

22 FEBRUARY 2021

THAILAND / OIL & GAS

ESSO THAILAND ESSO TB

BUY

UNCHANGED

TARGET PRICE	THB14.30
CLOSE	THB8.90
UP/DOWNSIDE	+60.7%
PRIOR TP	THB14.30
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+56.6%

จากโรงกลั่นสู่สถานีบริการน้ำมัน

ฟื้นขึ้นจากจุดต่ำสุด

เราเชื่อว่าปัจจุบัน ESSO เป็นหนึ่งในหุ้นโรงกลั่นที่น่าสนใจที่สุดในประเทศไทยโดยมีเหตุผลสนับสนุนจาก 1) การฟื้นตัวของกำไรสุทธิในปี 2021 ตามการฟื้นตัวของค่าการกลั่น (GRM) ซึ่งเราคาดว่าจะเกิดจาก Gasoline-Dubai margin ที่กำลังปรับตัวขึ้นก่อนฤดูการขับขี่และการผ่อนคลายมาตรการปิดเมืองทั่วโลกโดยเฉพาะในสหรัฐฯ; 2) Crude Premium ที่ต่ำต่อเนื่องซึ่งควรช่วยหนุน Market GRM ให้สูงขึ้น; และ 3) กำไรสุทธิที่ดีขึ้นจากธุรกิจสถานีบริการน้ำมันตามจำนวนสถานีบริการฯ ที่เพิ่มขึ้นและสัดส่วนที่มากขึ้นของยอดขายผลิตภัณฑ์ Supreme ซึ่งมีคุณภาพสูง

หุ้นที่แข็งแกร่งที่สุดจากการฟื้นตัวของความต้องการน้ำมันในประเทศไทย

เราเห็นว่า ESSO เป็นโรงกลั่นที่แข็งแกร่งมากที่สุดในท่ามกลางการฟื้นตัวของความต้องการน้ำมันในประเทศไทย ต่างจากโรงกลั่นในประเทศรายอื่น ESSO ผลิตน้ำมันแปรรูปส่วนมากเพื่อตอบสนองตลาดในประเทศ โดยมีสัดส่วนการส่งออกเพียงเล็กน้อย ใน 3Q20 ESSO ขายมากกว่า 40% ของปริมาณน้ำมันแปรรูปของบริษัทฯ ผ่านสถานีบริการน้ำมันปลายทางของบริษัทฯ เราเห็นว่า ESSO จะเพิ่มปริมาณขายน้ำมันอย่างต่อเนื่องจนถึง 45% ภายในสิ้นปี 2025 อันเป็นผลจากความต้องการของธุรกิจสถานีบริการน้ำมันของตัวเอง เนื่องจากบริษัทฯ ตั้งใจขยายจำนวนสถานีบริการฯ อย่างต่อเนื่อง

เสริมสร้างฐานธุรกิจในภาคอีสานให้แข็งแกร่งมากยิ่งขึ้น

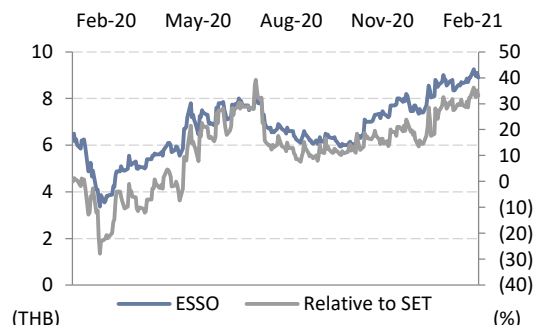
จากข้อมูลของ ESSO และผู้บริหารของ SUSCO ปัจจุบัน ESSO กำลังเปลี่ยนสถานีบริการน้ำมัน 21 แห่งของ SUSCO ให้เป็นของ ESSO ภายใต้รูปแบบการดำเนินธุรกิจหลักขณะที่ตัวแทนจำหน่ายเป็นเจ้าของและดำเนินงานด้วยตัวเอง (DODO) โดยวางแผนใช้ประโยชน์จากตราสินค้าของ ESSO และผลิตภัณฑ์ Supreme เพื่อเพิ่มปริมาณขายน้ำมันของ SUSCO เราเชื่อว่าการแปลงสถานีบริการน้ำมันของ SUSCO เป็นของ ESSO ดังกล่าวเป็นกลยุทธ์ที่ดีกับทุกฝ่าย เนื่องจาก ESSO มีสถานีบริการฯ น้อยในภาคอีสาน ในขณะที่ SUSCO อาจใช้ประโยชน์จากตราสินค้าของ ESSO ในการเสริมสร้างการเติบโตทางการเงินให้ดียิ่งขึ้น

หุ้นที่ดีที่สุดในรูปแบบการดำเนินธุรกิจแบบผสมผสานระหว่างโรงกลั่นและสถานีบริการน้ำมัน

เราคาดว่าแนวโน้มราคาเป้าหมาย 14.3 บาท (SoTP) เรามองว่า ESSO ต่างจากโรงกลั่นในประเทศไทยรายอื่น บริษัทฯ จะมีกำไรที่ดีในระยะกลางจากธุรกิจที่มีการกระจายความเสี่ยงไว้ดีแล้ว โดยมีสถานีบริการน้ำมันปลายทางที่ควรทำให้บริษัทฯ สามารถรักษาความสามารถในการทำกำไรไว้ได้ เราเห็นว่า ESSO เป็นหนึ่งในหุ้นที่ดีที่สุดของไทยจากการคาดการณ์เกี่ยวกับการฟื้นตัวของ Refinery Margin และสำหรับธุรกิจสถานีบริการน้ำมันปลายทาง นอกจากนี้เรายังมองว่าความเสี่ยงจากผลขาดทุนสินค้าคงคลังที่มากผิดปกติใน 2Q20 ไม่น่าจะเกิดขึ้นอีกใน 2H20

