

18 JANUARY 2021

THAILAND / OIL & GAS

ESSO THAILAND

ESSO TB

BUY

UNCHANGED

| | |
|-----------------|----------|
| TARGET PRICE | THB14.30 |
| CLOSE | THB8.60 |
| UP/DOWNSIDE | +66.3% |
| PRIOR TP | THB9.90 |
| CHANGE IN TP | +44.4% |
| TP vs CONSENSUS | +98.4% |

เสือน้ำมันกำลังตื่น

A การพลิกฟื้นสำหรับบริษัทโรงกลั่นที่มีการกระจายความเสี่ยงดี

เราเชื่อว่ากำไรของ ESSO จะพลิกฟื้นจากที่เคยขาดทุนสุทธิในปี 2019-20 เป็นกำไรสุทธิในปี 2021-22 โดยได้แรงหนุนจาก 1) ค่าการกลั่นที่เพิ่มในระดับสูงจาก Product Margins ที่ดีขึ้น; 2) อัตราการใช้กำลังการผลิตที่สูงขึ้นเป็น 69-80% ในปี 2021-22 จาก 60% ในปี 2020E หลังโรงกลั่นปิดตามแผนและความต้องการตกต่ำจากปัญหาการแพร่ระบาด COVID-19; และ 3) กำไรสุทธิจากธุรกิจปลายน้ำ เช่น สถานีบริการน้ำมัน เพิ่มขึ้นหลังการเพิ่มสถานีบริการน้ำมัน และความสามารถในการทำกำไรที่ดีขึ้นผ่านการขายผลิตภัณฑ์คุณภาพสูงและผลิตภัณฑ์ที่ไม่ใช่น้ำมันที่เพิ่มขึ้น

การพลิกฟื้นของธุรกิจโรงกลั่นอยู่ไม่ไกลไม่ไกล

เราคาดว่าค่าการกลั่นของ ESSO จะฟื้นตัวจากที่เคยติดลบ USD1.2/bbl ในปี 2020 จากผลขาดทุนสินค้าคงคลังจำนวนมากและ Product Margins ที่ตกต่ำเหลือ USD3.49/bbl และ USD4.05/bbl ในปี 2021-22 ตามลำดับ เราคาดว่าปัจจัยหนุนสำคัญอาจประกอบด้วย Diesel และ Jet-Crude Margins ที่ดีขึ้นตามการฟื้นตัวของความต้องการน้ำมันอากาศยานหลังการกลับมาของเที่ยวบินต่างประเทศภายใน 2H21 เราเห็นว่าโรงกลั่นของ ESSO อาจพลิกฟื้นในปี 2021 จากอัตราการใช้กำลังการผลิตที่สูงขึ้นและค่าการกลั่นที่เพิ่ม y-y

หุ้นครบครันทั้งต้นน้ำและปลายน้ำระหว่างธุรกิจโรงกลั่นและสถานีบริการน้ำมัน

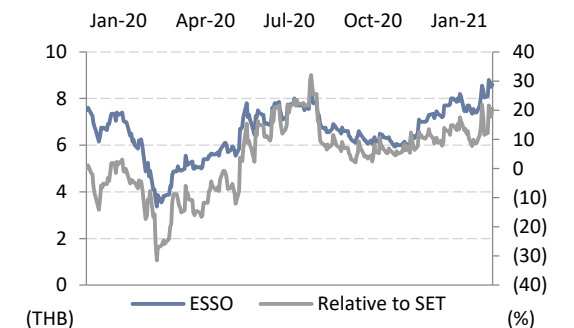
เราเชื่อว่าการผสมผสานระหว่างธุรกิจโรงกลั่นและธุรกิจปลายน้ำอย่างสถานีบริการน้ำมันของ ESSO จะทำให้บริษัท อยู่ในจุดที่ตีก่อนการฟื้นตัวของค่าการกลั่นในอุตสาหกรรม บริษัท มีแนวโน้มรายงานปริมาณขายดิบโตสูงในธุรกิจสถานีบริการน้ำมัน โดยเฉพาะอย่างยิ่งจากยอดขายน้ำมันคุณภาพสูง ซึ่งเราคาดว่าจะคิดเป็น 15% ของปริมาณขายน้ำมันปลีกรวมในปี 2021 เราคาดว่าปริมาณขายที่เพิ่มขึ้นจากการเพิ่มสถานีบริการน้ำมัน ซึ่งอาจมีมากถึง 750 แห่งภายในสิ้นปี 2021 ควรทำให้ ESSO สามารถเพิ่มกำไรสุทธิของบริษัทฯ ถึง 2 พัน ลบ. ต่อปี

คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 14.3 บาท

เราปรับเพิ่มประมาณการกำไรต่อหุ้นในปี 2021-22 ของเรขึ้น 24.4%/7.3% ตามลำดับเพื่อสะท้อนสมมติฐานค่าการกลั่นที่เปลี่ยนไป นอกจากนี้เรายังปรับเพิ่มราคาเป้าหมายของเราจาก 9.9 เป็น 14.3 บาท (SoTP) เนื่องจาก 1) ประมาณการกำไรต่อหุ้นในปี 2021-22 ของเรสูงขึ้น; 2) ค่า forward EV/EBITDA สำหรับธุรกิจโรงกลั่นของเราเพิ่มจาก 5x เป็น 6x ของค่า 2021E EV/EBITDA เพื่อสะท้อนแนวโน้มค่าการกลั่นที่ดีขึ้นในปี 2021-22; 3) ค่า 2021E P/E สำหรับธุรกิจบริการน้ำมันคงอยู่ที่ 23x เพื่อสะท้อนปริมาณขายน้ำมันคุณภาพสูงและแนวโน้มการเติบโตที่สูงขึ้นจากการเพิ่มสถานีบริการน้ำมัน; และ 4) ค่า 2021E EV/EBITDA สำหรับธุรกิจจะโรเมติกส์คงอยู่ที่ 3x จากแนวโน้มอัตรากำไรที่อยู่ในช่วงอย่างต่อเนื่อง

KEY STOCK DATA

| YE Dec (THB m) | 2019 | 2020E | 2021E | 2022E |
|----------------------|---------|---------|---------|---------|
| Revenue | 169,348 | 116,229 | 170,249 | 171,809 |
| Net profit | (3,066) | (2,813) | 4,358 | 4,573 |
| EPS (THB) | (0.89) | (0.81) | 1.26 | 1.32 |
| vs Consensus (%) | - | nm | 48.8 | 50.3 |
| EBITDA | (908) | 968 | 9,259 | 9,514 |
| Core net profit | (3,066) | (2,813) | 4,358 | 4,573 |
| Core EPS (THB) | (0.89) | (0.81) | 1.26 | 1.32 |
| Chg. In EPS est. (%) | nm | nm | 24.4 | 7.3 |
| EPS growth (%) | nm | nm | nm | 4.9 |
| Core P/E (x) | (9.7) | (10.6) | 6.8 | 6.5 |
| Dividend yield (%) | 1.2 | - | 4.7 | 5.8 |
| EV/EBITDA (x) | (58.7) | 53.7 | 5.2 | 4.6 |
| Price/book (x) | 1.3 | 1.6 | 1.3 | 1.2 |
| Net debt/Equity (%) | 106.6 | 117.2 | 79.6 | 52.6 |
| ROE (%) | (12.8) | (13.7) | 20.8 | 18.8 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|--|---------|----------|
| Absolute (%) | 7.5 | 38.7 | 10.3 |
| Relative to country (%) | 4.5 | 13.5 | 14.8 |
| Mkt cap (USD m) | 991 | | |
| 3m avg. daily turnover (USD m) | 9.3 | | |
| Free float (%) | 34 | | |
| Major shareholder | Exxonmobil Asia Holdings Pte. Ltd. (66%) | | |
| 12m high/low (THB) | 9.10/3.14 | | |
| Issued shares (m) | 3,460.86 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

