Plus ที่สถานีบริการน้ำมันหรือ LPG ...
LPG	ส่วนลด 20 สตางค์/ลิตร สำหรับ LPG นับลิตรต่อจากส่วนลด 50 สตางค์ แต่ไม่เกินลิตรที่ 800	600 ลิตร ต่อเดือน	
Coffee World	ส่วนลด 50% เครื่องดื่ม ร้อน/เย็น/ปั่น	10 แก้ว ต่อเดือน	- แสดงบัตร Max Card Plus ที่ร้านกาแฟพันธุ์ไทยหรือคอฟ...
	ส่วนลด 100 บาท สำหรับการซื้อถังใหม่ สลับถังต่างแบรนด์ หรือ สลับถังพีที	1 สิทธิ์ ต่อรอบอายุบัตร	- แสดงบัตร Max Card Plus ที่ร้านก๊าซหุงต้มของ PT ที่ร่วม...
	ส่วนลด 50 บาท สำหรับการซื้อถังใหม่ สลับถังต่างแบรนด์ หรือ สลับถังพีที	12 สิทธิ์ ต่อรอบอายุบัตร	
max mart	ซื้อสินค้า 1 แถม 1 น้ำดื่ม Maxmart ขนาด 1,500 มล. (แพ็ค 6 ขวด) หรือ โค้ก ขนาด 1 ลิตร (1 ขวด) หรือ เป๊ปซี่ ขนาด 1 ลิตร (1 ขวด)	5 สิทธิ์ ต่อเดือน	- แสดงบัตร Max Card Plus ที่ร้านแมกซ์มาร์ทที่ร่วมรายการ
Delivery 1614	ฟรี! ค่าบริการจัดส่งน้ำมันฉุกเฉิน มูลค่า 100 บาท	1 สิทธิ์ ต่อรอบอายุบัตร	- กรณีน้ำมันหมดฉุกเฉิน โทร 1614 กด 2
Maxnitron	ส่วนลด 60% น้ำมันเครื่องกลุ่มสังเคราะห์ (เฉพาะรุ่นที่กำหนด) PT Maxnitron Synthetic 20000 5W-30 PT Maxnitron Ultra Synthetic Diesel 5W-30	2 สิทธิ์ ต่อรอบอายุบัตร	- แสดงบัตร Max Card Plus ที่สถานีบริการน้ำมัน หรือ LPG...
	ส่วนลด 50% น้ำมันเครื่อง PT Maxnitron Ultra Diesel Pro 15W-40 6+1L		
	ส่วนลด 60% หัวเชื้อ PT Maxnitron Booster (ชนิดใดก็ได้)	2 สิทธิ์ ต่อเดือน	
AUTOBACS	ซื้อยางรถยนต์ 3 แถม 1 (เฉพาะรุ่นที่กำหนด)	1 สิทธิ์ ต่อรอบอายุบัตร	- แสดงบัตร Max Card Plus ที่ศูนย์ซ่อมบำรุงรถยนต์ออโต้แ...
	ส่วนลด 15% ค่าอะไหล่ซ่อมบำรุง	ไม่จำกัด	
	ส่วนลด 20% อุปกรณ์เสริมในรถยนต์		
	ฟรี! เปลี่ยน/เติมลมยาง ไนโตรเจน และ Safety Check 25 รายการ		
bolttech	ซื้อ พ.ร.บ. ราคาพิเศษ รถเก๋ง ราคา 555.21 บาท (ปกติ 645.21บาท) รถกระบะ ราคา 832.28 บาท (ปกติ 967.28บาท)	ไม่จำกัด	- ทำรายการใน www.maxcardplus.com/maxplus/Login ...
พีทีทัวร์	ส่วนลด 8% ต่อคำสั่งซื้อ เมื่อซื้อแพ็กเกจบน Patoice ขั้นต่ำ 500 บาท	500 บาท ต่อเดือน	- ทำรายการที่ www.patice.com
	รับ Max Point 3 เท่า เมื่อซื้อแพ็กเกจบน Patoice (50 บาท = 3 แต้ม)	ไม่จำกัด	

Sources: PTG

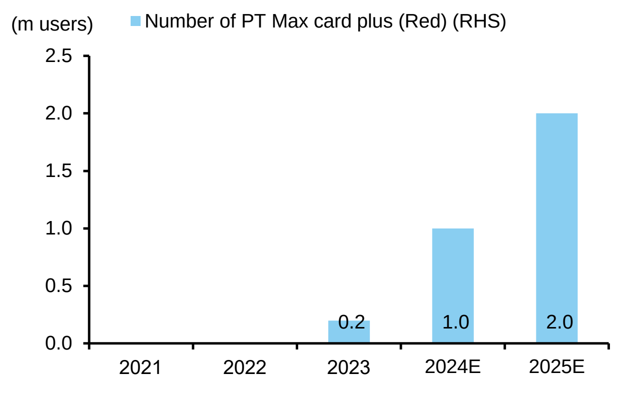
Management expects that in 2024, 78% of oil sales volumes will come from MAX Card Plus memberships, which were introduced to the market earlier. The rapid success of MAX card plus even with THB599 paid fees come from the benefits of the deep discounts for oil, LPG, and drinks offered to members, which are far higher than THB599 fee.