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	42.7	48.5
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	-	-
EPS growth (%)	nm	nm	nm	4.9
Core P/E (x)	(10.0)	(11.0)	7.1	6.7
Dividend yield (%)	1.1	-	4.5	5.6
EV/EBITDA (x)	(59.9)	54.8	5.3	4.7
Price/book (x)	1.4	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 (%)	(1.1)	21.9	27.1
Relative to country (%)		0.3	11.3
Mkt cap (USD m)	1,027		
3m avg. daily turnover (USD m)	11.5		
Free float (%)	34		
Major shareholder	Exxonmobil Asia Holdings Pte. Ltd. (66%)		
12m high/low (THB)	9.40/3.14		
Issued shares (m)	3,460.86		

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok

suwat.sin@fssia.com
+66 2611 3558

Siriluck Ponthusoonthorn

siriluck.pin@fssia.com
+66 2611 3562

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 22 กุมภาพันธ์ 2021

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 2020-21. 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.

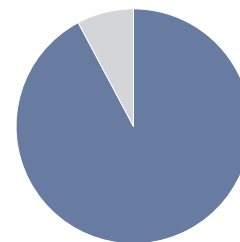
Company profile

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.

www.esso.co.th

Principal activities (revenue, 2019)

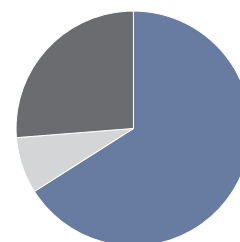
- Downstream - 92.2 %
- Petrochemicals - 7.8 %



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

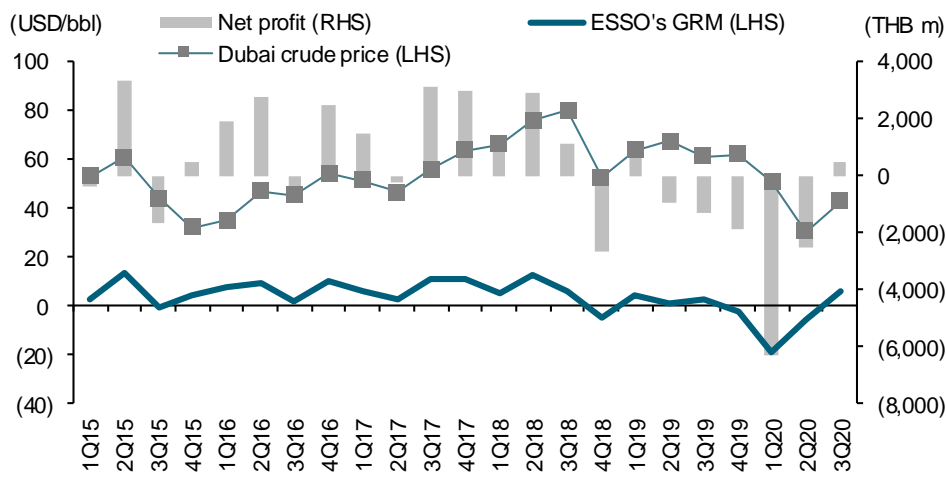
- For every 1% increase in average Dubai oil price, we project 2021 earnings to rise by 1.2%, and vice versa, all else being equal.
- For every 1% rise in market GRM, we estimate that 2021 earnings will rise by 1.4%, and vice versa, all else being equal.
- Stability in crude oil prices, rising diesel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

Source: FSSIA estimates

From refinery to oil station growth

We estimate that ESSO's earnings will rebound from a net loss of THB2.8b in 2020 to a net profit of THB4.4b in 2021, driven by a GRM recovery, inventory gains, and rising net profits from its oil station business.

Exhibit 1: Quarterly net profit should gradually rebound in 4Q20 onward

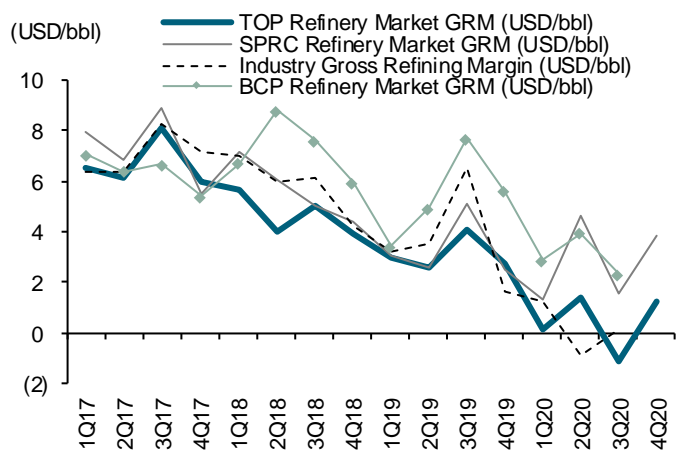


Source: ESSO

We believe ESSO is now standing as one of the most attractive refinery plays in Thailand, based on 1) a net profit recovery in 2021 on a GRM recovery that we project to be led by a rising gasoline-Dubai margin ahead of the driving season and the global easing of lockdowns, particularly in the US; 2) a sustained low crude premium that should support a higher market GRM; and 3) stronger net profit growth from its oil station unit on the back of its oil station expansion and a higher sales proportion of the Supreme premium oil products.