With IMO 2020 coming into force in Jan 2020, limiting the sulphur content in fuel oil for the global shipping industry, we believe ESSO will be one of the key refiners in Asia to capture the projected widening diesel-fuel oil spreads. ESSO's earnings growth started to improve from 2017, with 30% of its earnings being derived from non-refinery businesses, including aromatics (10%) and fuel stations (20%). We believe that ESSO's recent change in growth strategy to increase the number of its fuel stations will allow it to not only improve its overall profitability but also position it to benefit from a USD2-4/bbl higher market GRM from a widening diesel-Dubai spread. We believe that higher refined oil demand from its expanded fuel station business will lead to rising refinery utilisation rates of 60-69% in 2020-21E. We expect the aromatics margin, mainly the PX-naphtha spread, to remain weak in 2020 due to new PX supplies coming on-stream and driving down ESSO's PX earnings.

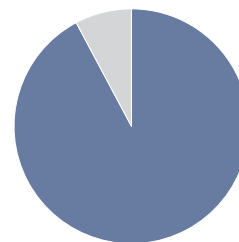
Company profile

Owned 66% by ExxonMobil, ESSO is one of Thailand's leading refiners with a 174kbpd refinery capacity and 500ktpa paraxylene (PX) production capacity. ESSO also operates a downstream oil station business.

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Principal activities (revenue, 2019)

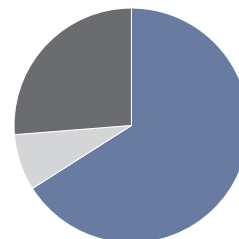
- Downstream - 92.2 %
- Petrochemicals - 7.8 %



Source: Esso Thailand

Major shareholders

- Exxonmobil Asia Holdings Pte. Ltd. - 66.0 %
- Thai NVDR - 7.8 %
- Others - 26.3 %



Source: Esso Thailand

Catalyst

Higher earnings from its downstream fuel stations, higher refinery utilisation rates, and higher market GRM and PX-naphtha margins are key potential earnings drivers.

Risk to our call

The downside risks to our SoTP-based TP on ESSO include 1) lower-than-expected demand for petroleum products, 2) a higher crude premium, and 3) unplanned shutdowns of its refinery and petrochemical plants.

Event calendar

| Date | Event |
|----------|--------------------------------|
| Feb 2021 | 4Q20/2020 results announcement |

Key assumptions

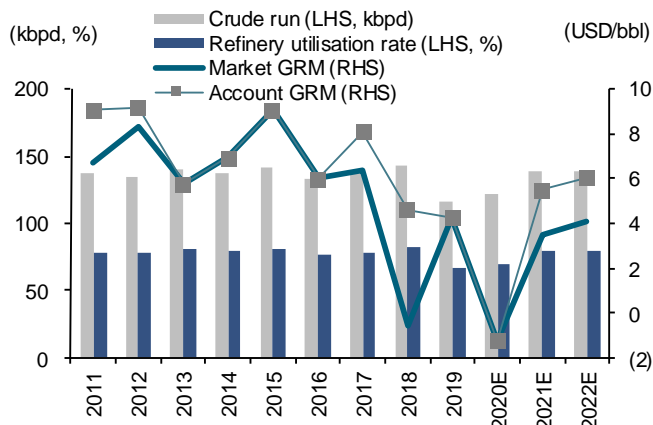
| | 2020E | 2021E | 2022E |
|---------------------------------|--------|-------|-------|
| Utilisation rate (%) | 60 | 69 | 80 |
| GRM (USD/bbl) | (1.21) | 3.49 | 4.05 |
| Dubai crude oil price (USD/bbl) | 40.0 | 50.0 | 50.0 |
| Gasoline-Dubai (USD/bbl) | 7.0 | 12.0 | 14.0 |
| Jet-Dubai (USD/bbl) | 3.5 | 11.0 | 15.0 |
| Diesel-Dubai (USD/bbl) | 7.5 | 14.2 | 14.2 |
| HSFO-Dubai (USD/bbl) | (2.0) | (5.0) | (7.0) |
| PX-naphtha margin (USD/tonne) | 350 | 382 | 382 |