Exhibit 17: % oil sales volume from MAX card plus



Sources: PTG; Globlex Research

Exhibit 18: Number of MAX card plus

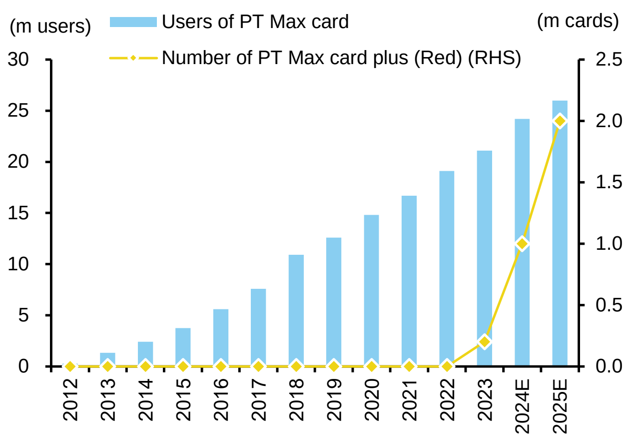


Sources: PTG; Globlex Research

Prior to the introduction of the fee-based MAX card plus in 2023, PTG has already introduced a free-based MAX card to customers. The number of MAX cards has risen from 0.3m in 2012 to 24m in 3Q24. However, given the nature of "free" cards and lower benefits than the fee-based MAX card plus, the % of sales volumes for oil, LPG, and drinks, have been far lower than 78%-80% for MAX card plus.

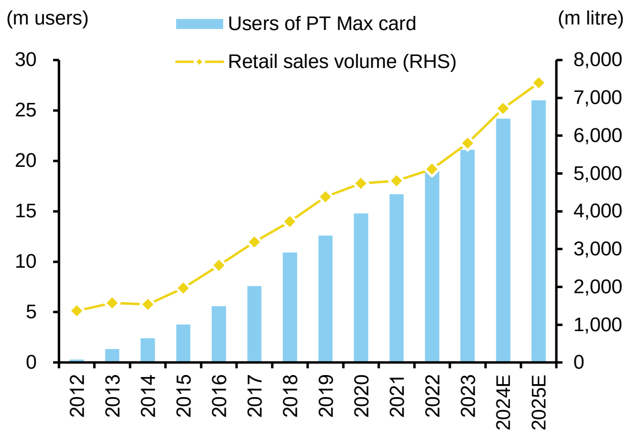
Catch me if you can. The effectiveness of PTG's MQAX card campaign cannot be underestimated, with the retail sales volumes of all products under PTG's network – whether oil, LPG, beverages, Autobacs services, Max mart – have all shot up phenomenally. The high and resilient demand stickiness of these products have been so successful that now most competitors have to follow PTG's footstep in using card membership campaign to only "retain" their customer base as the customer attrition rates has skyrocketed in the past few years, off course away from them to PTG.

Exhibit 19: Number of MAX card users and MAX card plus users



Sources: PTG; Globlex Research

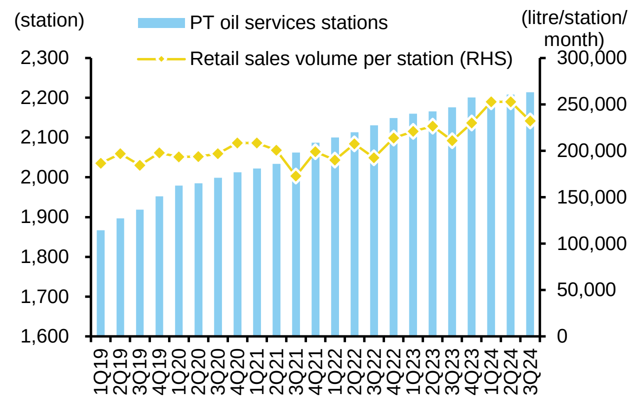
Exhibit 20: Number of MAX card vs retail sales volume



