

11 AUGUST 2020

THAILAND / PETROCHEM & CHEMICALS

IRPC PCL IRPC TB

BUY
 UNCHANGED

| | |
|-----------------|---------|
| TARGET PRICE | THB4.20 |
| CLOSE | THB2.54 |
| UP/DOWNSIDE | +65.4% |
| TP vs CONSENSUS | +50.3% |

ยังขาดทุนใน 2Q20

ขาดทุนสุทธิต่อเนื่องใน 2Q20 จากอัตรากำไรที่อ่อนแอ

IRPC รายงานผลขาดทุนสุทธิที่ 411 ลบ. ใน 2Q20 (เทียบกับผลขาดทุนสุทธิที่ 8.9 พัน ลบ. ใน 1Q20) จากค่าการกลั่นที่ตกต่ำและผลขาดทุนจากสินค้าคงคลัง ผลประกอบการดังกล่าวดีกว่าที่เราคาด 15% และตลาดคาด 142% ถ้าไม่รวมกำไรพิเศษก่อนภาษี 0.8 พัน ลบ. Core Net Loss ของ IRPC อยู่ที่ 1.15 พัน ลบ. จาก Gross Refining margin and Lube Margin ที่อยู่ในระดับต่ำ กำไรพิเศษ 0.8 พัน ลบ. เกิดจากผลขาดทุนจากสินค้าคงคลัง 3.4 พัน ลบ. ผลขาดทุนจากตราสารอนุพันธ์ 26 ลบ. และผลขาดทุนจากการด้อยค่า 35 ลบ. หักด้วยกำไรจากอัตราแลกเปลี่ยน 353 ลบ. กำไรจาก oil hedging ที่รับรู้แล้ว 644 ลบ. การกลับรายการค่าเผื่อการลดลงของสินค้าคงเหลือ (LCM) 2.8 พัน ลบ. และกำไรจาก oil hedging ที่ยังไม่ได้รับรู้ 359 ลบ. อัตรากำไรใช้กำลังการผลิตของโรงกลั่นอยู่ที่ 88% ใน 2Q20 เพิ่มขึ้นจาก 87% ใน 1Q20 เนื่องจาก IRPC ปรับปรุงความสามารถในการทำกำไรของโรงกลั่นให้มีประสิทธิภาพสูงสุดตามส่วนต่างระหว่างราคาผลิตภัณฑ์กับราคาน้ำมัน (Product-Crude Margins)

ผลการดำเนินงานอ่อนแอในทุกธุรกิจ

Market Gross Integrated Margin (GIM) เพิ่มขึ้นเป็น USD8.5/bbl ใน 2Q20 (+24% q-q, -7% y-y) ปัจจัยหลักประกอบด้วย (1) Market GRM ที่ลดลงเหลือ USD1.3/bbl จาก Product Margins ที่อ่อนแอ; และ (2) Petrochemical Group Margin ที่ตกต่ำ แม้ว่าต้นทุนนาฟทาจะลดลงอย่างรุนแรง Olefins GIM ยังอ่อนแออยู่ที่ USD3.4/bbl (-2.3% y-y, -0.3% q-q) จาก Polyethylene-Naphtha และ Polypropylene-Naphtha Margin ที่ลดลง q-q ในขณะที่ Aromatics GIM อยู่ที่ USD1.2/bbl (flat q-q) Lube Margin ลดลงเหลือ USD1.3/bbl (+4% y-y, -24% q-q) จากความต้องการที่ลดลง y-y

