

Petronet LNG Ltd

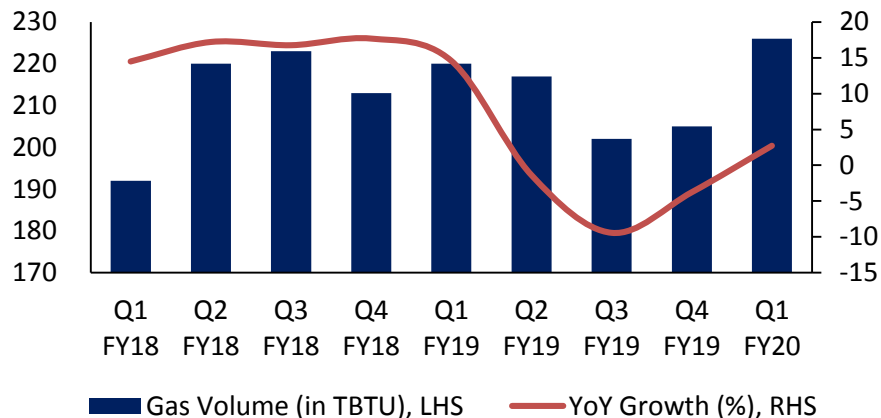
Q1FY20 Earnings Note

Kochi terminal utilization to play a key role

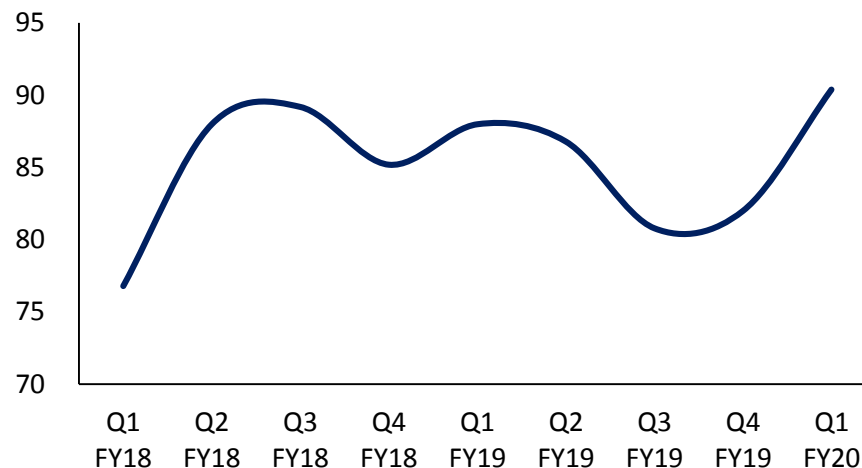
- 1) Petronet LNG Ltd (PLNG) reported a YoY revenue decline of 6.1% to Rs.8613.4 Cr in Q1FY20 over the corresponding period of the previous year. Gross profit per unit was reported as Rs.5.3 Cr per TBTU in Q1FY20 compared to Rs.4.9 Cr per TBTU reported in Q1FY19. The company reported the total volume of 226 TBTU during the quarter, which grew at a YoY rate of 2.7%. The decline in gas prices impacted the YoY revenue growth. However, the fixed regasification charge at a lower gas price expanded the per unit profitability
- 2) EBITDA reported a YoY growth of 9.6% to Rs.1,023.9 Cr during Q1FY20, while EBITDA per TBTU reported YoY growth of 6.7% to Rs.4.5 Cr in Q1FY20. EBIT reported a YoY growth of 0.2% to Rs.834.0 Cr, while the EBIT per TBTU reported a YoY decline of 2.4% to Rs.3.7 Cr. PBT reported a YoY decline of 7.0% to Rs.837.9 Cr, while PBT per TBTU reported a YoY decline of 9.5% to Rs.3.7 Cr. Adjustment on Ind-AS resulted in a higher EBITDA but negatively impacted the EBIT and PBT. Net profit reported a YoY decline of 4.5% to Rs.560.3 Cr, while net profit per TBTU reported a YoY decline of 7.1% to Rs.2.5 during the quarter.
- 3) PLNG has signed an MoU with Gujarat Gas and Indraprastha Gas to set up LNG dispensing stations for trucks on Delhi-Mumbai and Mumbai-Bengaluru-Chennai highways. PLNG is currently running 2 pilot stations outside their Dahej plant. In addition, PLNG expanded its Dahej capacity by 2.5 MTPA to 17.5 MTPA and it became operational in June 2019. PLNG is further expanding the Dahej terminal capacity at the cost of Rs.1,300 Cr, which would increase the capacity of the terminal to 19.5 MTPA. The company is also setting up a 3rd jetty at the cost of Rs.1,000 Cr. Kochi terminal capacity utilization is expected to pick-up post commissioning of the Kochi-Mangalore pipeline by Sep-Oct 2019.