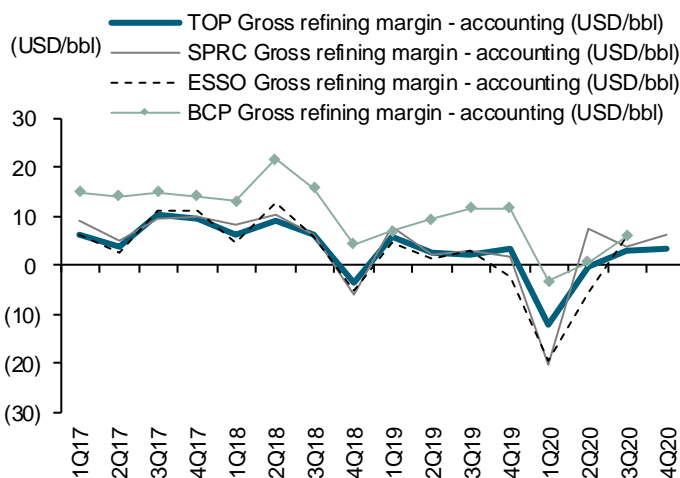
Among Thai refiners, we think Star Petroleum Refining (SPRC TB, BUY, TP THB12) and ESSO will see the most significant GRM rebounds to drive up their net profit growth in 2021, thanks to their high gasoline (17-32%) and low jet (0-1%) production yields and the high crude intake flexibility supported by their US-based parent companies (Chevron for SPRC and ExxonMobil for ESSO). As a result, we prefer ESSO (as a GRM and oil station play) and SPRC (as a gasoline play) for Thailand's refinery sector.

Exhibit 2: Market GRMs of three key refiners



Source: Company data

Exhibit 3: Accounting GRMs of four key refiners

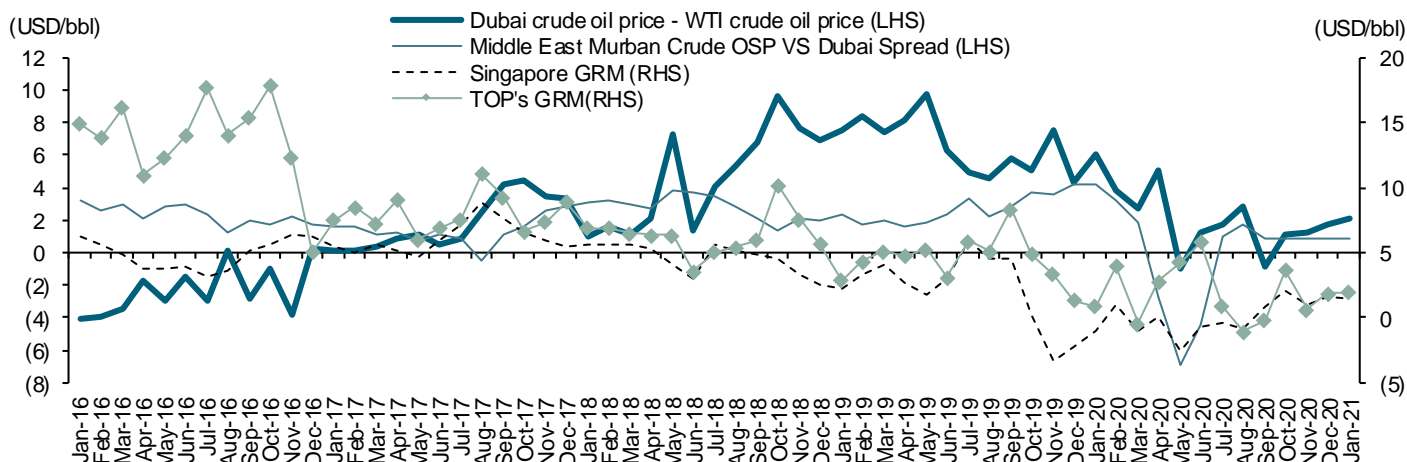


Source: Company data

An inflection point for GRM recovery

Since 4Q18, the market GRM for Thai refiners, represented by TOP's GRM and the Singapore GRM, have hovered at depressed levels in the range of negative USD7/bbl to USD3/bbl, mostly staying in negative territory below the industry cash cost level of USD1.8-2.0/bbl. The demand collapses caused by the COVID-19 pandemic and the oil war among the three major oil producers – Saudi Arabia, US shale oil producers, and Russia – have thrown more oil onto the fire for the global refinery sector.

Exhibit 4: Dubai-WTI crude premium, Singapore GRM and TOP's GRM

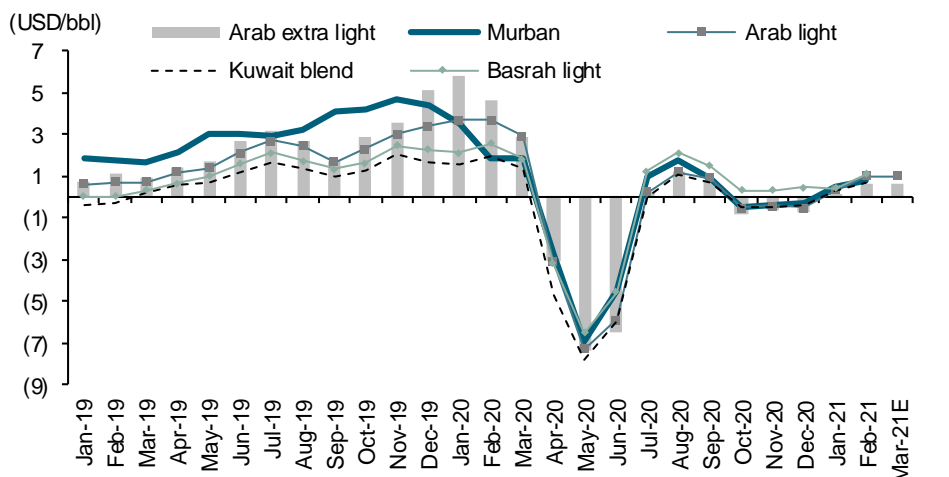


Source: Bloomberg

However, starting in 1Q21, we project that among Thai refiners ESSO should see a significant improvement in its GRM, rising by USD2-3/bbl y-y to USD4-5/bbl. We see the key drivers as 1) a low and relatively stable crude premium below USD1/bbl for Murban and Middle East crudes; and 2) a significant rise in product margins that we project to be led by a sharp rise in the gasoline-Dubai margin toward USD10/bbl by Apr-21, followed by diesel and jet-Dubai margin recoveries on the back of demand growth resulting from the gradual easing of lockdowns worldwide.