แนวโน้ม 2H20 ดีขึ้นจาก Petrochemical Margins

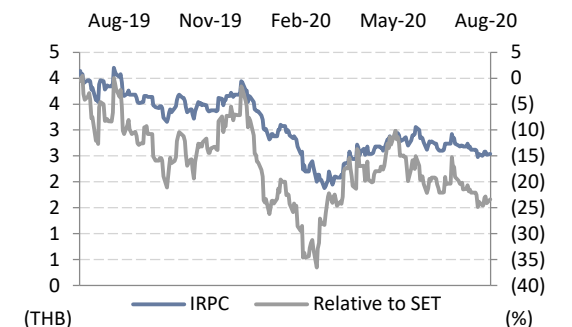
เราคาดว่ากำไรสุทธิใน 3Q20 จะดีขึ้นตามลำดับจาก (1) กำไรที่เพิ่มขึ้นจาก Propylene และ Polypropylene (33% ของกำไรรวม) จากต้นทุนนาฟทาที่อยู่ในระดับต่ำ; และ (2) ต้นทุนค่าระวางที่ลดลง USD2-3/bbl เหลือ USD1-2/bbl อย่างไรก็ตาม กำไรสุทธิรวมอาจยังคงอ่อนแอจาก Diesel-Dubai (57% ของการผลิตรวม) และ gasoline-Dubai Spreads (12% ของการผลิตรวม) ที่ลดลง q-q ในขณะที่ IRPC วางแผนไม่ผลิตน้ำมันอากาศยานใน 2H20 เนื่องจาก Jet-Dubai margin ติดลบ เราคาดว่า Market GRM จะยังอ่อนแอใน 2H20 เนื่องจาก Crude Premiums ปรับขึ้นอย่างรุนแรง q-q มากกว่า USD5/bbl

ผลประกอบการที่เลวร้ายที่สุดอาจผ่านไปแล้ว

เราคงราคาเป้าหมายที่ 4.2 บาท โดยคิดจาก FY20E EV/EBITDA ที่ 7.8x ตัวเลขดังกล่าวต่ำกว่า one-year forward EV/EBITDA 11-year average เราคาดว่ากำไรสุทธิของ IRPC จะค่อยฟื้นตัวใน 3Q20 ตามการฟื้นตัวของความต้องการหลังการเปิดของเศรษฐกิจโลก

KEY STOCK DATA

| YE Dec (THB m) | 2019 | 2020E | 2021E | 2022E |
|---------------------|---------|---------|---------|---------|
| Revenue | 239,315 | 255,893 | 261,489 | 266,225 |
| Net profit | (1,174) | 7,807 | 8,651 | 11,192 |
| EPS (THB) | (0.06) | 0.38 | 0.42 | 0.55 |
| vs Consensus (%) | - | (293.9) | 292.5 | 287.3 |
| EBITDA | 4,231 | 18,325 | 20,099 | 24,387 |
| Core net profit | (1,174) | 7,807 | 8,651 | 11,192 |
| Core EPS (THB) | (0.06) | 0.38 | 0.42 | 0.55 |
| EPS growth (%) | (115.2) | (765.0) | 10.8 | 29.4 |
| Core P/E (x) | (44.2) | 6.6 | 6.0 | 4.6 |
| Dividend yield (%) | 3.9 | 7.5 | 8.3 | 10.8 |
| EV/EBITDA (x) | 25.5 | 5.9 | 4.9 | 4.1 |
| Price/book (x) | 0.6 | 0.6 | 0.6 | 0.5 |
| Net debt/Equity (%) | 67.1 | 63.4 | 50.0 | 46.5 |
| ROE (%) | (1.4) | 9.1 | 9.5 | 11.5 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|----------------|---------|----------|
| Absolute (%) | (7.3) | (3.8) | (38.6) |
| Relative to country (%) | (5.3) | (7.9) | (23.4) |
| Mkt cap (USD m) | 1,668 | | |
| 3m avg. daily turnover (USD m) | 8.6 | | |
| Free float (%) | 52 | | |
| Major shareholder | PTT Plc. (48%) | | |
| 12m high/low (THB) | 4.20/1.76 | | |
| Issued shares (m) | 20,434.42 | | |

