

4 AUGUST 2021

THAILAND / OIL &amp; GAS

## IRPC PCL IRPC TB

BUY

UNCHANGED

TARGET PRICE	THB5.00
CLOSE	THB3.62
UP/DOWNSIDE	+38.1%
PRIOR TP	THB5.30
CHANGE IN TP	-5.7%
TP vs CONSENSUS	+19.3%

## ผู้ชนะจากการปรับตัวดีขึ้นของ ABS น้ำมันหล่อลื่น และ GRM

## IRPC: ผู้ชนะหลักจากแนวโน้มขาขึ้นในธุรกิจ ABS และน้ำมันหล่อลื่น

เราเชื่อว่า IRPC ยังเป็นหนึ่งในหุ้นที่น่าสนใจที่สุดในกลุ่มที่เคลื่อนไหวตามวัฏจักร (Cyclical) ใน SET โดยมีเหตุผลจาก 1) กระแสการเติบโตของกำไรสุทธิที่คาดว่าจะดีใน 2Q21-2H21 โดยมีปัจจัยผลักดันจากอัตราค่าไถ่ที่อยู่ในระดับสูงของ Styrene และ Acrylonitrile Butadiene Styrene (ABS) ซึ่งเป็นอนุพันธ์ปลายน้ำในสายการผลิต Benzene; 2) อัตราค่าไถ่ที่ดีในธุรกิจน้ำมันหล่อลื่นซึ่งจะช่วยหนุนอัตราค่าไถ่ขั้นต้นรวม (GIM) ใน 2Q21 และ 2H21; และ 3) ค่าการกลั่น (GRM) ที่คาดว่าจะฟื้นตัวในช่วง 2H21 ซึ่งน่าจะไม่เพียงแต่ผลักดันอัตราค่าไถ่แต่ยังน่าจะเพิ่มอัตราการใช้กำลังการผลิตในธุรกิจโรงกลั่นอีกด้วย

## คาดการณ์กำไรสุทธิ 2Q21 ที่ 4.6 พัน ลบ. พร้อมกำไรสุทธิจากการดำเนินงานที่ 2.4 พัน ลบ.

เราคาดว่า IRPC จะรายงานกำไรสุทธิ 2Q21 ในระดับสูงถึง 4.6 พัน ลบ. ลดลง 17.5% q-q แต่ดีขึ้นจากที่เคยขาดทุนสุทธิ 411 ลบ. ใน 2Q20 เราคาดว่ากำไรสุทธิจากการดำเนินงานจะเพิ่มขึ้นเป็น 2.4 พัน ลบ. ใน 2Q21 เพิ่มขึ้น 108% q-q และดีขึ้นจากที่เคยขาดทุนสุทธิ 1.15 พัน ลบ. ใน 2Q20 โดยมีปัจจัยผลักดันและประมาณการสำคัญประกอบด้วย: 1) GIM ที่สูงขึ้นของธุรกิจน้ำมันหล่อลื่นเป็น USD4.5/bbl จาก USD2.6/bbl ใน 1Q21; 2) GIM ที่สูงขึ้นของกลุ่ม Aromatics Styrene เป็น USD3.4/bbl จาก USD3.3/bbl ใน 1Q21 จาก ABS-Naphtha Margin ที่สูงขึ้น; 3) GIM ที่สูงขึ้นของธุรกิจโอเลฟินเป็น USD3.8/bbl จาก USD3.75/bbl ใน 1Q21 จาก PP-Naphtha Margin ที่สูงขึ้น q-q; 4) อัตราการใช้กำลังการผลิตของธุรกิจโรงกลั่นที่ปรับตัวขึ้นจาก 86% ใน 1Q21 เป็น 90% หรือเท่ากับ 194kbpd ใน 2Q21; และ 5) กำไรจากสินค้าคงคลังที่ USD5/bbl หลังหักผลขาดทุนจากสัญญาป้องกันความเสี่ยงจำนวน USD1/bbl

## คาดการณ์ GRM ที่เพิ่มขึ้นในช่วง 2H21 จะชดเชยกับ GIM ที่อ่อนแอของธุรกิจเคมี

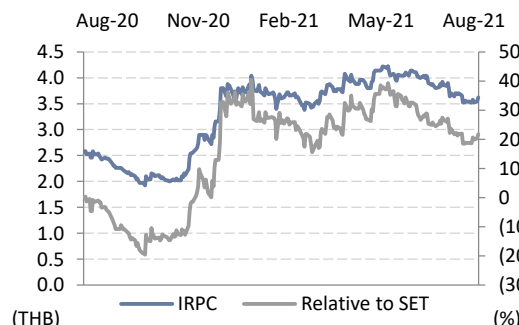
นับตั้งแต่ 1Q21 ค่า Market GRM ได้ปรับตัวดีขึ้นสูงกว่าระดับ USD3/bbl แต่ยังคงต่ำกว่าต้นทุนการกลั่นของ IRPC ที่คาดว่าจะอยู่ที่ USD3.5-4.0/bbl ในช่วง 2H21 เราคาดว่า Market GRM จะปรับตัวดีขึ้นเหนือ USD4/bbl ซึ่งจะส่งผลประกอบการของ IRPC พลิกเป็นกำไรสุทธิโดยได้ปัจจัยผลักดันจาก Product Margin ที่สูงขึ้นของน้ำมันอากาศยาน ดีเซล และเบนซินหลังการกลับมาเปิดเศรษฐกิจในสหรัฐฯ ยุโรป และจีน รวมถึงอัตราการใช้กำลังการผลิตที่คาดว่าจะสูงขึ้นเป็น 93-95% เนื่องจากบริษัทฯ ไม่มีแผนปิดซ่อมบำรุงขนาดใหญ่ในช่วงดังกล่าว