Capacity utilization to improve significantly in Q4FY20

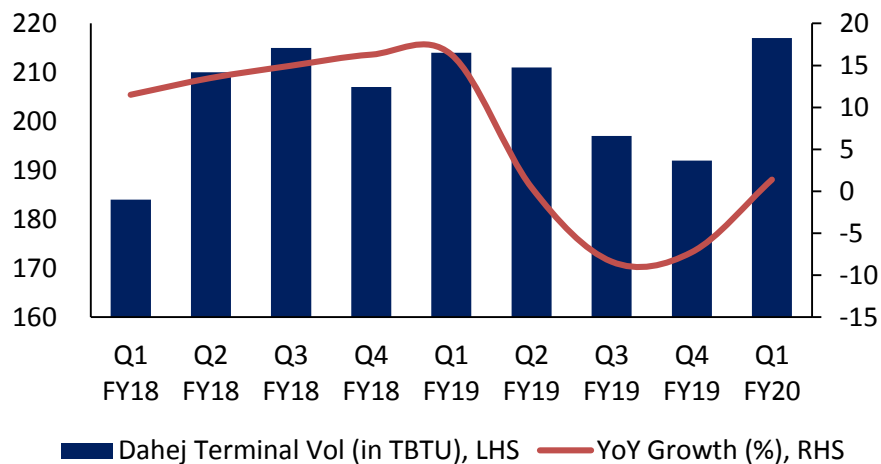
LNG demand from power & industrial sector to drive PLNG's volume



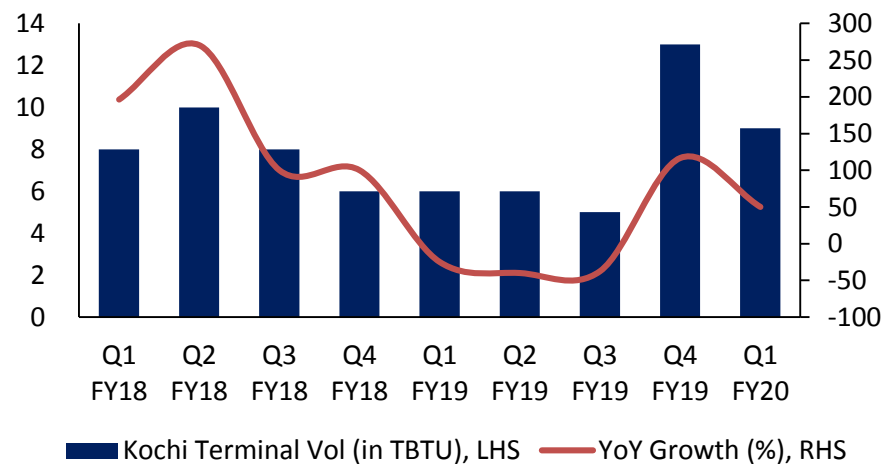
Average capacity utilization is on the rise