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 11 สิงหาคม 2020

Exhibit 1: Summary of 2Q20/1H20 operations

| | 2Q19 | 1Q20 | 2Q20 | | 1H19 | 1H20 | Chg. | 2020E | Comments | |
|----------------------|--------------|-----------------|----------------|----------------|----------------|--------------|-----------------|------------------|---------------|---|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) | | (THB m) |
| Revenue | 63,710 | 48,910 | 35,529 | (27.4) | (44.2) | 123,430 | 84,439 | (31.6) | 255,893 | Lower q-q due to lower production |
| Operating costs | (61,406) | (55,346) | (34,024) | (38.5) | (44.6) | (118,771) | (89,370) | (24.8) | (230,023) | Lower y-y due to lower production |
| EBITDA | 2,304 | (6,436) | 1,505 | (123.4) | (34.7) | 4,659 | (4,931) | (205.8) | 18,325 | Lower y-y due to lower production and margins |
| EBITDA margin (%) | 3.6 | (13.2) | 4.2 | nm | nm | 3.8 | (5.8) | nm | 7.2 | Higher y-y due to hedging gains |
| Depreciation & amor | (2,136) | (2,227) | (2,224) | (0.1) | 4.2 | (4,151) | (4,451) | 7.2 | (8,874) | |
| EBIT | 168 | (8,663) | (719) | (91.7) | (527.1) | 508 | (9,382) | (1,947.7) | 9,451 | Lower y-y due to poor product margins |
| Interest expense | (479) | (465) | (482) | 3.5 | 0.5 | (953) | (947) | (0.7) | (2,078) | |
| Interest & invt inc | 396 | 6,798 | (121) | (101.8) | (130.5) | (411) | 6,677 | nm | 0 | |
| Associates' contr | 113 | 49 | 66 | 34.3 | (41.0) | 282 | 116 | (58.8) | 363 | |
| Exceptional | 322 | (8,862) | 808 | (109.1) | 150.9 | 1,244 | (8,054) | nm | 0 | |
| Pretax profit | 519 | (11,143) | (447) | (96.0) | (186.1) | 669 | (11,590) | (1,832.3) | 11,692 | |
| Tax | (5) | 2,246 | 39 | (98.3) | (858.6) | 3 | 2,285 | 66,837.2 | (3,856) | |
| Tax rate (%) | 1.0 | 20.2 | 8.7 | nm | nm | (0.5) | 19.7 | nm | 33.0 | |
| Minority interests | (7) | (8) | (3) | (66.6) | (64.4) | (13) | (11) | (16.3) | (28) | |
| Net profit | 507 | (8,905) | (411) | (95.4) | (181.1) | 660 | (9,316) | (1,511.8) | 7,807 | 15% above our forecast/ 142% above consensus |
| Core profit | 288 | (1,829) | (1,149) | (37.2) | (498.7) | (434) | (2,978) | 586.8 | 7,807 | |
| EPS (THB) | 0.02 | (0.44) | (0.02) | (95.4) | (181.1) | 0.03 | (0.46) | (1,511.8) | 0.38 | |
| Core EPS (THB) | 0.01 | (0.09) | (0.06) | (37.2) | (498.7) | (0.02) | (0.15) | 586.8 | 0.38 | |

Sources: IRPC; FSSIA estimates

Exhibit 2: 2Q20/1H20 quarterly performance

| | 2Q19 | 1Q20 | 2Q20 | Change | | 1H19 | 1H20 | Chg. |
|----------------------------------|-------------|---------------|--------------|----------------|----------------|-----------|-----------|---------|
| | (%) | (%) | (%) | (q-q %) | (y-y %) | (%) | (%) | (y-y %) |
| Utilisation rate | | | | | | | | |
| Refinery | 96 | 87 | 88 | 1 | (8) | 94 | 88 | 6 |
| RDCC | 114 | 93 | 79 | (14) | (35) | 92 | 86 | 6 |
| Lube-based oil | 82 | 79 | 87 | 8 | 5 | 83 | 83 | 0 |
| Olefins | 99 | 95 | 91 | (4) | (8) | 94 | 93 | (1) |
| Aromatics and Styrenics | 99 | 94 | 95 | 1 | (4) | 91 | 95 | 4 |
| Electricity | 74 | 71 | 70 | (1) | (4) | 71 | 70 | (1) |
| Steam | 63 | 66 | 63 | (3) | 0 | 61 | 65 | 4 |
| | (USD/bbl) | (USD/bbl) | (USD/bbl) | (q-q %) | (y-y %) | (USD/bbl) | (USD/bbl) | (y-y %) |
| Market GIM | 9.11 | 6.82 | 8.46 | 24.0 | (7.1) | 8.9 | 7.6 | (0.15) |
| Refinery | 1.5 | (0.9) | 1.3 | (251.8) | (12.2) | 1.2 | 0.2 | (0.80) |
| Lube-based oil | 1.2 | 1.7 | 1.3 | (24.3) | 4.1 | 1.2 | 1.5 | 0.28 |
| Olefins | 3.5 | 3.4 | 3.4 | (0.3) | (2.3) | 3.9 | 3.4 | (0.11) |
| Aromatics and Styrenics | 1.7 | 1.2 | 1.2 | 0.8 | (26.8) | 1.6 | 1.2 | (0.22) |
| Utilities | 1.2 | 1.3 | 1.2 | (6.8) | 0.8 | 1.2 | 1.3 | 0.10 |
| Stock Gain/(Loss)&LCM | 0.8 | (13.3) | (1.0) | (92.5) | (228.2) | 0.6 | (7.1) | (12.02) |
| Hedging | 0.1 | 0.6 | 1.2 | 95.0 | 2,240.0 | 0.4 | 0.9 | 1.23 |
| Accounting GIM | 9.94 | (5.84) | 8.63 | (247.8) | (13.2) | 9.9 | 1.5 | (0.85) |