Sources: PTG; Globlex Research

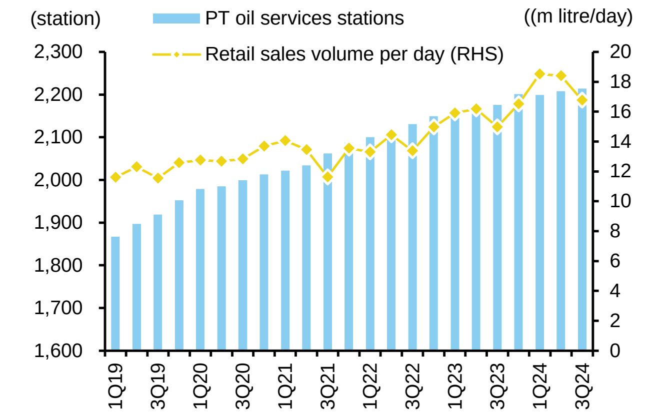
The combined impacts of MAX card plus and PTG's timely expansion in the numbe3r of new stations on secondary roads have propelled PTG's total oil sales volumes and the oil sales volume per stations and per day. These reflect PTG's focus on both growth and quality of services, resulting in PTG's rising position to become Thailand's second largest retail oil play before BCP acquired ESSO in 4Q23.

Exhibit 21: Number of oil stations vs retail sales volume per station



Sources: PTG

Exhibit 22: Number of oil stations vs retail sales volume per day



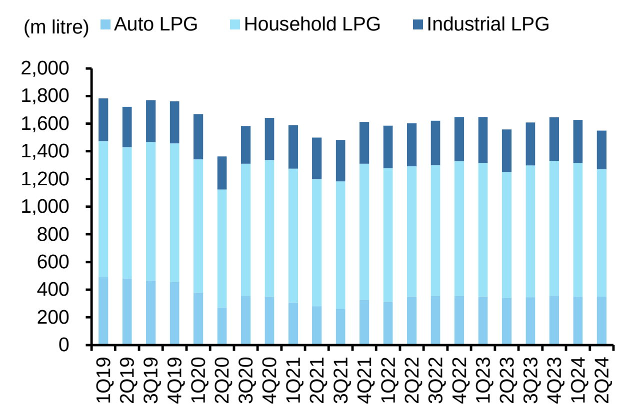
Sources: PTG

Driver#1: LPG growth into cooking and advertising

PTG's subsidiary Atlas Energy (ATL) has filed for IPO and has an ambitious growth plan to grow its net profit in 2025E-26E. Since its inception in 2020, ATL has grown its LPG sales volumes significantly from 19m litres in 1Q18 to 161m litres in 3Q24.

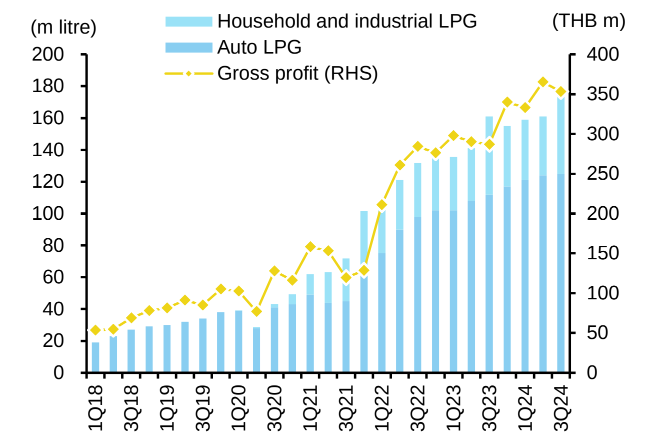
Most of the volume growths come from household and auto LPG, growing gross profit from THB50m in 1Q18 to THB350m in 3Q24. The volume growths are driven by the growing LPG sales volumes from auto LPG, which has grown from 19m litres in 1Q18 to 125m litres.

Exhibit 23: Thailand's LPG sales volume



Sources: EPPO

Exhibit 24: PTG's LPG sales volume breakdown

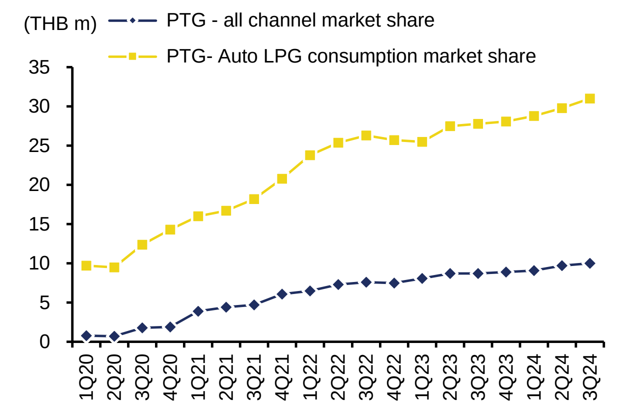


Sources: PTG

Operating via its subsidiary Atlas, PTG's LPG venture has grown its market shares from a mere 10% for all channels in 1Q20 to 31% in 3Q24, driven by the sales volume growth of auto LPG, which has risen from 0.8m liters in 1Q20 to 10m liters in 3Q24 with a market share of 31%, based on our estimate.

