

Bloomberg Code	PLNG.IN
No of share O/S (Cr)	150.0
Market Cap (Rs Cr)	34,515
Face Value (Rs)	10.0
Dividend Yield (%)	1.96
52 Wk High/Low (Rs)	232/190

Higher LNG prices reduced the volumes at Dahej terminal

Key result highlights

Surge in global LNG spot prices impacted volumes

Petronet LNG's (PLNG) revenue stood at INR 15,776 cr in Q3FY23, a QoQ/YoY change of -1.3%/+25.2% respectively. Total volumes processed declined at a QoQ/YoY rate of 13.0%/19.7%, respectively, to 167 TBTU in Q2FY23 (lowest quarterly volume in the past 7 years) on account of lower offtake from clients due to higher LNG prices. During the quarter, Qatar LNG prices have softened substantially from \$35/mmbtu in Q2FY23 to \$20-22/mmbtu in Q3FY23. The LNG prices are expected to soften further due to easing supply chain disruptions.

Shareholding (%)	
Promoters	50.0
Institutional	37.8
Public	12.2
Total	100

Dahej volumes clocked a QoQ/YoY decline of 15.4%/21.4%, respectively, to 154 TBTU, while Kochi volumes grew at a QoQ/YoY rate of 30.0%/8.3% respectively to 13 TBTU. The Dahej terminal utilization stood at 72.4% in Q3FY23, compared to 92.2% in Q3FY22 and 85.6% in Q2FY23, while Kochi terminal reported the utilization rate of 21.4% in Q1FY23, compared to 19.8% in Q3FY22 and 16.5% in Q2FY23.

Use-or-pay charges of INR 849 cr aided profitability and reduced the impact of lower capacity utilization

Gross profit posted a QoQ/YoY growth of 0.9%/34.4%, respectively, to INR 1,919 cr in Q3FY23, while gross profit per MT grew at a QoQ/YoY rate of 54.5%/25.7%, respectively, to INR 559/MT. Consequent price hikes protected gross margins during the quarter. However, the company's EBITDA recorded a QoQ/YoY change of +42.8%/-3.3%, respectively, to INR 1,675 cr, while EBITDA per MT stood at INR 488 per MT, a QoQ/YoY growth of 64.2%/20.5%, respectively. The company received use or pay charges to the tune of INR 849 cr for CY22 during the quarter. Earlier charges (FY22) of INR 416 cr are yet to be received (which includes IOC, BPCL, etc). The management is confident that the payment would be recovered in due course, being a contractual obligation. As a result, net profit reported a QoQ/YoY rate of 58.6%/3.3% respectively to INR 1,180 cr during Q3FY23.

Concall Highlights

- The company is incurring a capex of INR 21,252 cr for its Dahej terminal, details are as follows-
 - Two tanks at a cost of INR 1,246 cr (50% progress achieved) and one jetty at the cost of INR 1,700 cr,
 - Extension of Dahej terminal capacity from 17.5 mmtpa to 22.5 mmtpa. The company expects to commence 2.5 mmtpa of the additional capacity by the end of 2024 and get entire 5 mmtpa capacity by March 2025,
 - The petrochemical plant in Dahej will require a capex of INR 13,000 cr, which is expected to get completed in the next 4 years in a phased manner,
 - Due diligence for the East Coast FSRU terminal is in process with a capex of INR 2,306 cr
 - Total capex plan for FY23 is INR 1,200 cr and that for FY24 is INR 1,800 cr
- The company has a net cash of INR 6,900 cr as on Dec 31, 2022
- Drop in regasification volume on account of high spot LNG prices and customers switching to alternate fuels such as propane and availing domestic gas available on IGX.
- There was an inventory gain of INR 95 cr and trading gain of INR 25 cr during the quarter. The company also witnessed forex loss of INR 60 cr.