Source: FSSIA estimates

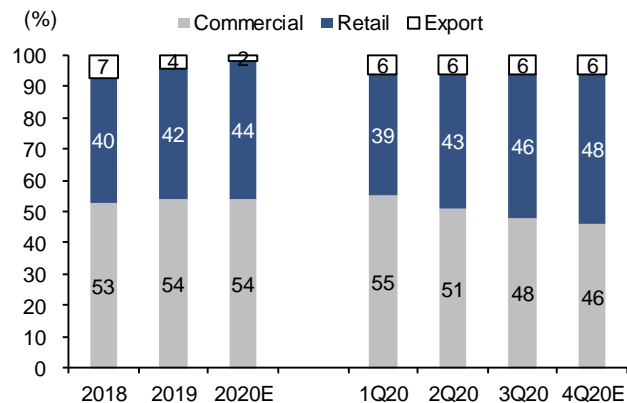
Earnings sensitivity

- For every 1% increase in average Dubai oil price, we project 2021 earnings to rise by 1.2%, and vice versa, all else being equal.
- For every 1% rise in market GRM, we estimate that 2021 earnings will rise by 1.4%, and vice versa, all else being equal.
- Stability in crude oil prices, rising diesel cracks and low crude premiums are key for its earnings growth.

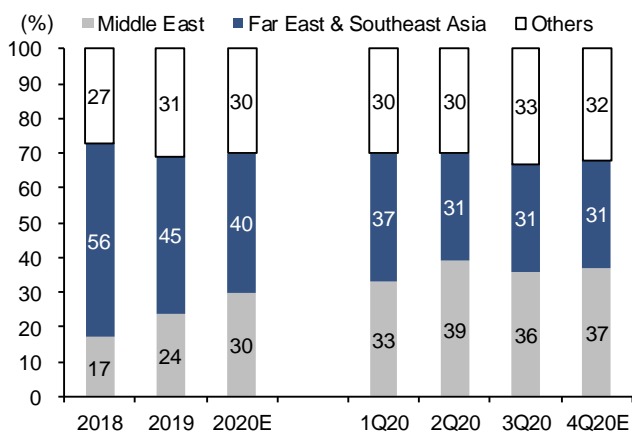
Source: FSSIA estimates

Exhibit 1: Crude run, utilisation rate, market GRM and accounting GRM

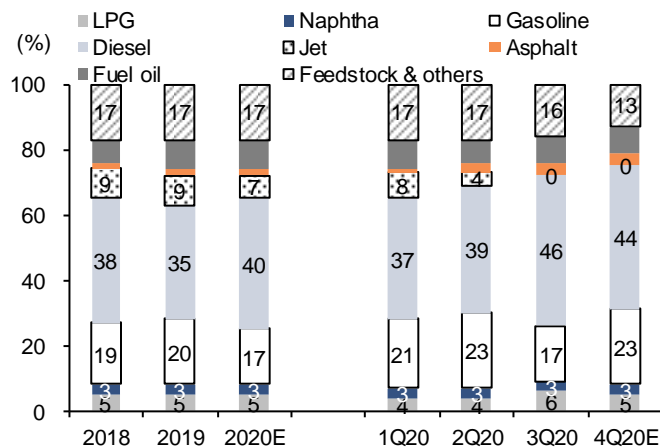
Sources: ESSO; FSSIA estimates

Exhibit 2: Sales volume breakdown by segment

Sources: ESSO; FSSIA estimates

Exhibit 3: Crude mix

Sources: ESSO; FSSIA estimates

Exhibit 4: Production yield

Sources: ESSO; FSSIA estimates

Exhibit 5: Key changes in assumptions

| (THB m) | Current | | | Previous | | | Change (%) | | |
|---------------------------------|---------|---------|---------|----------|---------|---------|------------|--------|-------|
| | 2020E | 2021E | 2022E | 2020E | 2021E | 2022E | 2020E | 2021E | 2022E |
| Revenue | 116,229 | 170,249 | 171,809 | 116,229 | 169,132 | 171,416 | - | 0.7 | 0.2 |
| Gross profit | 5,162 | 15,402 | 15,713 | 5,162 | 14,285 | 15,320 | - | 7.8 | 2.6 |
| Operating profit | (2,594) | 5,604 | 5,767 | (2,594) | 4,528 | 5,388 | - | 23.8 | 7.0 |