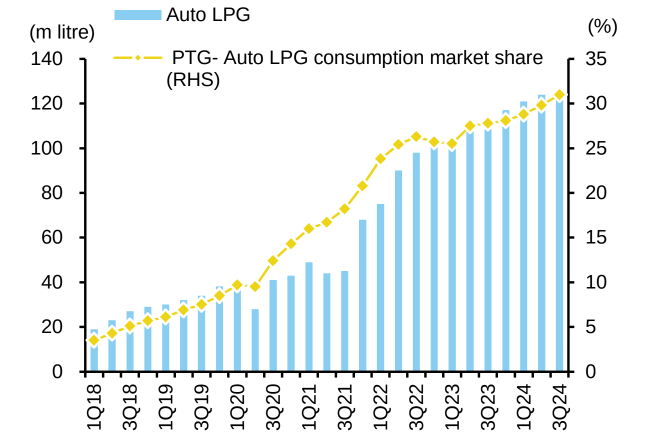
Stable and lucrative marketing margins for LPG. Unlike retail oil sales volumes whose marketing margins are highly exposed to the regulatory risk from the government's policies of diesel price cap and marketing margin cap, the marketing margins of LPG are more predictable at the government's mandated levels, thereby generating stable margins to PTG.

Exhibit 25: Market shares for oil sales volumes – all channels and retail oil station channel



Sources: PTG

Exhibit 26: PTG's auto LPG sales volume and market share

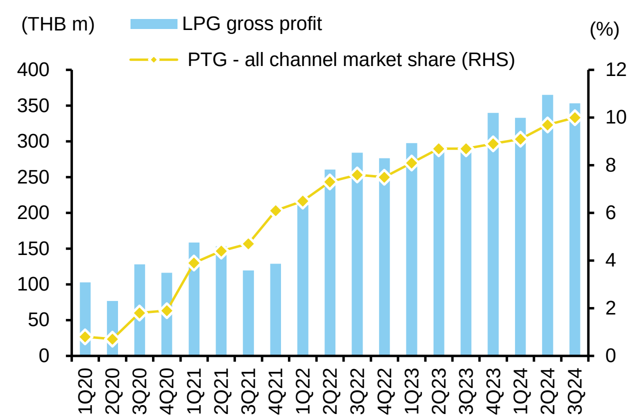


Sources: PTG

The marketing margins of LPG are high at THB3.5/liter for auto LPG and THB3.0/liter for cooking gas, thanks to PTG's integrated supply chain of distribution channels and filling stations that leverage on PTG's extensive Company-Owned, Company-Operated (COCO) retail oil & LPG stations nationwide.

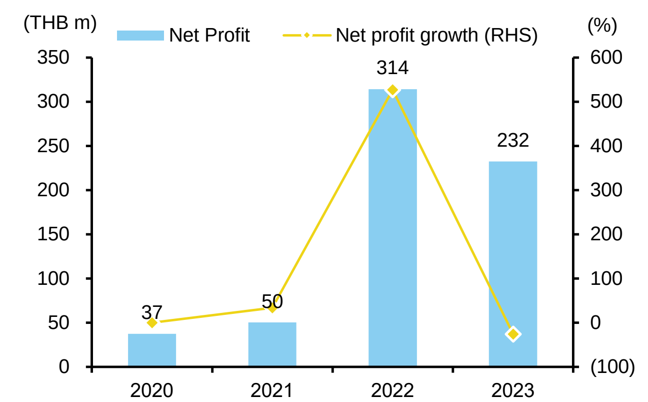
PTG's LPG business has generated net profits of THB232m in 2023, down from THB314m in 2022 due to the drops in marketing margins of oil sales on the government's price cap policies. In 1H24 LPG's net profit is THB172m, up 36% y-y on higher sales volume and the absence of the depressed marketing margins for oil sales.