Dahej capacity utilization to remain elevated

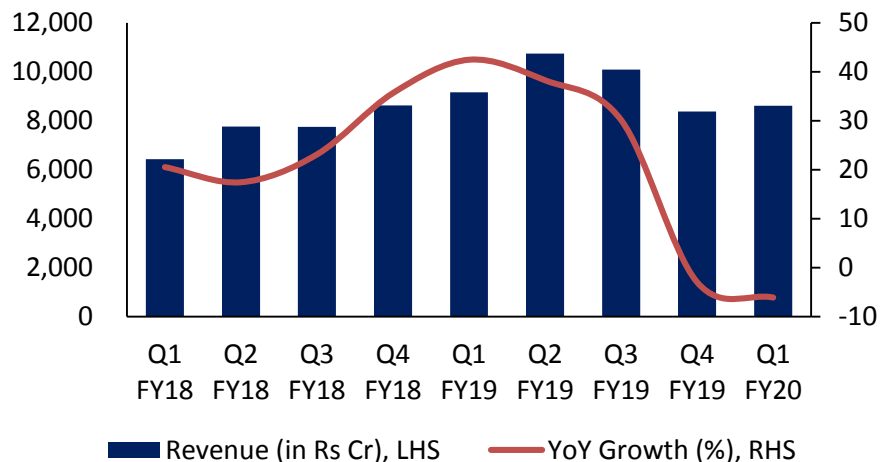


Kochi capacity utilization to improve in Q4FY20

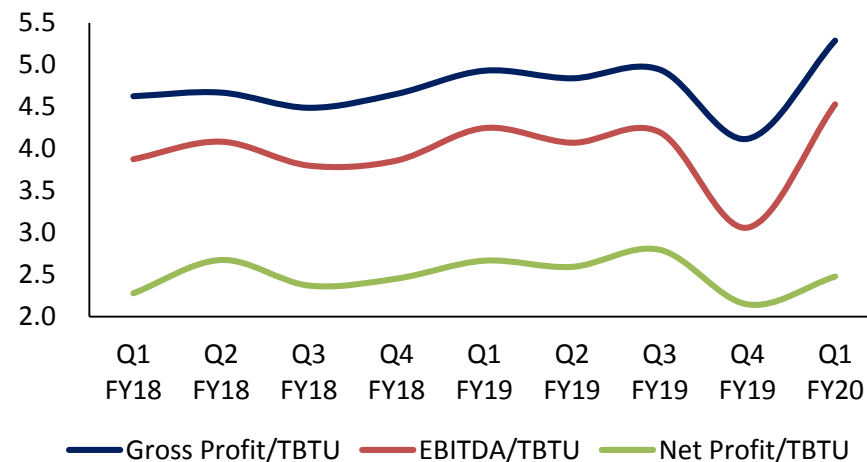


Profitability to improved on higher capacity utilization