Valuation

PLNG is currently trading at a FY25 forwarded P/E of 9.9x

Financial Summary

Figures are in Rs Cr	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	FY19	FY20	YoY (%)	FY21	YoY (%)	FY22	YoY (%)
Net Sales	15,775.9	12,597.2	25.2	15,985.7	-1.3	38,395.4	35,452.0	-7.7	26,022.9	-26.6	43,168.6	65.9
Raw Material Cost	13,856.7	10,695.0	29.6	14,558.0	-4.8	34,417.0	30,495.9	-11.4	20,681.5	-32.2	37,077.5	79.3
RM Cost to Sales (%)	87.8	84.9		91.1		89.6	86.0		79.5		85.9	
Employee Cost	44.7	35.6	25.5	43.3	3.2	125.9	125.8	-0.1	147.1	17.0	177.9	20.9
Employee Cost to Sales (%)	0.3	0.3		0.3		0.3	0.4		0.6		0.4	
Other Expenses	199.1	134.8	47.7	211.5	-5.9	559.2	840.8	50.4	494.8	-41.2	664.5	34.3
Other Exp to Sales (%)	1.3	1.1		1.3		1.5	2.4		1.9		1.5	
EBITDA	1,675.4	1,731.8	-3.3	1,172.9	42.8	3,293.5	3,989.5	21.1	4,699.5	17.8	5,248.7	11.7
EBITDA Margin (%)	10.6	13.7	-3.1	7.3	3.3	8.6	11.3		18.1		12.2	
Depreciation	192.3	193.6	-0.7	192.2	0.1	411.2	776.1	88.7	784.1	1.0	768.5	-2.0
Finance Cost	81.4	77.6	4.9	81.1	0.3	98.9	403.2	307.6	336.0	-16.7	317.3	-5.5
Interest Coverage	18.2	19.8		12.1		29.1	8.0		11.7		14.1	
Other Income (incl Excep)	183.9	71.9	155.7	94.2	95.1	450.3	300.5	-33.3	388.2	29.2	297.7	-23.3
Other Income to Sales (%)	1.2	0.6		0.6		1.2	0.8		1.5		0.7	
Profit Before Tax	1,585.6	1,532.5	3.5	993.9	59.5	3,233.6	3,110.7	-3.8	3,967.7	27.6	4,460.6	12.4
Tax Rate (%)	25.5	25.4	-0.1	25.1		33.3	13.3		25.7		25.1	
Profit After Tax	1,180.5	1,143.3	3.3	744.2	58.6	2,155.4	2,697.6	25.2	2,949.4	9.3	3,339.5	13.2
PAT Margin (%)	7.5	9.1	-1.6	4.7	2.8	5.6	7.6		11.3		7.7	
Share of Assoc / Minority Int	0.0	0.0		0.0		0.0	0.0		0.0		0.0	
Net Profit	1,180.5	1,143.3	3.3	744.2	58.6	2,155.4	2,697.6	25.2	2,949.4	9.3	3,339.5	13.2
Net Margin (%)	7.5	9.1	-1.6	4.7	2.8	5.6	7.6		11.3		7.7	
Adjusted EPS (Rs)	7.9	7.6	3.3	5.0	58.6	14.4	18.0	25.2	19.7	9.3	22.3	13.2
Shareholder's Funds						10,066.1	10,953.0	8.8	11,806.9	7.8	13,668.1	15.8
BV per share (Rs)						67.1	73.0	8.8	78.7	7.8	91.1	15.8
Net Debt						-3,684.0	-4,552.3	23.6	-5,308.4	16.6	-5,179.1	-2.4
Net Debt to Equity (X)						-0.4	-0.4		-0.4		-0.4	
Net Debt to EBITDA (X)						-1.1	-1.1		-1.1		-1.0	
RoE (%)						21.4	24.6		25.0		24.4	
RoIC (%)						30.1	43.5		44.8		39.5	
P/E (X)						16.0	12.8		11.7		10.3	
EV/EBITDA (X)						9.4	7.5		6.2		5.6	