The major crude premiums of Middle East (ME) crudes, including Murban (produced by the UAE), Arab light and Arab extra light (Saudi Arabia), Kuwait blend (Kuwait), and Basrah light (Iraq), have marginally risen from negative levels in 4Q20 to USD0-0.9/bbl in 1Q21 (premiums are announced one or two months in advance). This indicates that the crude oil market for ME producers has weakened, leading to low crude premiums below USD1/bbl. We think the sub-USD1/bbl crude premiums will continue in 2021 and should reduce crude costs y-y for Thai refiners, including ESSO.

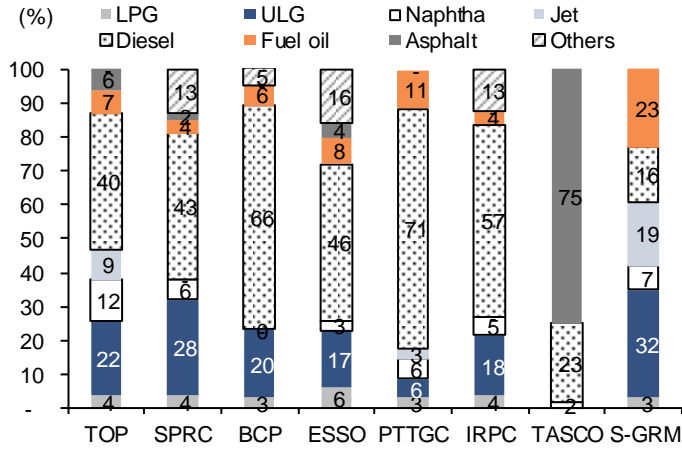
Exhibit 5: Crude premiums of Middle East producers



Source: TOP

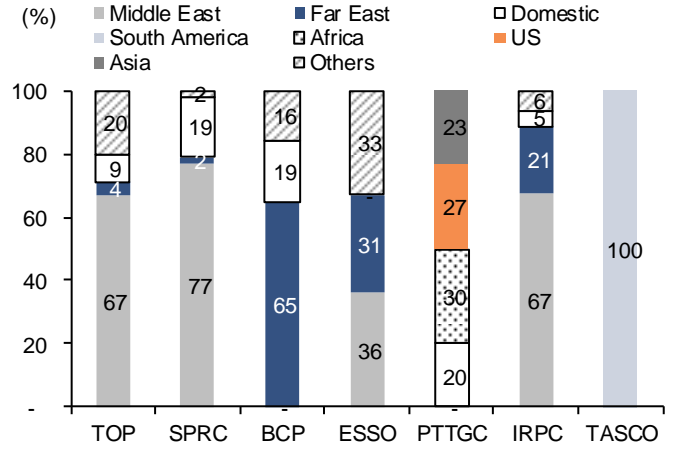
Product margin recovery is key. We believe that starting in Mar-21, market GRMs are likely to gradually rebound. This could be led by a gasoline-Dubai margin recovery driven by the global restocking of gasoline ahead of the summer driving season and the potential travel season, as the dissemination of vaccines should effectively reduce the impact of the COVID-19 pandemic.

Exhibit 6: Production yields of Thailand's refiners as of 3Q20



Source: Company data

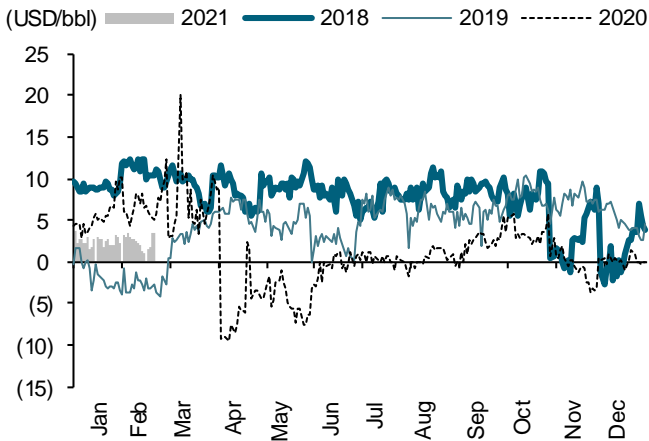
Exhibit 7: Crude mix breakdown of Thailand's refiners as of 3Q20



Source: Company data

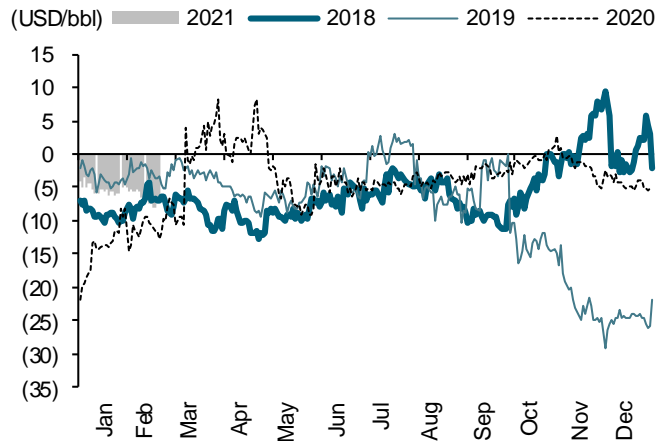
As one of the most competitive refiners in Thailand with a low-cost structure, high production yields of gasoline and diesel, and a captive refined oil demand from its oil station unit, we think ESSO should see a strong rebound in its earnings starting in 1Q21. The key drivers would be the GRM recovery, stronger net profits from its oil stations, and a potential inventory gain due to the higher oil price, in our view.