Sources: IRPC; FSSIA estimates

Financial Statements

IRPC PCL

| Profit and Loss (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|---------------|----------------|---------------|---------------|---------------|
| Revenue | 280,551 | 239,315 | 255,893 | 261,489 | 266,225 |
| Cost of goods sold | (256,400) | (228,027) | (230,023) | (233,680) | (233,988) |
| Gross profit | 24,151 | 11,287 | 25,870 | 27,809 | 32,237 |
| Other operating income | - | - | - | - | - |
| Operating costs | (6,973) | (7,056) | (7,545) | (7,710) | (7,849) |
| Operating EBITDA | 17,178 | 4,231 | 18,325 | 20,099 | 24,387 |
| Depreciation | (8,237) | (8,542) | (8,874) | (9,369) | (9,983) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 8,941 | (4,311) | 9,451 | 10,730 | 14,405 |
| Net financing costs | (1,961) | (1,931) | (2,078) | (2,077) | (1,899) |
| Associates | 415 | 363 | 363 | 363 | 363 |
| Recurring non operating income | 1,936 | 4,318 | 4,318 | 4,318 | 4,318 |
| Non recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 8,915 | (1,924) | 11,692 | 12,970 | 16,823 |
| Tax | (1,147) | 779 | (3,856) | (4,291) | (5,602) |
| Profit after tax | 7,769 | (1,146) | 7,836 | 8,679 | 11,221 |
| Minority interests | (34) | (28) | (28) | (28) | (28) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | 7,735 | (1,174) | 7,807 | 8,651 | 11,192 |
| Non recurring items & goodwill (net) | 0 | 0 | 0 | 0 | 0 |
| Recurring net profit | 7,735 | (1,174) | 7,807 | 8,651 | 11,192 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.38 | (0.06) | 0.38 | 0.42 | 0.55 |
| Reported EPS | 0.38 | (0.06) | 0.38 | 0.42 | 0.55 |
| DPS | 0.20 | 0.10 | 0.19 | 0.21 | 0.27 |
| Diluted shares (used to calculate per share data) | 20,434 | 20,434 | 20,434 | 20,434 | 20,434 |
| Growth | | | | | |
| Revenue (%) | 31.0 | (14.7) | 6.9 | 2.2 | 1.8 |
| Operating EBITDA (%) | (19.4) | (75.4) | 333.1 | 9.7 | 21.3 |
| Operating EBIT (%) | (37.3) | (148.2) | (319.2) | 13.5 | 34.2 |
| Recurring EPS (%) | (31.9) | (115.2) | (765.0) | 10.8 | 29.4 |
| Reported EPS (%) | (31.9) | (115.2) | (765.0) | 10.8 | 29.4 |
| Operating performance | | | | | |
| Gross margin inc depreciation (%) | 5.7 | 1.1 | 6.6 | 7.1 | 8.4 |
| Gross margin of key business (%) | - | - | - | - | - |
| Operating EBITDA margin (%) | 6.1 | 1.8 | 7.2 | 7.7 | 9.2 |
| Operating EBIT margin (%) | 3.2 | (1.8) | 3.7 | 4.1 | 5.4 |
| Net margin (%) | 2.8 | (0.5) | 3.1 | 3.3 | 4.2 |
| Effective tax rate (%) | 13.5 | 34.0 | 34.0 | 34.0 | 34.0 |
| Dividend payout on recurring profit (%) | 52.8 | (174.1) | 50.0 | 50.0 | 50.0 |
| Interest cover (X) | 5.5 | 0.0 | 6.6 | 7.2 | 9.9 |
| Inventory days | 41.6 | 43.6 | 41.4 | 41.3 | 41.6 |
| Debtor days | 16.3 | 17.0 | 12.8 | 9.4 | 6.0 |
| Creditor days | 37.2 | 40.9 | 39.6 | 39.5 | 39.8 |
| Operating ROIC (%) | 5.3 | (2.6) | 5.6 | (1.6) | (2.1) |
| ROIC (%) | 6.0 | 0.0 | 7.4 | (2.0) | (2.5) |
| ROE (%) | 8.9 | (1.4) | 9.1 | 9.5 | 11.5 |
| ROA (%) | 5.1 | 0.2 | 5.2 | 4.5 | 5.8 |
| * Pre exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue By Division (THB m) | | | | | |
| Petroleum products | 203,438 | 174,996 | 172,217 | 176,317 | 179,279 |
| Petrochemical products | 72,739 | 59,656 | 67,275 | 68,490 | 69,924 |
| Other business | 4,374 | 4,663 | 16,401 | 16,682 | 17,021 |