| Net profit | (2,813) | 4,358 | 4,573 | (2,813) | 3,503 | 4,260 | - | 24.4 | 7.3 |
| EPS (THB/shr) | (0.8) | 1.3 | 1.3 | (0.8) | 1.0 | 1.2 | - | 24.4 | 7.3 |
| Key assumptions | | | | | | | | | |
| Utilisation rate (%) | 60 | 69 | 80 | 70 | 80 | 80 | (10.0) | (11.0) | - |
| GRM (USD/bbl) | (1.21) | 3.49 | 4.05 | (1.21) | 2.95 | 3.86 | - | 18.3 | 4.9 |
| Dubai crude oil price (USD/bbl) | 40.0 | 50.0 | 50.0 | 40.0 | 50.0 | 50.0 | - | - | - |
| Gasoline-Dubai (USD/bbl) | 7.0 | 12.0 | 14.0 | 7.0 | 12.0 | 13.0 | - | - | 7.7 |
| Jet-Dubai (USD/bbl) | 3.5 | 11.0 | 15.0 | 3.5 | 9.0 | 15.0 | - | 22.2 | - |
| Diesel-Dubai (USD/bbl) | 7.5 | 14.2 | 14.2 | 7.5 | 14.2 | 14.2 | - | - | - |
| HSFO-Dubai (USD/bbl) | (2.0) | (5.0) | (7.0) | (2.0) | (5.0) | (7.0) | - | - | - |
| PX-naphtha margin (USD/tonne) | 350 | 382 | 382 | 350 | 382 | 382 | - | - | - |

Note: Change of items in percentage terms are represented in ppt change; Source: FSSIA estimates

Exhibit 6: SoTP valuation

| ESSO valuation | (THB m) | (THB/shr) | Comments |
|--------------------|---------------|-------------|-----------------------|
| Refinery | 30,106 | 8.7 | At 6x 2021E EV/EBITDA |
| Oil station | 36,681 | 10.6 | At 23x 2021E P/E |
| Aromatics | 1,270 | 0.4 | At 3x 2021E EV/EBITDA |
| Net debt | (18,279) | (5.4) | 2021E net debt |
| Total value | 49,778 | 14.3 | |