Exhibit 8: 92 octane gasoline FOB spot price - Dubai crude oil price



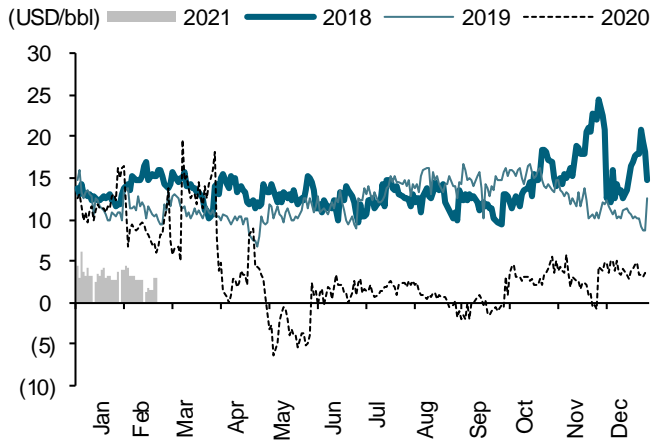
Source: Bloomberg

Exhibit 9: High sulphur fuel oil spot FOB Singapore - Dubai crude oil price



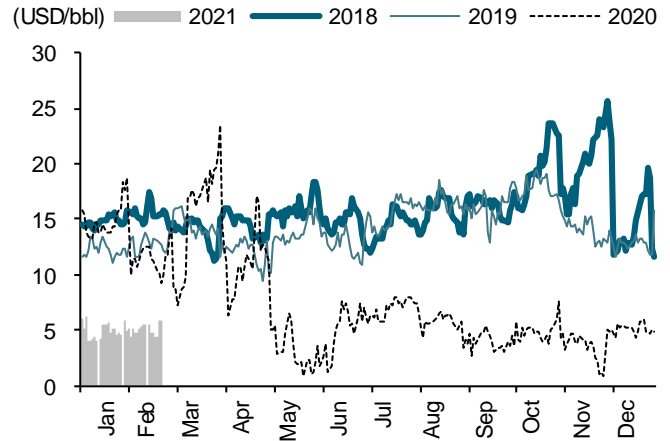
Source: Bloomberg

Exhibit 10: Jet kerosene FOB spot price - Dubai crude oil price



Source: Bloomberg

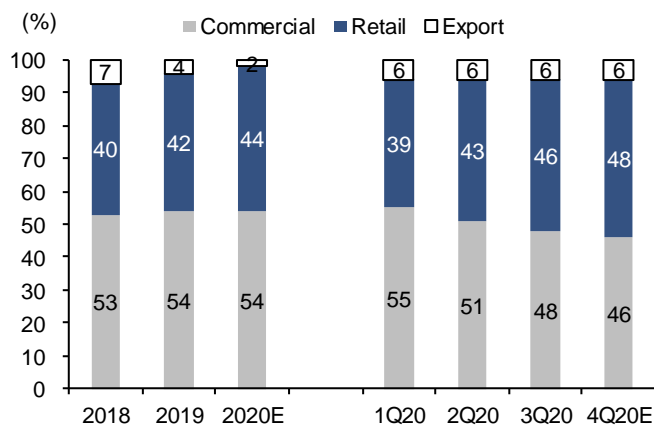
Exhibit 11: Gasoil 0.5% sulphur FOB SG spot price - Dubai crude oil price



Source: Bloomberg

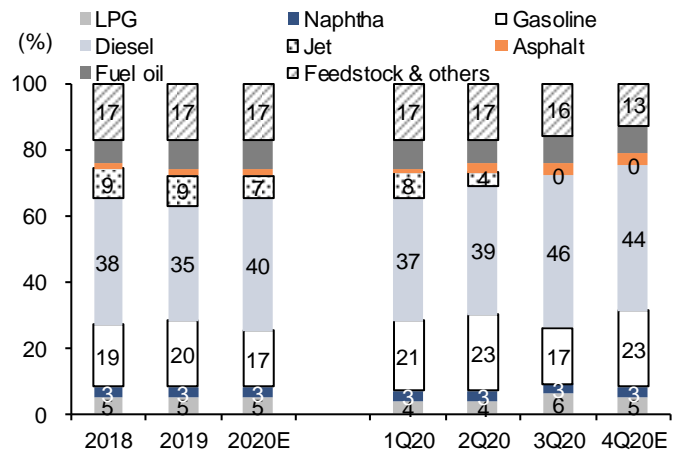
ESSO is the most resilient refiner amidst Thailand's domestic oil demand recovery. Unlike other Thai refiners, ESSO produces its refined oil to mostly serve the domestic market, with a very small portion for exporting. In 3Q20, ESSO sold over 40% of its refined oil production volume via its downstream oil stations. We think ESSO will continue to increase its oil sales volume toward 45% by end-2025 as a result of the captive demand for its oil station unit, since the company intends to continue expanding the number of its oil stations.