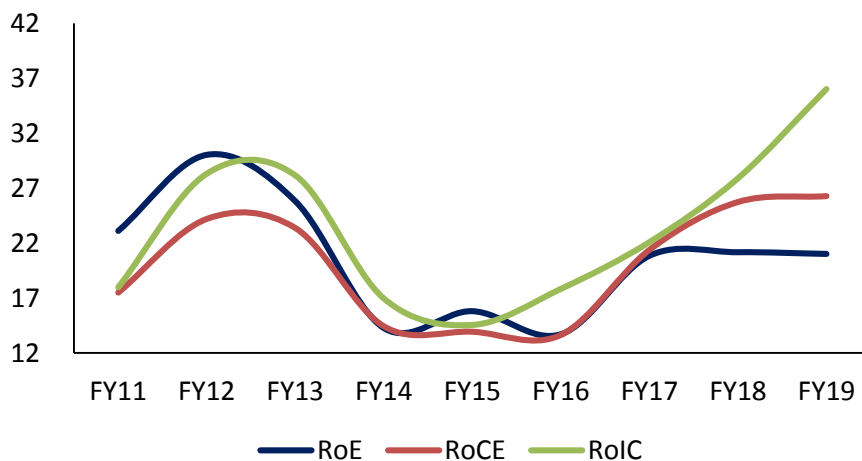
Revenue declined on lower gas prices



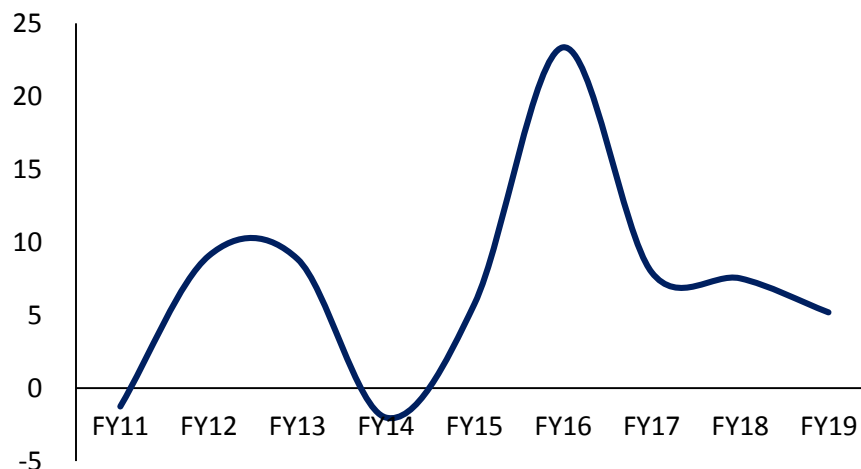
Profitability to improve on higher utilization



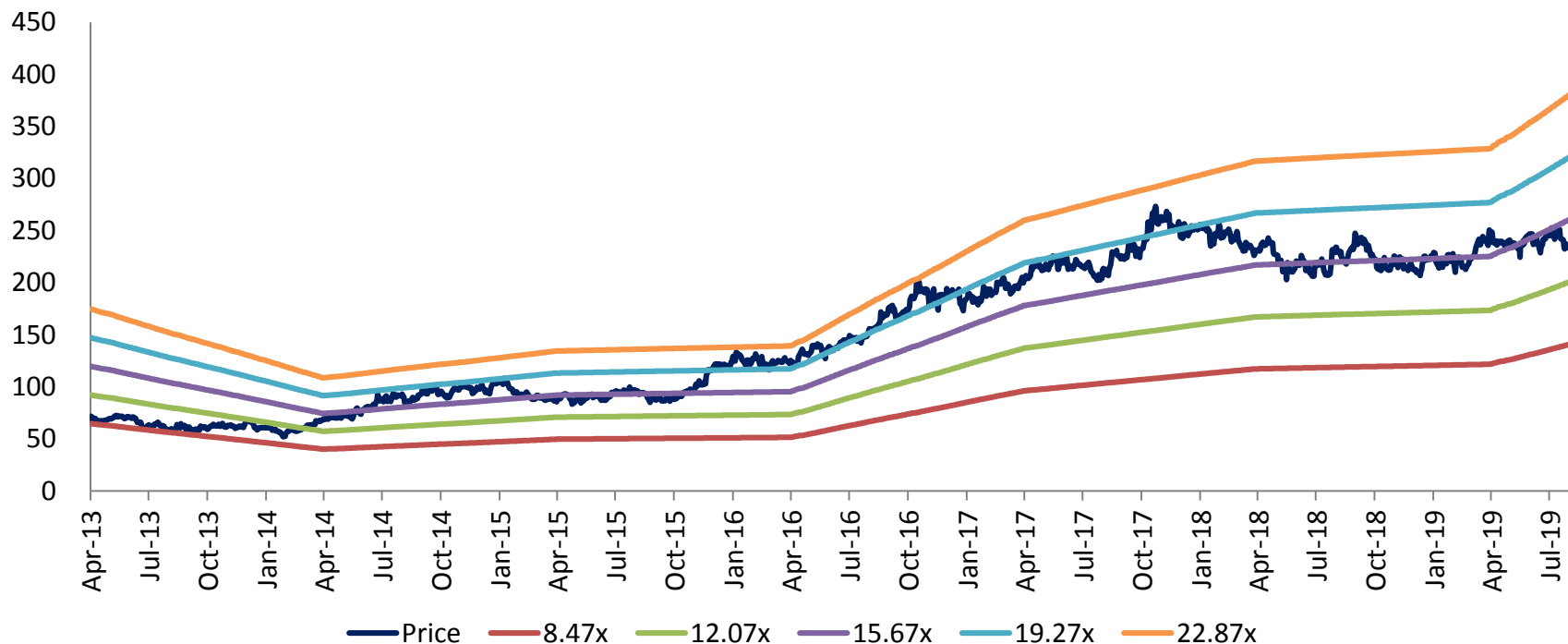
Return ratios to sustain healthy performance