Sources: IRPC PCL; FSSIA estimates

Financial Statements

IRPC PCL

| Cash Flow (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|-----------------------------------|----------------|----------------|-----------------|----------------|-----------------|
| Recurring net profit | 7,735 | (1,174) | 7,807 | 8,651 | 11,192 |
| Depreciation | 8,237 | 8,542 | 8,874 | 9,369 | 9,983 |
| Associates & minorities | 415 | 363 | 363 | 363 | 363 |
| Other non-cash items | - | - | - | - | - |
| Change in working capital | 569 | (558) | 2,317 | 2,302 | 2,355 |
| Cash flow from operations | 16,956 | 7,174 | 19,362 | 20,685 | 23,894 |
| Capex - maintenance | (4,481) | (4,536) | (4,712) | (4,975) | (5,301) |
| Capex - new investment | (676) | (418) | (12,404) | (1,453) | (13,217) |
| Net acquisitions & disposals | 457 | (1,484) | 0 | 0 | 0 |
| Other investments (net) | (3,235) | 2,924 | 0 | 0 | 0 |
| Cash flow from investing | (7,936) | (3,513) | (17,116) | (6,428) | (18,518) |
| Dividends paid | (6,130) | (4,087) | (2,043) | (3,904) | (4,325) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | (1,486) | 1,369 | 0 | (5,000) | 0 |
| Other financing cash flows | (1,216) | (244) | (851) | (862) | (924) |
| Cash flow from Financing | (8,832) | (2,962) | (2,895) | (9,765) | (5,250) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | 189 | 699 | (649) | 4,492 | 126 |
| Free cash flow to firm (FCFF) | 10,981.68 | 5,591.97 | 4,323.40 | 16,334.60 | 7,274.83 |
| Free cash flow to equity (FCFE) | 6,318.91 | 4,785.79 | 1,394.30 | 8,395.76 | 4,451.33 |

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| FCFF per share | 0.54 | 0.27 | 0.21 | 0.80 | 0.36 |
| FCFE per share | 0.31 | 0.23 | 0.07 | 0.41 | 0.22 |
| Recurring cash flow per share | 0.80 | 0.38 | 0.83 | 0.90 | 1.05 |