Exhibit 12: Sales volume breakdown by distribution channel



Sources: ESSO; FSSIA estimates

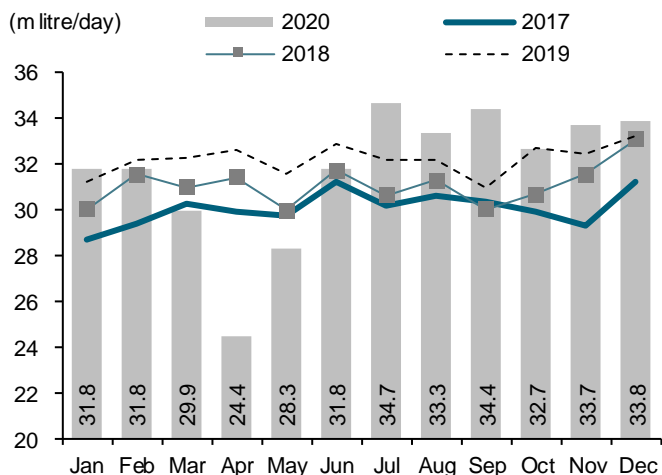
Exhibit 13: Production yield



Sources: ESSO; FSSIA estimates

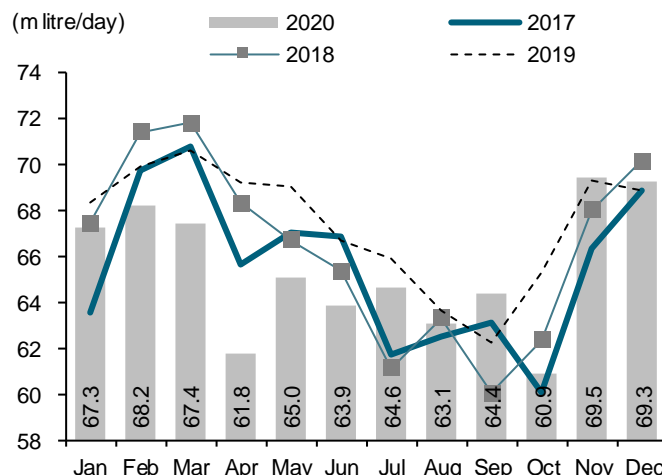
In 2020, the gasoline and diesel demand were not only resilient to the impact of COVID-19, but also grew y-y for gasoline and stayed flat y-y for diesel, thanks to the Thai government's policy to partially limit economic activities but not fully restrict all activities. Hence, mobility in the country remained high and the demand for gasoline and diesel followed.

Exhibit 14: Gasoline consumption in Thailand



Source: Department of Energy Business (DOEB)

Exhibit 15: Diesel consumption in Thailand

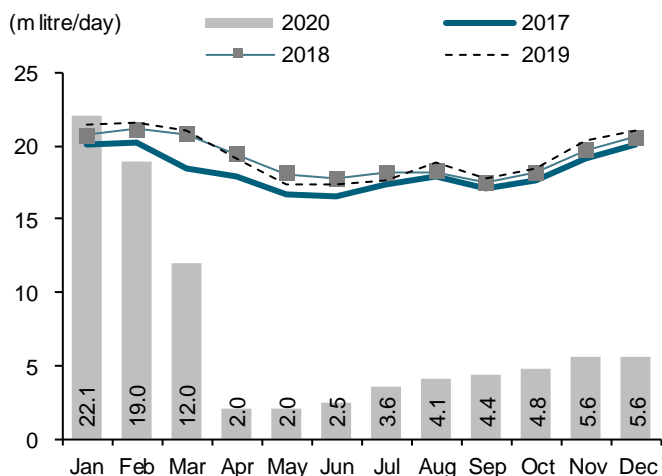


Source: DOEB

While the demand for jet fuel in Thailand remains weak, it has continued to rise, driven by domestic flights. We project that by end-2021, the demand for jet should rebound to close to 50% of the pre-COVID-19 demand level, as the Thai government should have lifted the ban on international flights by that point in time.

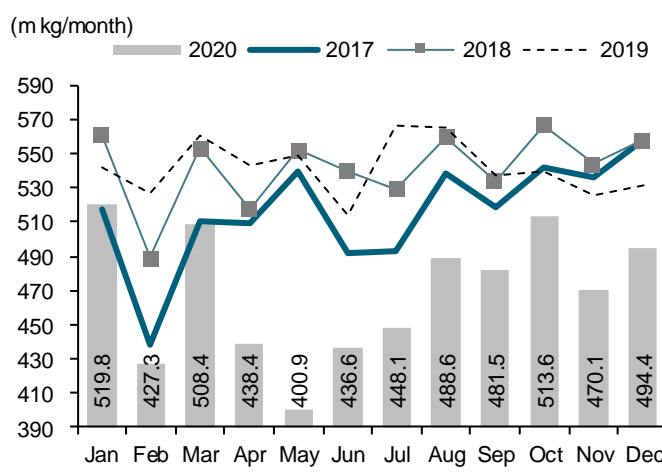
We estimate that if the jet demand improves along with the jet-crude margin, ESSO would be able to increase its refinery utilisation rate from 62% in 4Q20 to 70-75% in 2021, potentially driving up its net profit and refinery production level to 122-131kbpd, up from 108kbpd in 3Q20.

Exhibit 16: Jet consumption in Thailand



Source: DOEB

Exhibit 17: LPG consumption in Thailand

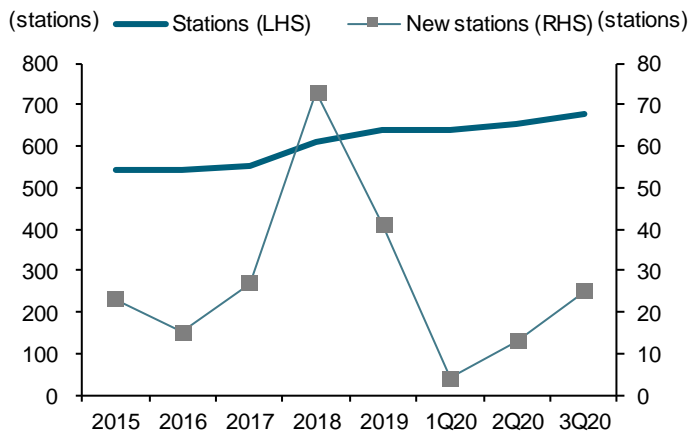


Source: DOEB

Rising earnings from higher premium oil sales volumes. One of the key drivers that could add to ESSO’s net profit growth momentum in 2021 would be higher sales volumes of its premium oil products for both diesel and gasohol (gasoline plus ethanol), which accounted for 6-10% of ESSO’s sales volume in 2020, based on our estimate.