FCF yield to remain positive



1 year forward P/E Band Chart



PLNG is trading at FY20 and FY21 forward P/Es of 14.2x and 12.4x, respectively. PLNG has 65-70% of the market share in the LNG terminal space and its Dahej terminal is the lowest cost terminal in India; therefore, we believe that competition from new terminals is unlikely to have any impact on pricing and volume growth of PLNG. Kochi terminal capacity utilization is expected to pick-up post commissioning of the Kochi-Mangalore pipeline by Sep-Oct 2019. We would recommend a BUY at the current market price.

Quarterly Financial Statement (Fig in Rs Cr)

Particular	Dec-17	Growth	Mar-18	Growth	Jun-18	Growth	Sep-18	Growth	Dec-18	Growth	Mar-19	Growth	Jun-19	Growth
Gross Sales	7,757.1	23.1%	8,636.2	35.7%	9,169.2	42.5%	10,745.3	38.3%	10,097.7	30.2%	8,383.2	-2.9%	8,613.4	-6.1%
Less: Excise Duty	0.0		0.0		0.0		0.0		0.0		0.0		0.0	
Net Sales	7,757.1	23.1%	8,636.2	35.7%	9,169.2	42.5%	10,745.3	38.3%	10,097.7	30.2%	8,383.2	-2.9%	8,613.4	-6.1%
Other operating income	0.0	#DIV/0!	0.0	#DIV/0!	0.0	#DIV/0!	0.0	#DIV/0!	0.0	#DIV/0!	0.0	#DIV/0!	0.0	#DIV/0!
As a % of sales	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	
Total Net Sales	7,757.1	23.1%	8,636.2	35.7%	9,169.2	42.5%	10,745.3	38.3%	10,097.7	30.2%	8,383.2	-2.9%	8,613.4	-6.1%
Total Expenditure	6,909.7	21.4%	7,814.2	35.9%	8,234.7	44.7%	9,861.6	43.5%	9,249.7	33.9%	7,756.0	-0.7%	7,589.5	-7.8%
As a % of sales	89.1%		90.5%		89.8%		91.8%		91.6%		92.5%		88.1%	
PBIDT (Excl OI)	847.3	39.6%	822.1	33.4%	934.4	25.6%	883.7	-1.7%	848.1	0.1%	627.2	-23.7%	1,023.9	9.6%
As a % of sales	10.9%		9.5%		10.2%		8.2%		8.4%		7.5%		11.9%	
Other Income (incl Exceptionals)	41.4	-24.8%	103.4	-31.4%	99.0	40.1%	111.5	9.4%	88.4	113.6%	151.4	46.4%	104.4	5.5%
As a % of sales	0.5%		1.2%		1.1%		1.0%		0.9%		1.8%		1.2%	
Operating Profit	888.7	34.2%	925.5	20.6%	1,033.4	26.8%	995.2	-0.5%	936.5	5.4%	778.6	-15.9%	1,128.3	9.2%
As a % of sales	11.5%		10.7%		11.3%		9.3%		9.3%		9.3%		13.1%	
Interest	36.7	-29.1%	33.5	-28.7%	30.0	-35.5%	24.9	-46.4%	21.5	-41.2%	22.5	-32.7%	100.5	235.4%
As a % of sales	0.5%		0.4%		0.3%		0.2%		0.2%		0.3%		1.2%	
PBDT	852.1	39.6%	892.0	23.9%	1,003.4	30.6%	970.3	1.7%	915.0	7.4%	756.1	-15.2%	1,027.8	2.4%
As a % of sales	11.0%		10.3%		10.9%		9.0%		9.1%		9.0%		11.9%	
Depreciation	103.9	3.0%	101.3	-0.4%	102.2	-0.4%	103.7	-0.2%	103.7	-0.2%	101.6	0.3%	189.9	85.7%
As a % of sales	1.3%		1.2%		1.1%		1.0%		1.0%		1.2%		2.2%	
PBT	748.2	46.8%	790.8	27.8%	901.2	35.4%	866.6	1.9%	811.3	8.4%	654.5	-17.2%	837.9	-7.0%
As a % of sales	9.6%		9.2%		9.8%		8.1%		8.0%		7.8%		9.7%	
Tax	219.4	95.8%	268.1	81.4%	314.2	37.7%	303.7	16.1%	246.0	12.1%	214.3	-20.1%	277.7	-11.6%
Tax Rate	29.3%		33.9%		34.9%		35.0%		30.3%		32.7%		33.1%	
Profit After Tax	528.8	33.0%	522.7	11.0%	587.0	34.1%	563.0	-4.4%	565.3	6.9%	440.2	-15.8%	560.3	-4.5%
As a % of sales	6.8%		6.1%		6.4%		5.2%		5.6%		5.3%		6.5%	