Exhibit 27: PTG's LPG gross profit vs market share



Sources: PTG

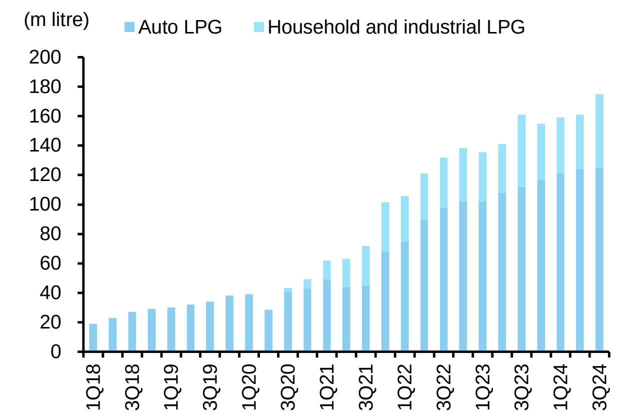
Exhibit 28: PTG's LPG net profit vs net profit growth



Sources: PTG

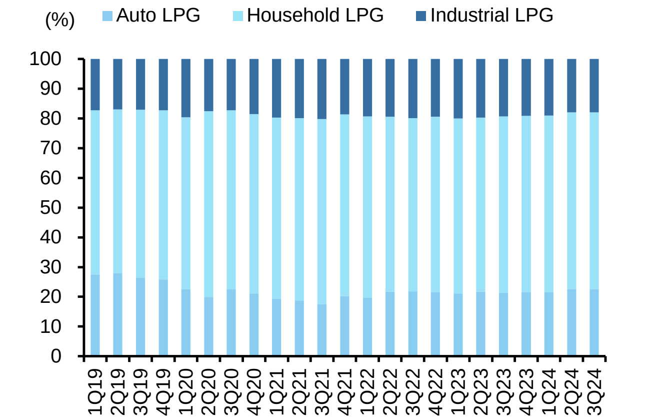
PTG plans to grow its LPG business via the increase in sales volume for cooking gas segment, with a market share rising from current 10% to 15-20% in 2026-27. While Thailand's LPG demand growth for cooking gas is low, we think PTG should be able to raise its market share thanks to the advantages of PTG's strong network channels.

Exhibit 29: PTG's LPG sales breakdown



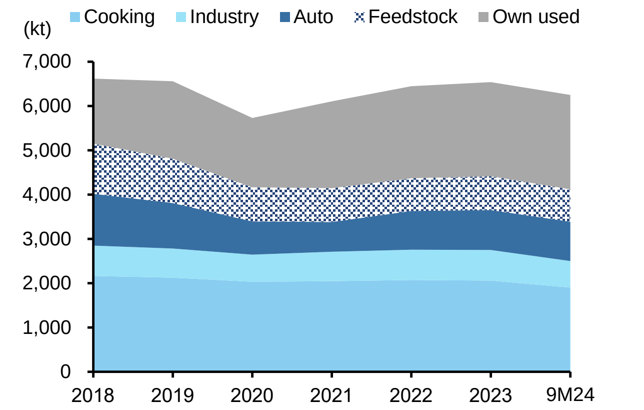
Sources: PTG

Exhibit 30: PTG's LPG sales breakdown (%)



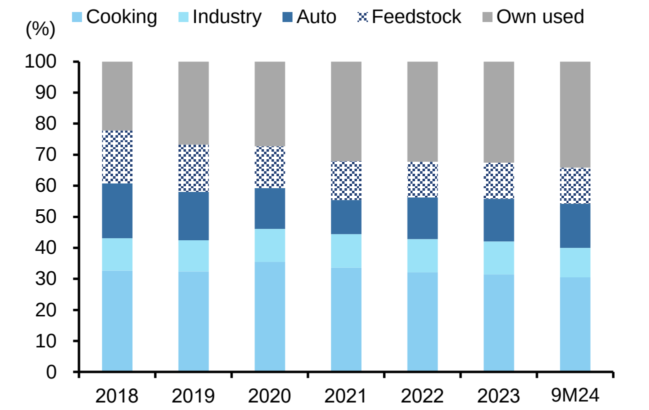
Sources: PTG

Exhibit 31: LPG demand breakdown by source



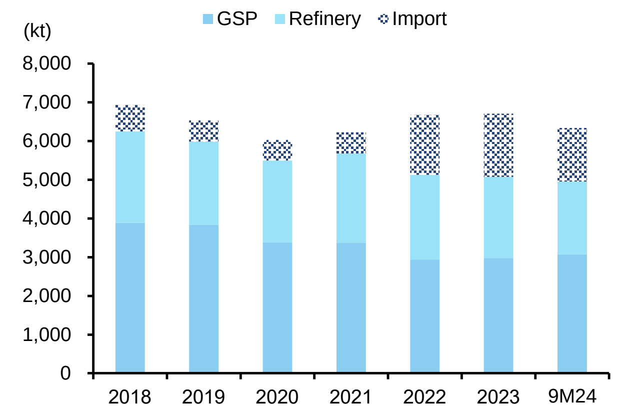
Sources: DOEB

Exhibit 32: LPG demand breakdown by source (%)