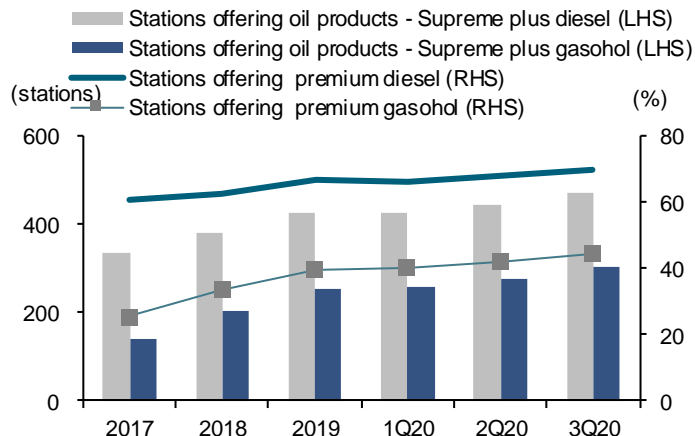
While the sales volume is small, we think ESSO could earn up to THB0.3b-0.5b net profit from its Supreme premium oil in 2021, given the THB4-5/litre marketing margin – 3x higher than the marketing margin of normal oil products with only an estimated THB1/litre additional cost.

Exhibit 18: Number of oil stations and new stations



Source: ESSO

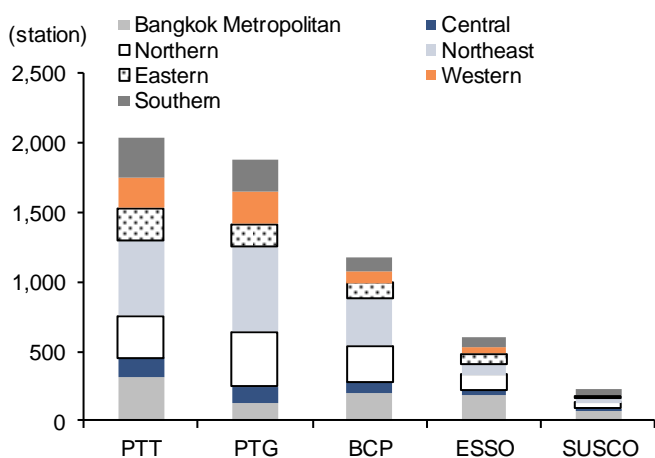
Exhibit 19: Number of oil stations offering premium Supreme diesel and gasohol



Source: ESSO

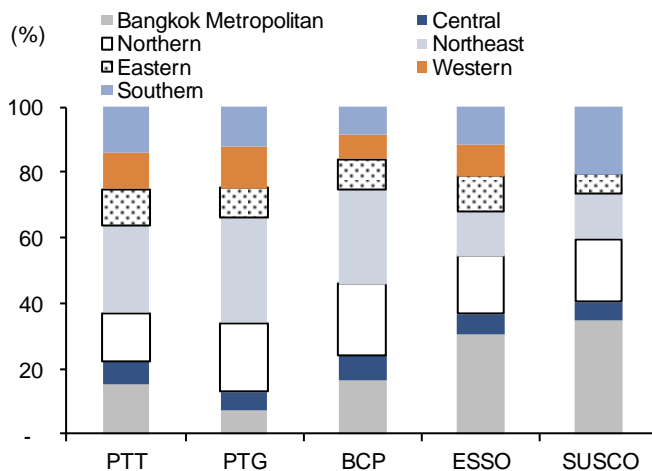
Strengthening its foothold in the Northeast. In addition, according to ESSO's and Susco (SUSCO TB, BUY, TP THB4)'s management, ESSO is now converting up to 21 of SUSCO's oil stations into the ESSO brand under the DODO business model, aiming to leverage ESSO's strong brand and Supreme products to increase the oil sales volume for SUSCO. We believe this SUSCO-to-ESSO station conversion is a win-win strategy, given that ESSO has a small number of oil stations in the Northeast, while SUSCO could leverage ESSO's brand to strengthen its financial growth.

Exhibit 20: Number of oil stations – breakdown by region



Source: DEOB

Exhibit 21: Number of oil stations – breakdown by region (%)



Source: DOEB

Exhibit 22: SoTP valuation

ESSO valuation	THB m	THB/shr	Comments
Refinery	30,106	8.7	At 6x FY21E EV/EBITDA
Oil station	36,681	10.6	At 23x FY21E P/E
Aromatics	1,270	0.4	At 3x FY21E EV/EBITDA
Net debt	(18,279)	(5.4)	FY21E net debt
Total value	49,778	14.3	

Sources: ESSO; 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)					
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					
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					
Recurring P/E (x) *	9.7	(10.0)	(11.0)	7.1	6.7
Recurring P/E @ target price (x) *	15.5	(16.1)	(17.6)	11.4	10.8
Reported P/E (x)	13.8	(10.0)	(11.0)	7.1	6.7
Dividend yield (%)	4.5	1.1	-	4.5	5.6
Price/book (x)	1.2	1.4	1.6	1.3	1.2
Price/tangible book (x)	1.2	1.4	1.6	1.4	1.2
EV/EBITDA (x) **	7.4	(59.9)	54.8	5.3	4.7
EV/EBITDA @ target price (x) **	10.8	(80.5)	74.1	7.3	6.6
EV/invested capital (x)	1.1	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 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TPIPP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