Segmental Performance

Segmental Performance	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Dahej Terminal																		
Capacity (MT)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	10.0	15.0	15.0	15.0	17.5	17.5	17.5
Volumes Processed (MT)	3.7	5.0	4.6	4.2	4.0	4.6	4.0	3.7	4.0	3.7	3.2	11.6	14.7	16.8	16.7	18.2	17.5	16.3
<i>YoY Growth</i>	<i>-16.6%</i>	<i>1.3%</i>	<i>0.0%</i>	<i>-1.0%</i>	<i>7.2%</i>	<i>-7.4%</i>	<i>-11.7%</i>	<i>-12.7%</i>	<i>-12.9%</i>	<i>-7.1%</i>	<i>-13.5%</i>		<i>26.3%</i>	<i>14.1%</i>	<i>-0.2%</i>	<i>8.7%</i>	<i>-4.0%</i>	<i>-6.7%</i>
<i>Capacity Utilization</i>	<i>85.1%</i>	<i>114.3%</i>	<i>104.4%</i>	<i>95.9%</i>	<i>91.2%</i>	<i>105.8%</i>	<i>92.2%</i>	<i>83.7%</i>	<i>92.2%</i>	<i>85.6%</i>	<i>72.4%</i>	<i>116.5%</i>	<i>98.1%</i>	<i>111.9%</i>	<i>111.7%</i>	<i>104.1%</i>	<i>99.9%</i>	<i>93.2%</i>
Regasification Charge (Rs/mmbtu)	52	52	52	52	55	55	55	55	58	58	58	41	43	45	48	50	52	55
Regasification Revenue (Rs Cr)	950	1,275	1,165	1,071	1,069	1,240	1,080	981	1,134	1,053	891	2,321	3,082	3,696	3,875	4,423	4,461	4,370
Kochi Terminal																		
Capacity (MT)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Volumes Processed (MT)	0.19	0.23	0.27	0.29	0.31	0.31	0.25	0.25	0.25	0.21	0.27	0.30	0.29	0.65	0.50	0.88	0.97	1.11
<i>YoY Growth</i>	<i>0.0%</i>	<i>12.7%</i>	<i>18.2%</i>	<i>7.7%</i>	<i>66.7%</i>	<i>36.4%</i>	<i>-7.7%</i>	<i>-14.3%</i>	<i>-20.0%</i>	<i>-16.7%</i>	<i>8.3%</i>		<i>-2.8%</i>	<i>122.7%</i>	<i>-22.6%</i>	<i>76.0%</i>	<i>9.9%</i>	<i>14.9%</i>
<i>Capacity Utilization</i>	<i>14.8%</i>	<i>18.1%</i>	<i>21.4%</i>	<i>23.0%</i>	<i>24.7%</i>	<i>24.7%</i>	<i>19.8%</i>	<i>19.8%</i>	<i>19.8%</i>	<i>16.5%</i>	<i>21.4%</i>	<i>6.0%</i>	<i>5.8%</i>	<i>12.9%</i>	<i>10.0%</i>	<i>17.6%</i>	<i>19.3%</i>	<i>22.2%</i>
Regasification Charge (Rs/mmbtu)	79	88	88	88	88	88	88	88	88	88	88	68	73	76	80	84	88	88
Regasification Revenue (Rs Cr)	71	97	115	123	132	132	106	106	106	88	115	99	102	239	194	359	415	476
Annual Capacity (MT)																		
Annual Capacity (MT)	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	15.0	20.0	20.0	20.0	22.5	22.5	22.5
Total Volumes Processed (MT)																		
Total Volumes Processed (MT)	3.9	5.2	4.8	4.5	4.3	4.9	4.3	3.9	4.3	4.0	3.4	11.9	15.0	17.4	17.2	19.1	18.5	17.4