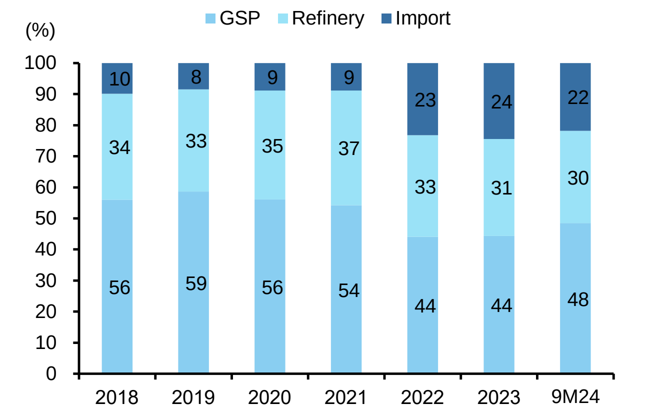
Sources: DOEB

Exhibit 33: LPG supply by source



Sources: DOEB

Exhibit 34: LPG supply by source



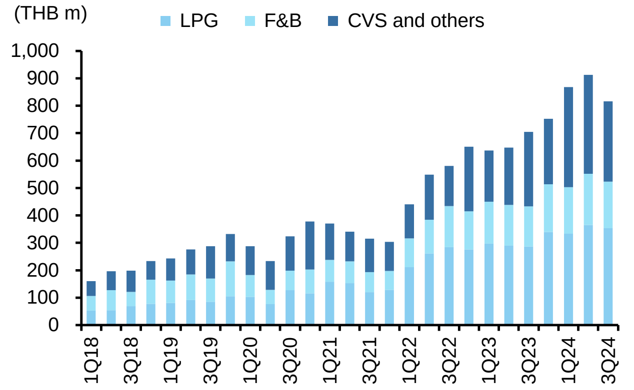
Sources: DOEB

Driver#2: Punthai – Elephant is roaring

Target to achieve THB1.0b net profit in 2027E

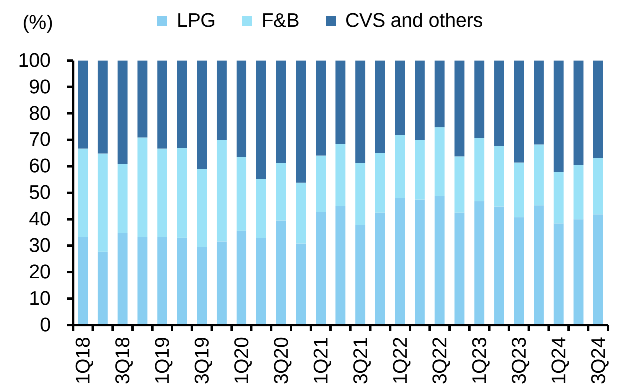
PTG is now at the inflection point to see a strong net profit growth from its Café Punthai, whose unique products of Thai-taste beverages and Thai elephant brand differentiate Punthai from its competitors like Café Amazon or even Starbucks.

Exhibit 35: PTG's non-oil revenue breakdown



Sources: PTG

Exhibit 36: PTG's non-oil revenue breakdown (%)

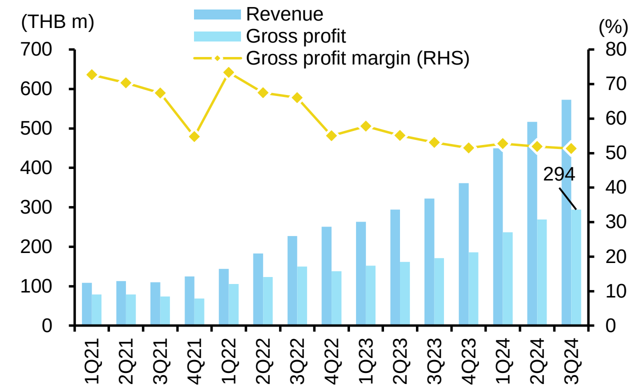


Sources: PTG

Punthai is one of PTG's three non-oil drivers – LPG, F&B (Punthai), CVS – which help propel PTG's gross profits, contributing 24.5% of total gross profit in 3Q24, up from 18.5% in 2022. Punthai's gross profit has grown from a mere THB84m in 2017 to THB670m in 2023 and THB800m in 9M24, driven by the expansion of Punthai's outlets from 281 outlets in 1Q21 to 1,128 in 3Q24.