Source: FSSIA estimates

Financial Statements

Esso Thailand

| Profit and Loss (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|---------------|----------------|----------------|---------------|---------------|
| Revenue | 200,799 | 169,348 | 116,229 | 170,249 | 171,809 |
| Cost of goods sold | (189,388) | (164,146) | (111,067) | (154,848) | (156,096) |
| Gross profit | 11,411 | 5,202 | 5,162 | 15,402 | 15,713 |
| Other operating income | - | - | - | - | - |
| Operating costs | (5,769) | (6,110) | (4,194) | (6,143) | (6,199) |
| Operating EBITDA | 5,642 | (908) | 968 | 9,259 | 9,514 |
| Depreciation | (3,199) | (3,198) | (3,562) | (3,655) | (3,747) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 2,443 | (4,106) | (2,594) | 5,604 | 5,767 |
| Net financing costs | (237) | (313) | (495) | (487) | (383) |
| Associates | 384 | 380 | 204 | 233 | 233 |
| Recurring non operating income | 1,413 | 462 | 277 | 310 | 314 |
| Non recurring items | (963) | 0 | 0 | 0 | 0 |
| Profit before tax | 2,656 | (3,957) | (2,812) | 5,427 | 5,698 |
| Tax | (429) | 893 | 0 | (1,069) | (1,125) |
| Profit after tax | 2,227 | (3,065) | (2,812) | 4,359 | 4,573 |
| Minority interests | (1) | (1) | (1) | (1) | (1) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | 2,226 | (3,066) | (2,813) | 4,358 | 4,573 |
| Non recurring items & goodwill (net) | 963 | 0 | 0 | 0 | 0 |
| Recurring net profit | 3,189 | (3,066) | (2,813) | 4,358 | 4,573 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.92 | (0.89) | (0.81) | 1.26 | 1.32 |
| Reported EPS | 0.64 | (0.89) | (0.81) | 1.26 | 1.32 |
| DPS | 0.40 | 0.10 | 0.00 | 0.40 | 0.50 |
| Diluted shares (used to calculate per share data) | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 |
| Growth | | | | | |
| Revenue (%) | 12.4 | (15.7) | (31.4) | 46.5 | 0.9 |
| Operating EBITDA (%) | (53.2) | nm | nm | 856.2 | 2.8 |
| Operating EBIT (%) | (72.4) | nm | nm | nm | 2.9 |
| Recurring EPS (%) | (56.2) | nm | nm | nm | 4.9 |
| Reported EPS (%) | (69.5) | nm | nm | nm | 4.9 |
| Operating performance | | | | | |
| Gross margin inc depreciation (%) | 4.1 | 1.2 | 1.4 | 6.9 | 7.0 |
| Gross margin of key business (%) | 4.1 | 1.2 | 1.4 | 6.9 | 7.0 |
| Operating EBITDA margin (%) | 2.8 | (0.5) | 0.8 | 5.4 | 5.5 |
| Operating EBIT margin (%) | 1.2 | (2.4) | (2.2) | 3.3 | 3.4 |
| Net margin (%) | 1.6 | (1.8) | (2.4) | 2.6 | 2.7 |
| Effective tax rate (%) | 18.9 | 20.6 | 20.6 | 20.6 | 20.6 |
| Dividend payout on recurring profit (%) | 43.4 | (11.3) | - | 31.8 | 37.8 |
| Interest cover (X) | 16.3 | (11.6) | (4.7) | 12.1 | 15.9 |
| Inventory days | 35.2 | 41.7 | 52.6 | 36.4 | 42.3 |
| Debtor days | 10.3 | 13.7 | 20.5 | 14.3 | 14.5 |
| Creditor days | 12.6 | 13.4 | 13.8 | 9.6 | 11.1 |
| Operating ROIC (%) | 4.9 | (7.8) | (4.8) | (4.7) | (5.0) |
| ROIC (%) | 6.5 | (5.8) | (3.5) | (4.0) | (4.2) |
| ROE (%) | 11.8 | (12.8) | (13.7) | 20.8 | 18.8 |
| ROA (%) | 5.6 | (4.4) | (4.0) | 6.9 | 6.9 |

* Pre-exceptional, pre-goodwill and fully diluted

| Revenue By Division (THB m) | 2018 | 2019 | 2020E | 2021E | 2022E |
|-----------------------------|---------|---------|---------|---------|---------|
| Downstream | 181,981 | 156,148 | 109,100 | 161,862 | 163,422 |
| Petrochemicals | 18,818 | 13,200 | 7,129 | 8,388 | 8,388 |

Sources: Esso Thailand; FSSIA estimates

Financial Statements

Esso Thailand

| Cash Flow (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Recurring net profit | 3,189 | (3,066) | (2,813) | 4,358 | 4,573 |
| Depreciation | 3,199 | 3,198 | 3,562 | 3,655 | 3,747 |
| Associates & minorities | 66 | 82 | 73 | 77 | 80 |
| Other non-cash items | - | - | - | - | - |
| Change in working capital | 2,102 | (7,442) | 2,601 | (2,068) | (230) |
| Cash flow from operations | 8,556 | (7,228) | 3,424 | 6,021 | 8,170 |
| Capex - maintenance | (4,743) | (4,819) | (4,819) | (4,819) | (4,819) |
| Capex - new investment | (2,624) | (2,187) | (3,302) | (3,277) | (3,277) |
| Net acquisitions & disposals | - | - | - | - | - |
| Other investments (net) | 596 | 111 | 0 | 0 | 0 |
| Cash flow from investing | (6,771) | (6,895) | (8,121) | (8,096) | (8,096) |
| Dividends paid | (4,326) | (692) | (346) | (346) | (1,730) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | (701) | 12,198 | (1,000) | (1,000) | (3,000) |
| Other financing cash flows | 3,276 | 2,411 | 6,390 | 6,362 | 6,358 |
| Cash flow from Financing | (1,751) | 13,917 | 5,044 | 5,016 | 1,628 |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | 34 | (206) | 347 | 2,941 | 1,702 |
| Free cash flow to firm (FCFF) | 2,031.16 | (13,801.38) | (4,197.26) | (1,577.25) | 516.50 |
| Free cash flow to equity (FCFE) | 4,360.39 | 486.52 | 692.74 | 3,287.42 | 3,432.07 |