| Balance Sheet (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|----------------|----------------|----------------|----------------|----------------|
| Tangible fixed asset (gross) | 196,800 | 196,801 | 210,888 | 217,842 | 236,949 |
| Less: Accumulated depreciation | (72,063) | (72,062) | (80,936) | (90,305) | (100,288) |
| Tangible fixed assets (Net) | 124,737 | 124,739 | 129,952 | 127,537 | 136,661 |
| Intangible fixed assets (Net) | 546 | 564 | 564 | 564 | 564 |
| Long-term financial assets | - | - | - | - | - |
| Invest. In associates & subsidiaries | 8,441 | 9,925 | 9,925 | 9,925 | 9,925 |
| Cash & equivalents | 2,338 | 3,036 | 2,387 | 6,879 | 7,006 |
| A/C receivable | 12,197 | 10,100 | 7,858 | 5,567 | 3,235 |
| Inventories | 28,459 | 25,995 | 26,223 | 26,640 | 26,675 |
| Other current assets | 3,635 | 4,515 | 4,828 | 4,933 | 5,023 |
| Current assets | 46,629 | 43,647 | 41,296 | 44,020 | 41,938 |
| Other assets | 2,092 | 2,646 | 2,646 | 2,646 | 2,646 |
| Total assets | 182,446 | 181,521 | 184,383 | 184,692 | 191,734 |
| Common equity | 87,286 | 83,256 | 89,144 | 93,891 | 100,758 |
| Minorities etc. | 94 | 146 | 175 | 203 | 232 |
| Total Shareholders' equity | 87,380 | 83,402 | 89,319 | 94,094 | 100,990 |
| Long term debt | 43,561 | 43,881 | 43,881 | 38,881 | 38,881 |
| Other long-term liabilities | 2,609 | 4,860 | 4,860 | 4,860 | 4,860 |
| Long-term liabilities | 46,170 | 48,742 | 48,742 | 43,742 | 43,742 |
| A/C payable | 26,212 | 24,871 | 25,089 | 25,488 | 25,522 |
| Short term debt | 14,041 | 15,090 | 15,090 | 15,090 | 15,090 |
| Other current liabilities | 8,643 | 5,745 | 6,143 | 6,278 | 6,391 |
| Current liabilities | 48,896 | 45,707 | 46,322 | 46,855 | 47,003 |
| Total liabilities and shareholders' equity | 182,446 | 177,850 | 184,383 | 184,692 | 191,734 |
| Net working capital | 9,436 | 9,994 | 7,677 | 5,375 | 3,020 |
| Invested capital | 145,253 | 147,868 | 150,764 | 146,047 | 152,816 |

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| Book value per share | 4.27 | 4.07 | 4.36 | 4.59 | 4.93 |
| Tangible book value per share | 4.24 | 4.05 | 4.33 | 4.57 | 4.90 |

Financial strength

| | | | | | |
|---------------------------|------|------|------|------|------|
| Net debt/Equity (%) | 63.2 | 67.1 | 63.4 | 50.0 | 46.5 |
| Net debt/total assets (%) | 30.3 | 30.8 | 30.7 | 25.5 | 24.5 |
| Current ratio (x) | 1.0 | 1.0 | 0.9 | 0.9 | 0.9 |
| CF interest cover (x) | 4.6 | 3.7 | 7.6 | 5.7 | 10.3 |

| Valuation | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|-------------|---------------|-------------|------------|------------|
| Recurring P/E (x) * | 6.7 | (44.2) | 6.6 | 6.0 | 4.6 |
| Recurring P/E @ target price (x) * | 11.1 | (73.1) | 11.0 | 9.9 | 7.7 |
| Reported P/E (x) | 6.7 | (44.2) | 6.6 | 6.0 | 4.6 |
| Dividend yield (%) | 7.9 | 3.9 | 7.5 | 8.3 | 10.8 |
| Price/book (x) | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 |
| Price/tangible book (x) | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 |
| EV/EBITDA (x) ** | 6.2 | 25.5 | 5.9 | 4.9 | 4.1 |
| EV/EBITDA @ target price (x) ** | 8.2 | 33.5 | 7.8 | 6.6 | 5.5 |
| EV/invested capital (x) | 0.7 | 0.7 | 0.7 | 0.7 | 0.6 |

* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income

Sources: IRPC PCL; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

| EXCELLENT LEVEL | | | | | | | | | | |
|-----------------|----------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| AAV | ADVANC | AIRA | AKP | AKR | AMA | AMATA | AMATAV | ANAN | AOT | AP |
| ARROW | BAFS | BANPU | BAY | BCP | BCPG | BOL | BRR | BTS | BTW | BWG |
| CFRESH | CHEWA | CHO | CK | CKP | CM | CNT | COL | COMAN | CPALL | CPF |
| CPI | CPN | CSS | DELTA | DEMCO | DRT | DTAC | DTC | EA | EASTW | ECF |
| EGCO | GBX | GC | GCAP | GEL | GFPT | GGC | GOLD | GPSC | GRAMMY | GUNKUL |
| HANA | HARN | HMPRO | ICC | ICHI | III | ILINK | INTUCH | IRPC | IVL | JKN |
| JSP | K | KBANK | KCE | KKP | KSL | KTB | KTC | KTIS | LH | LHFG |
| LIT | LPN | MAKRO | MALEE | MBK | MBKET | MC | MCOT | MFEC | MINT | MONO* |
| MTC | NCH | NCL | NKI | NSI | NVD | NYT | OISHI | OTO | PAP | PCSGH |
| PDJ | PG | PHOL | PJW | PLANB | PLANET | PORT | PPS | PR9 | PREB | PRG |
| PRM | PSH | PSL | PTG | PTT | PTTEP | PTTGC | PYLON | Q-CON | QH | QTC |
| RATCH | ROBINS** | RS | S | S & J | SABINA | SAMART | SAMTEL | SAT | SC | SCB |
| SCC | SCCC | SCN | SDC | SEAFCO | SEAOIL | SE-ED | SELIC | SENA | SIS | SITHAI |
| SNC | SORKON | SPALI | SPI | SPRC | SSSC | STA | STEC | SVI | SYNTEC | TASCO |
| TCAP | THAI | THANA | THANI | THCOM | THIP | THREL | TIP | TISCO | TK | TKT |
| TMB | TMILL | TNDT | TOA | TOP | TRC | TRU | TRUE | TSC | TSR | TSTH |
| TTA | TTCL | TTW | TU | TVD | TVO | U | UAC | UV | VGI | VIH |
| WACOAL | WAVE | WHA | WHAUP | WICE | WINNER | | | | | |
| VERY GOOD LEVEL | | | | | | | | | | |
| 2S | ABM | ADB | AF | AGE | AH | AHC | AIT | ALLA | ALT | AMANAH |
| AMARIN | APCO | APCS | AQUA | ARIP | ASAP | ASIA | ASIAN | ASIMAR | ASK | ASN |
| ASP | ATP30 | AUCT | AYUD | B | BA | BBL | BDMS | BEC | BEM | BFIT |
| BGC | BGRIM | BIZ | BJC | BJCHI | BLA | BPP | BROOK | CBG | CEN | CENTEL |
| CGH | CHG | CHOTI | CHOW | CI | CIMBT | CNS | COLOR | COM7 | COTTO | CRD |
| CSC | CSP | DCC | DCON | DDD | DOD | EASON | ECL | EE | EPG | ERW |
| ESTAR | ETE | FLOYD | FN | FNS | FORTH | FPI | FPT | FSMART | FSS | FVC |
| GENCO | GJS | GL | GLOBAL | GLOW** | GULF | HPT | HTC | HYDRO | ICN | IFS |
| INET | INSURE | IRC | IRCP | IT | ITD*** | ITEL | J | JAS* | JCK | JCKH |
| JMART | JMT | JWD | KBS | KCAR | KGI | KIAT | KOOL | KWC | KWM | L&E |
| LALIN | LANNA | LDC | LHK | LOXLEY | LRH | LST | M | MACO | MAJOR | MBAX |
| MEGA | METCO | MFC | MK | MODERN | MOONG | MPG | MSC | MTI | NEP | NETBAY |
| NEX | NINE | NOBLE | NOK | NTV | NWR | OCC | OGC | ORI | OSP | PATO |
| PB | PDG | PDI | PL | PLAT | PM | PPP | PRECHA | PRIN | PRINC | PSTC |
| PT | QLT | RCL | RICHY | RML | RWI | S11 | SAAM | SALEE | SAMCO | SANKO |
| SAPPE | SAWAD | SCG | SCI | SCP | SE | SFP | SIAM | SINGER | SIRI | SKE |
| SKR | SKY | SMIT | SMK | SMPC | SMT | SNP | SONIC | SPA | SPC | SPCG |
| SPVI | SR | SRICHA | SSC | SSF | SST | STANLY | STPI | SUC | SUN | SUSCO |
| SUTHA | SWC | SYMC | SYNEX | T | TACC | TAE | TAKUNI | TBSP | TCC | TCMC |
| TEAM | TEAMG | TFG | TFMAMA | THG | THRE | TIPCO | TITLE | TIW | TKN | TKS |
| TM | TMC | TMD | TMI | TMT | TNITY | TNL | TNP | TNR | TOG | TPA |
| TPAC | TPBI | TPCORP | TPOLY | TRITN | TRT | TSE | TSTE | TVI | TVT | TWP |
| TWPC | UBIS | UEC | UMI | UOBKH | UP | UPF | UPOIC | UT | UWC | VNT |
| WIJK | XO | YUASA | ZEN | ZMICO | | | | | | |
| GOOD LEVEL | | | | | | | | | | |
| A | ABICO | ACAP*** | AEC | AEONTS | AJ | ALUCON | AMC | APURE | AS | ASEFA |
| AU | B52 | BCH | BEAUTY | BGT | BH | BIG | BLAND | BM | BR | BROCK |
| BSBM | BSM | BTNC | CCET | CCP | CGD | CHARAN | CHAYO | CITY | CMAN | CMC |
| CMO | CMR | CPL | CPT | CSR | CTW | CWT | D | DIMET | EKH | EMC |
| EPCO | ESSO | FE | FTE | GIFT | GLAND | GLOCON | GPI | GREEN | GTB | GYT |
| HTECH | HUMAN | IHL | INGRS | INOX | JTS | JUBILE | KASET | KCM | KKC | KWG |
| KYE | LEE | LPH | MATCH | MATI | M-CHAI | MCS | MDX | META | MGT | MJD |
| MM | MVP | NC | NDR | NER | NNCL | NPK | NUSA | OCEAN | PAF | PF |
| PICO | PIMO | PK | PLE | PMTA | POST | PPM | PROUD | PTL | RCI | RJH |
| ROJNA | RPC | RPH | SF | SGF | SGP | SKN | SLP | SMART | SOLAR | SPG |
| SQ | SSP | STI | SUPER | SVOA | TCCC | THE | THMUI | TIC | TIGER | TNH |
| TOPP | TPCH | TIPIP | TPLAS | TQM | TTI | TYCN | UTP | VCOM | VIBHA | VPO |
| WIN | WORK | WP | WPH | ZIGA | | | | | | |