<i>YoY Growth</i>	<i>-15.9%</i>	<i>1.7%</i>	<i>0.9%</i>	<i>-0.5%</i>	<i>10.0%</i>	<i>-5.5%</i>	<i>-11.5%</i>	<i>-12.8%</i>	<i>-13.3%</i>	<i>-7.7%</i>	<i>-12.1%</i>		<i>25.6%</i>	<i>16.2%</i>	<i>-1.1%</i>	<i>10.7%</i>	<i>-3.3%</i>	<i>-5.6%</i>
<i>Total Capacity Utilization</i>	<i>69.5%</i>	<i>92.9%</i>	<i>86.0%</i>	<i>79.7%</i>	<i>76.5%</i>	<i>87.8%</i>	<i>76.1%</i>	<i>69.5%</i>	<i>76.1%</i>	<i>70.2%</i>	<i>61.1%</i>	<i>79.6%</i>	<i>75.0%</i>	<i>87.2%</i>	<i>86.2%</i>	<i>84.8%</i>	<i>82.0%</i>	<i>77.5%</i>
Average Regas Charge (Rs/mmbtu)	54	54	54	55	57	57	57	57	60	59	60	42	44	46	49	52	54	57
Total Regasification Revenue (Rs Cr)	1,021	1,372	1,280	1,194	1,201	1,372	1,186	1,087	1,240	1,141	1,006	2,420	3,184	3,936	4,069	4,782	4,875	4,846
Revenue from sale of gas (Rs Cr)	3,862	4,864	6,049	6,381	7,397	9,441	11,411	10,074	13,024	14,845	14,770	24,714	21,432	26,663	34,326	30,670	21,148	38,323
Gross Revenue (Rs Cr)																		
Gross Revenue (Rs Cr)	4,884	6,236	7,328	7,575	8,598	10,813	12,597	11,160	14,264	15,986	15,776	27,133	24,616	30,599	38,395	35,452	26,023	43,169
<i>YoY Growth</i>	<i>-43.3%</i>	<i>-33.4%</i>	<i>-17.8%</i>	<i>-11.6%</i>	<i>76.1%</i>	<i>73.4%</i>	<i>71.9%</i>	<i>47.3%</i>	<i>31.9%</i>	<i>26.9%</i>	<i>41.4%</i>		<i>-9.3%</i>	<i>24.3%</i>	<i>25.5%</i>	<i>-7.7%</i>	<i>-26.6%</i>	<i>65.9%</i>
Gross Profit (Rs Cr)																		
Gross Profit (Rs Cr)	1,047	1,516	1,485	1,294	1,258	1,553	1,902	1,378	1,363	1,428	1,919	2,058	3,199	3,908	3,978	4,956	5,341	6,091
Gross Profit per MT (Rs Cr)	268	290	307	288	293	314	444	352	319	361	559	172	213	224	231	260	289	350
<i>YoY Growth</i>	<i>4.2%</i>	<i>11.4%</i>	<i>14.0%</i>	<i>14.9%</i>	<i>9.3%</i>	<i>8.4%</i>	<i>44.7%</i>	<i>22.2%</i>	<i>1.3%</i>	<i>-18.7%</i>	<i>58.5%</i>		<i>23.8%</i>	<i>5.1%</i>	<i>2.9%</i>	<i>12.6%</i>	<i>11.5%</i>	<i>20.8%</i>
EBITDA (Rs Cr)																		
EBITDA (Rs Cr)	910	1,363	1,335	1,091	1,052	1,297	1,732	1,169	1,064	1,173	1,675	1,608	2,592	3,312	3,293	4,089	4,700	5,249
EBITDA per MT (Rs Cr)	233	261	276	243	245	263	405	299	249	297	488	135	173	190	191	214	255	301
<i>YoY Growth</i>	<i>5.7%</i>	<i>15.5%</i>	<i>19.5%</i>	<i>37.4%</i>	<i>5.1%</i>	<i>0.7%</i>	<i>46.5%</i>	<i>22.9%</i>	<i>-5.3%</i>	<i>-26.6%</i>	<i>63.1%</i>		<i>28.4%</i>	<i>9.9%</i>	<i>0.5%</i>	<i>12.2%</i>	<i>18.9%</i>	<i>18.3%</i>

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