Per share (THB)

| | | | | | |
|-------------------------------|------|--------|--------|--------|------|
| FCFF per share | 0.59 | (3.99) | (1.21) | (0.46) | 0.15 |
| FCFE per share | 1.26 | 0.14 | 0.20 | 0.95 | 0.99 |
| Recurring cash flow per share | 1.86 | 0.06 | 0.24 | 2.34 | 2.43 |

| Balance Sheet (THB m) Year Ending Dec | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed asset (gross) | 67,600 | 68,899 | 70,557 | 72,215 | 73,873 |
| Less: Accumulated depreciation | (41,600) | (43,300) | (46,862) | (50,517) | (54,264) |
| Tangible fixed assets (Net) | 26,000 | 25,599 | 23,695 | 21,698 | 19,610 |
| Intangible fixed assets (Net) | 161 | 181 | 181 | 181 | 181 |
| Long-term financial assets | - | - | - | - | - |
| Invest. In associates & subsidiaries | 3,668 | 3,557 | 3,557 | 3,557 | 3,557 |
| Cash & equivalents | 483 | 277 | 624 | 3,565 | 5,266 |
| A/C receivable | 6,290 | 6,464 | 6,584 | 6,759 | 6,935 |
| Inventories | 18,416 | 19,085 | 12,914 | 18,004 | 18,149 |
| Other current assets | 4,097 | 6,152 | 4,223 | 6,185 | 6,242 |
| Current assets | 29,285 | 31,978 | 24,344 | 34,513 | 36,593 |
| Other assets | 2,636 | 4,927 | 4,927 | 4,927 | 4,927 |
| Total assets | 61,750 | 66,242 | 56,703 | 64,875 | 64,867 |
| Common equity | 25,825 | 22,110 | 18,952 | 22,963 | 25,806 |
| Minorities etc. | 7 | 7 | 8 | 9 | 10 |
| Total Shareholders' equity | 25,832 | 22,118 | 18,960 | 22,972 | 25,815 |
| Long term debt | 1,600 | 4,167 | 3,167 | 3,167 | 3,167 |
| Other long-term liabilities | 2,730 | 3,281 | 3,281 | 3,281 | 3,281 |
| Long-term liabilities | 4,330 | 7,448 | 6,448 | 6,448 | 6,448 |
| A/C payable | 6,995 | 5,020 | 3,397 | 4,736 | 4,774 |
| Short term debt | 10,045 | 19,677 | 19,677 | 18,677 | 15,677 |
| Other current liabilities | 14,547 | 11,979 | 8,222 | 12,043 | 12,153 |
| Current liabilities | 31,588 | 36,676 | 31,295 | 35,455 | 32,604 |
| Total liabilities and shareholders' equity | 61,750 | 66,242 | 56,703 | 64,875 | 64,867 |
| Net working capital | 7,260 | 14,702 | 12,101 | 14,169 | 14,399 |
| Invested capital | 39,725 | 48,966 | 44,461 | 44,532 | 42,674 |

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

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| Book value per share | 7.46 | 6.39 | 5.48 | 6.64 | 7.46 |
| Tangible book value per share | 7.42 | 6.34 | 5.42 | 6.58 | 7.40 |