| Score Range | Number of Logo | Description |
|--------------|----------------|--------------|
| 90-100 | | Excellent |
| 80-89 | | Very Good |
| 70-79 | | Good |
| 60-69 | | Satisfactory |
| 50-59 | | Pass |
| Less than 50 | No logo given | - |

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

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

| 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 FSS International Investment Advisory Securities Co., Ltd

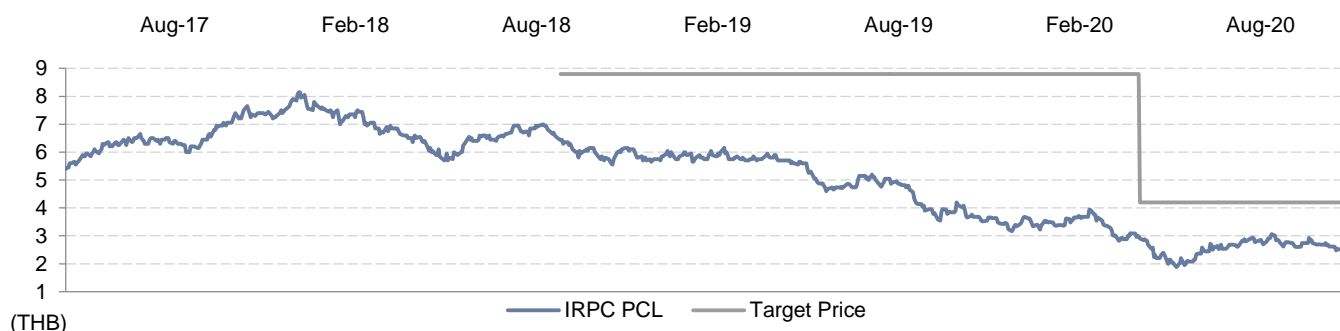
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

IRPC PCL (IRPC TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 09-Oct-2018 | BUY | 8.80 | 13-Feb-2019 | BUY | 8.80 | 14-Feb-2020 | BUY | 4.20 |

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|----------|---------|----------|--------|---|
| IRPC PCL | IRPC TB | THB 2.54 | BUY | Key risks to our positive view and EV/EBITDA-based target price are weaker-than-expected oil product demand growth and lower-than-expected PP-naphtha and SM-benzene margins. |

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

All share prices are as at market close on 10-Aug-2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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