Annual Financial Statement (Fig in Rs Cr)



VENTURA

Kyon ki bhaiya, sabse bada rupaiya.

DESCRIPTION	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Gross Sales	31,467.4	37,747.6	39,501.0	27,133.4	24,616.0	30,598.6	38,395.4
Less: Excise Duty	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Sales	31,467.4	37,747.6	39,501.0	27,133.4	24,616.0	30,598.6	38,395.4
Expenditure:							
Raw Material Cost	29,211.9	35,849.5	37,610.9	25,075.7	21,416.9	26,690.2	34,417.0
Employee Cost	36.4	46.2	56.7	70.6	73.9	91.2	125.9
Other Expenses	282.5	353.5	394.4	400.9	533.0	504.9	559.2
Total Expenditure	29,530.9	36,249.1	38,062.0	25,547.2	22,023.8	27,286.3	35,102.0
As a % of sales	93.8%	96.0%	96.4%	94.2%	89.5%	89.2%	91.4%
EBITDA (Excl OI)	1,936.6	1,498.5	1,439.0	1,586.3	2,592.3	3,312.4	3,293.5
EBITDA Margin	6.2%	4.0%	3.6%	5.8%	10.5%	10.8%	8.6%
Other Income	88.7	83.8	154.8	173.3	346.6	317.4	450.3
Exceptional Item	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Profit	2,025.3	1,582.2	1,593.8	1,759.6	2,938.9	3,629.8	3,743.7
Interest	118.4	219.6	293.5	238.8	209.7	163.0	98.9
PBDT	1,906.9	1,362.6	1,300.3	1,520.8	2,729.3	3,466.8	3,644.8
Depreciation	186.6	308.1	315.4	321.6	369.1	411.7	411.2
PBT	1,720.3	1,054.5	984.9	1,199.2	2,360.2	3,055.1	3,233.6
Tax	571.0	342.6	102.4	286.0	654.5	977.3	1,078.2
Profit After Tax	1,149.3	711.9	882.5	913.3	1,705.7	2,077.9	2,155.4
Profit Margin	3.7%	1.9%	2.2%	3.4%	6.9%	6.8%	5.6%



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