Financial strength

| | | | | | |
|---------------------------|------|-------|-------|------|------|
| Net debt/Equity (%) | 43.2 | 106.6 | 117.2 | 79.6 | 52.6 |
| Net debt/total assets (%) | 18.1 | 35.6 | 39.2 | 28.2 | 20.9 |
| Current ratio (x) | 0.9 | 0.9 | 0.8 | 1.0 | 1.1 |
| CF interest cover (x) | 30.5 | 9.5 | 9.1 | 14.5 | 18.5 |

| Valuation | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|-------------|---------------|---------------|-------------|-------------|
| Recurring P/E (x) * | 9.3 | (9.7) | (10.6) | 6.8 | 6.5 |
| Recurring P/E @ target price (x) * | 15.5 | (16.1) | (17.6) | 11.4 | 10.8 |
| Reported P/E (x) | 13.4 | (9.7) | (10.6) | 6.8 | 6.5 |
| Dividend yield (%) | 4.7 | 1.2 | - | 4.7 | 5.8 |
| Price/book (x) | 1.2 | 1.3 | 1.6 | 1.3 | 1.2 |
| Price/tangible book (x) | 1.2 | 1.4 | 1.6 | 1.3 | 1.2 |
| EV/EBITDA (x) ** | 7.3 | (58.7) | 53.7 | 5.2 | 4.6 |
| EV/EBITDA @ target price (x) ** | 10.8 | (80.5) | 74.1 | 7.3 | 6.6 |
| EV/invested capital (x) | 1.0 | 1.1 | 1.2 | 1.1 | 1.0 |

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

Sources: Esso Thailand; 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 | GGC | 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 | SEAOL | 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 | SMPG | 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 |
| WIIK | 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 | TPIPP | 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 | AMANAH | 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 | SEOIL | 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 Thaiapat 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. Thaiapat 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 Thaiapat 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

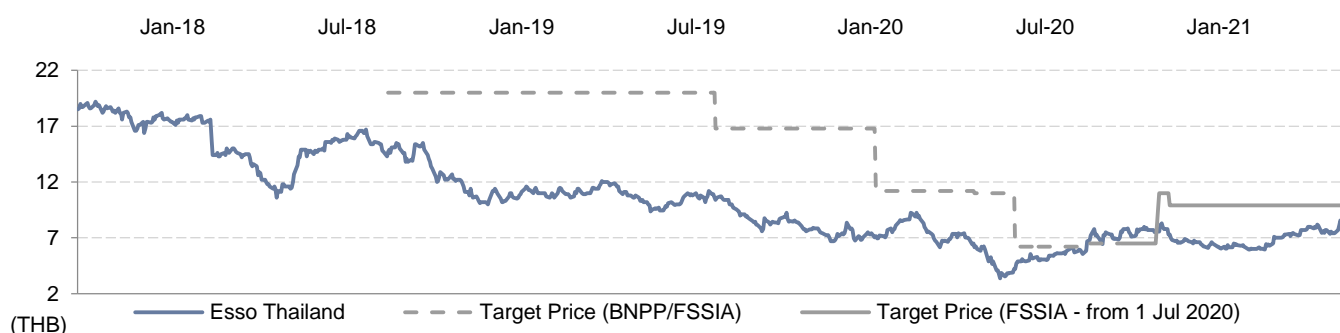
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Esso Thailand (ESSO TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 09-Oct-2018 | BUY | 20.00 | 26-Feb-2020 | BUY | 11.00 | 26-May-2020 | BUY | 6.50 |
| 18-Jul-2019 | BUY | 16.80 | 01-Apr-2020 | BUY | 6.20 | 31-Jul-2020 | BUY | 11.00 |
| 03-Dec-2019 | BUY | 11.20 | 26-May-2020 | BUY | 6.50 | 11-Aug-2020 | BUY | 9.90 |

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 |
|---------------|---------|----------|--------|---|
| Esso Thailand | ESSO TB | THB 8.60 | BUY | The downside risks to our SoTP-based TP on ESSO include 1) lower-than-expected demand for petroleum products; 2) a higher crude premium; and 3) unplanned shutdowns of its refinery and petrochemical plants. |

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 15-Jan-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.