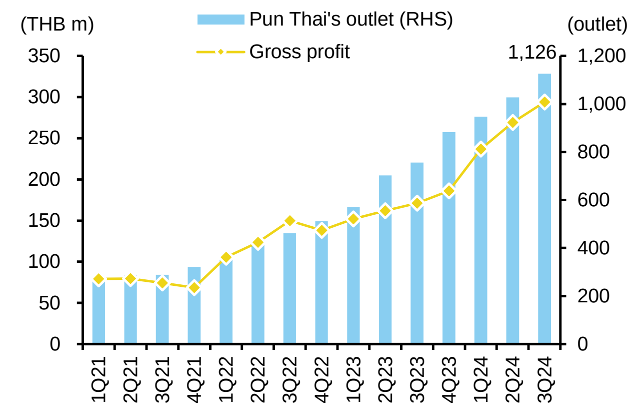
THB1.0b net profit target from Punthai's 3,000 outlets by 2027E. PTG plans to expand its number of Punthai's outlets to 3,000 by 2027 to generate a net profit of THB1.0b. In 9M24, we estimate that Punthai generated a net profit contribution of THB0.3b to PTG on the reported gross profit of THB0.8b and 1,128 outlets. Hence, if PTG increases its number of outlets to 3,000, we think PTG's THB1.0b net profit contribution from Punthai is highly achievable.

Exhibit 37: Punthai's revenue, gross profit, and gross profit margin



Sources: PTG

Exhibit 38: Punthai's number of outlets vs gross profit



Sources: PTG

Initiated with a BUY and a TP of THB10

We initiated coverage on PTG with a BUY and a SoTP TP of THB10. We applied different 2025E forward P/E of 9x for oil station, 15x for non-oil LPG and beverage, and 5x for biodiesel, to reflect different risk-reward characteristics. We think PTG's share price is now attractive, trading at 8x 2025E P/E against its more visible and stronger net profit growth outlook from LPG, Punthai, and biodiesel, which we expect to see earnings recovery on the back of the declining feedstock cost and higher demands.

Exhibit 39: SoTP valuation

PTG valuation	THB m	THB/shr	Comments
Oil station	7,788	4.7	At 9x FY25E P/E
Non-oil	10,092	6.1	At 15x FY25E P/E
Biodiesel	566	0.4	At 5x FY25E P/E
Net debt	(1,718)	(1.1)	FY25E net debt
Total value	16,727	10.0	

Sources: PTG; Globlex Research

Balance sheet (THB m)					
Year ending Dec	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Current assets					
Cash & ST investment	2,071	3,381	5,929	9,719	14,215
Account receivable	899	1,108	1,337	1,589	1,865
Inventories	2,154	3,330	3,684	4,040	4,436
Others	0	20	22	24	26
Non-current assets					
Net fixed assets	12,356	13,202	11,782	9,891	7,567
Others	27,654	25,891	25,891	25,891	25,891
Total Assets	**45,135**	**46,932**	**48,646**	**51,155**	**54,001**
Current liabilities					
Account payable	6,961	10,340	11,441	12,546	13,775
ST borrowing	6,427	4,548	4,684	4,778	4,874
Others	211	1,321	1,450	1,591	1,746
Long-term liabilities					
Long-term debts	3,066	3,604	3,500	3,500	3,500
Others	20,195	18,192	18,192	18,192	18,192
Total liabilities	**36,860**	**38,006**	**39,268**	**40,608**	**42,087**
Pai-up capital	1,670	1,670	1,670	1,670	1,670
Retained earnings	5,441	6,076	6,527	7,697	9,063
Others	1,040	1,035	1,035	1,035	1,035
Minority interest	124	145	145	145	145
Shareholders' equity	**8,275**	**8,926**	**9,377**	**10,547**	**11,914**

Profit & loss (THB m)					
Year ending Dec	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Revenue	**179,613**	**199,048**	**218,486**	**239,697**	**263,059**
Cost of goods sold	(164,223)	(182,536)	(201,971)	(221,478)	(243,165)
Gross profit	**15,390**	**16,512**	**16,516**	**18,219**	**19,895**
Operating expenses	(9,765)	(11,009)	(10,924)	(11,985)	(13,153)
Operating profit	**5,625**	**5,503**	**5,591**	**6,234**	**6,742**
EBIT	**2,434**	**2,150**	**2,084**	**2,657**	**3,093**
Depreciation	(3,191)	(3,353)	(3,507)	(3,577)	(3,649)
EBITDA	**5,625**	**5,503**	**5,591**	**6,234**	**6,742**
Non-operating income	**173**	**176**	**179**	**183**	**187**
Other incomes	173	176	179	183	187
Other non-op income	0	0	0	0	0
Non-operating expense	**(1,123)**	**(1,128)**	**(939)**	**(948)**	**(966)**
Interest expense	(1,123)	(1,128)	(939)	(948)	(966)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	(177)	33	0	0	0
Pre-tax Profit	**1,307**	**1,232**	**1,324**	**1,892**	**2,314**
Extraordinary items	7	(6)	0	0	0
Current taxation	(361)	(261)	(288)	(412)	(504)
Minorities	(19)	(22)	0	0	0
Net Profit	**934**	**944**	**1,036**	**1,480**	**1,811**
Core net profit	**927**	**950**	**1,036**	**1,480**	**1,811**
EPS (THB)	**0.56**	**0.57**	**0.62**	**0.89**	**1.08**
Core EPS (THB)	**0.56**	**0.57**	**0.62**	**0.89**	**1.08**