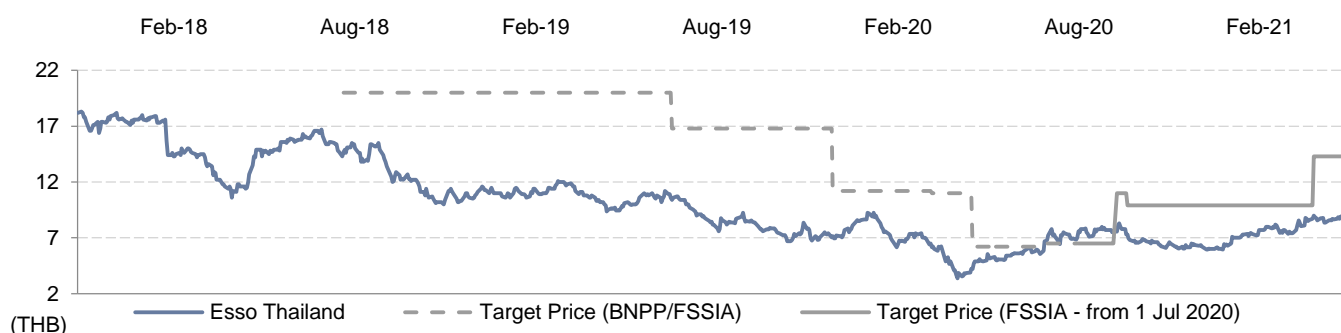
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Esso Thailand (ESSO TB)



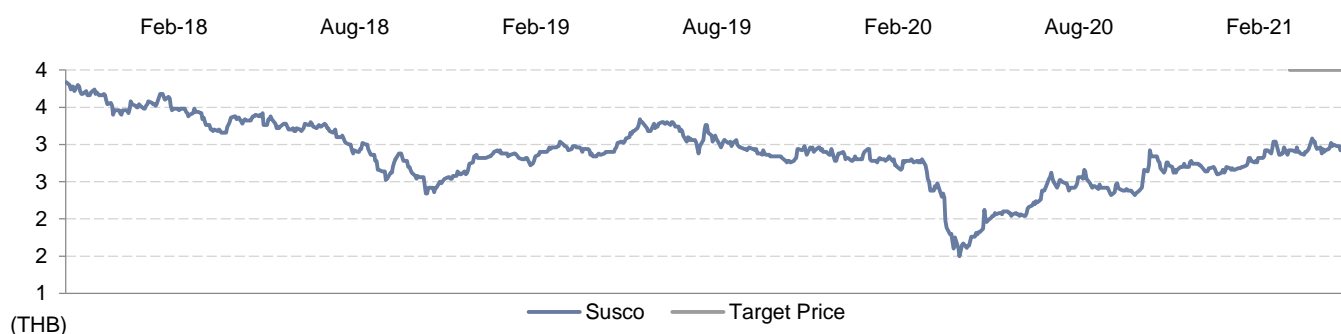
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	20.00	01-Apr-2020	BUY	6.20	11-Aug-2020	BUY	9.90
18-Jul-2019	BUY	16.80	26-May-2020	BUY	6.50	18-Jan-2021	BUY	14.30
03-Dec-2019	BUY	11.20	26-May-2020	BUY	6.50			
26-Feb-2020	BUY	11.00	31-Jul-2020	BUY	11.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Susco (SUSCO TB)



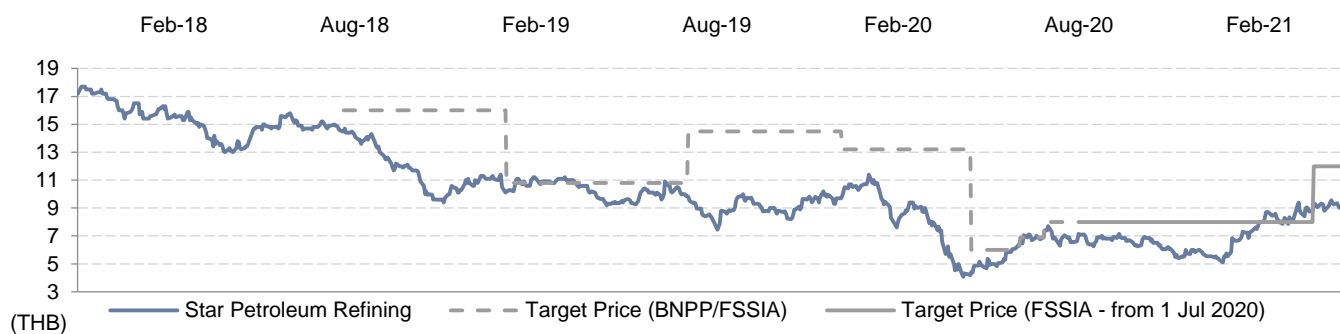
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	BUY	4.00	-	-	-	-	-	-

Suwat Sinsadok started covering this stock from 29-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Star Petroleum Refining (SPRC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	HOLD	16.00	31-Mar-2020	BUY	6.00	30-Oct-2020	BUY	8.00
26-Feb-2019	HOLD	10.80	12-May-2020	BUY	6.90	18-Jan-2021	BUY	12.00
01-Aug-2019	BUY	14.50	02-Jun-2020	BUY	8.00			
11-Dec-2019	BUY	13.20	18-Jun-2020	BUY	8.00			

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 8.90	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.
Susco	SUSCO TB	THB 2.90	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet fuel demand.
Star Petroleum Refining	SPRC TB	THB 9.20	BUY	TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 19-Feb-2021 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.