Key ratios					
Year ending Dec	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Growth (y-y%)					
Sales	34.1	10.8	9.8	9.7	9.7
Operating profit	11.6	(2.2)	1.6	11.5	8.1
EBITDA	11.6	(2.2)	1.6	11.5	8.1
Net profit	(7.2)	1.1	9.8	42.9	22.3
Core net profit	(7.9)	2.4	9.1	42.9	22.3
EPS	(7.2)	1.1	9.8	42.9	22.3
Core EPS	(7.9)	2.4	9.1	42.9	22.3
Profitability (%)					
Gross margin	8.6	8.3	7.6	7.6	7.6
Operation margin	3.1	2.8	2.6	2.6	2.6
EBITDA margin	3.1	2.8	2.6	2.6	2.6
Net margin	0.5	0.5	0.5	0.6	0.7
ROE	11.4	11.2	11.5	15.1	16.3
ROA	3.9	1.4	3.5	4.3	4.7
Stability					
Interest bearing debt/equity (x)	1.1	0.9	0.9	0.8	0.7
Net debt/equity (x)	0.9	0.5	0.2	n.a.	n.a.
Interest coverage (x)	2.2	1.9	2.2	2.8	3.2
Interest & ST debt coverage (x)	0.3	0.4	0.4	0.5	0.5
Cash flow interest coverage (x)	0.1	0.2	0.1	0.1	0.2
Current ratio (x)	0.4	0.5	0.6	0.8	1.0
Quick ratio (x)	0.2	0.3	0.4	0.6	0.8
Net debt (THB m)	7,421	4,772	2,256	(1,441)	(5,841)
Activity					
Asset turnover (X)	4.0	4.3	4.6	4.8	5.0
Days receivables	0.0	0.0	0.0	0.0	0.0
Days inventory	4.9	5.5	6.3	6.4	6.4
Days payable	0.0	0.0	0.0	0.0	0.0
Cash cycle days	4.9	5.5	6.3	6.4	6.4

Cash flow (THB m)					
Year ending Dec	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Operating cash flow	**5,479**	**7,558**	**5,367**	**5,877**	**6,356**
Net profit	934	944	1,036	1,480	1,811
Depre.& amortization	3,191	3,353	3,507	3,577	3,649
Change in working capital	1,181	3,085	644	636	710
Others	173	176	179	183	187
Investment cash flow	**(3,891)**	**(4,152)**	**(1,907)**	**(1,507)**	**(1,150)**
Net CAPEX	(1,176)	(1,446)	(1,710)	(1,893)	(2,080)
Change in LT investment	(2,715)	(2,706)	(197)	386	931
Change in other assets	0	0	0	0	0
Free cash flow	**1,588**	**3,406**	**3,460**	**4,370**	**5,206**
Financing cash flow	**(1,218)**	**(2,096)**	**(912)**	**(580)**	**(710)**
Change in share capital	0	0	0	0	0
Net change in debt	(683)	(1,340)	32	94	96
Divident paid	(418)	(334)	(585)	(311)	(444)
Others	(118)	(422)	(359)	(363)	(362)
Net cash flow	**370**	**1,310**	**2,548**	**3,790**	**4,496**
Per share (THB)					
EPS	0.56	0.57	0.62	0.89	1.08
Core EPS	0.56	0.57	0.62	0.89	1.08
CFPS	2.48	2.59	2.72	3.03	3.27
BVPS	4.88	5.26	5.53	6.23	7.05
Sales/share	107.55	119.19	130.83	143.53	157.52
EBITDA/share	3.37	3.30	3.35	3.73	4.04
DPS	0.20	0.35	0.19	0.27	0.33
Valuation					
P/E (x)	25.92	15.48	12.09	8.46	6.92
P/BV (x)	2.97	1.66	1.36	1.20	1.06
Dividend yield (%)	1.38	4.00	2.48	3.55	4.34
Divdend payout ratio (%)	35.76	61.91	30.00	30.00	30.00

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Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause 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.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: 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: 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: 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.