## คำแนะนำซื้อหลังปรับลดราคาเป้าหมายเป็น 5.0 บาท

เราคงคำแนะนำซื้อหลังปรับลดราคาเป้าหมายจาก 5.3 (9.0x ของค่า 2021E EV/EBITDA) เป็น 5.0 บาท (6.6x ของค่า 2021E EV/EBITDA) เพื่อสะท้อนมุมมองที่เป็นลบมากยิ่งขึ้นสำหรับ PE และ PP margin ที่ลดลงแม้ว่าอัตราค่าไถ่ของ ABS จะเพิ่มสูงขึ้น เราปรับประมาณการกำไรต่อหุ้นปี 2021-23 เพิ่มอีก 9.4-107% เพื่อสะท้อนสมมติฐานราคาน้ำมันดิบที่สูงขึ้นเป็น USD65/60/60 ในปี 2021-23 ตามลำดับ อัตราการใช้กำลังการผลิตที่ลดลงเป็น 90% ในปี 2021 และ GIM ที่สูงขึ้นจาก ABS-Naphtha และ Lube Margin ที่สูงขึ้น

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	174,463	251,225	241,468	244,364
Net profit	(6,152)	10,907	12,323	14,218
EPS (THB)	(0.30)	0.53	0.60	0.70
vs Consensus (%)	-	72.6	181.7	199.1
EBITDA	1,831	22,992	25,070	27,369
Core net profit	(6,152)	10,907	12,323	14,218
Core EPS (THB)	(0.30)	0.53	0.60	0.70
Chg. In EPS est. (%)	nm	107.3	9.4	14.1
EPS growth (%)	nm	nm	13.0	15.4
Core P/E (x)	(12.0)	6.8	6.0	5.2
Dividend yield (%)	1.7	7.4	8.3	9.6
EV/EBITDA (x)	69.5	5.4	4.8	4.0
Price/book (x)	1.0	0.9	0.9	0.8
Net debt/Equity (%)	70.2	61.8	53.2	38.7
ROE (%)	(7.7)	14.0	14.8	16.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.2)	(12.6)	44.8
Relative to country (%)	(3.9)	(10.1)	24.2
Mkt cap (USD m)	2,240		
3m avg. daily turnover (USD m)	23.9		
Free float (%)	52		
Major shareholder	PTT Plc. (48%)		
12m high/low (THB)	4.32/1.92		
Issued shares (m)	20,434.42		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 4 สิงหาคม 2021

### Investment thesis

We think IRPC's gross integrated margin will be driven by its upstream hygiene and value-added (UHV) unit, a higher refinery utilisation rate, and a favourable petrochemical product margin. With most of IRPC's upgrading and capacity expansion projects completed in 2017, we project the company's earnings to expand over 2021-22, led by: 1) y-y higher volumes for its refinery, aromatics and lube units due to the absence of major planned shutdowns; and 2) a market GRM recovery on the back of our projected diesel-Dubai spread recovery.

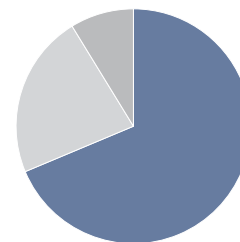
### Company profile

IRPC is a fully integrated refinery and naphtha-based petrochemical producer. The company was founded in 1978 and listed in 1995.

[www.irpc.co.th](http://www.irpc.co.th)

### Principal activities (revenue, 2020)

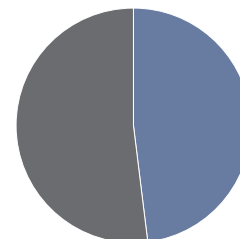
- Petroleum products - 83.3 %
- Petrochemical products - 27.4 %
- Other business - 10.6 %



Source: IRPC PCL

### Major shareholders

- PTT Plc. - 48.1 %
- Others - 52.0 %



Source: IRPC PCL

### Catalysts

Rising margins of PP-naphtha, SM and ABS-benzene, and a higher market GRM are key potential earnings drivers for IRPC.

### Risks to our call

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.

### Event calendar

Date	Event
Aug 2021	2Q21 results announcement

### Key assumptions

	2021E	2022E	2023E
Oil price (USD/bbl)	65	60	60
Olefin utilisation rate (%)	93	94	95
Refinery utilisation rate (%)	90	97	98
Market GRM (USD/bbl)	2.4	4.8	5.5
Market GIM (USD/bbl)	13.5	14.9	15.8
HDPE-naphtha (USD/t)	338	487	487
PP-naphtha (USD/t)	438	587	587

Source: FSSIA estimates

### Earnings sensitivity

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

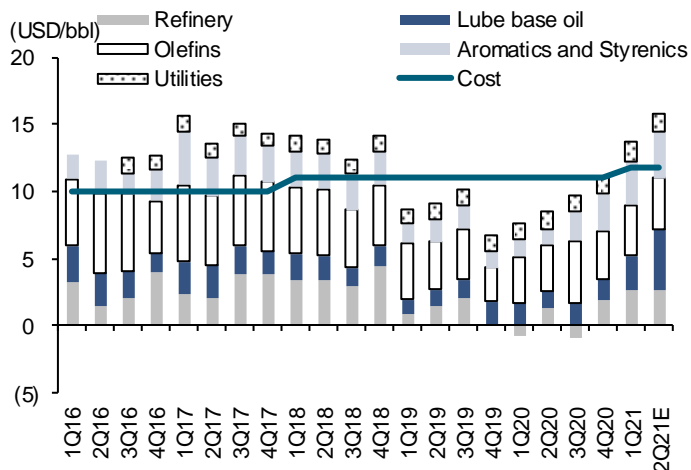
Source: FSSIA estimates



## IRPC stands as Thailand's best play on ABS and lube

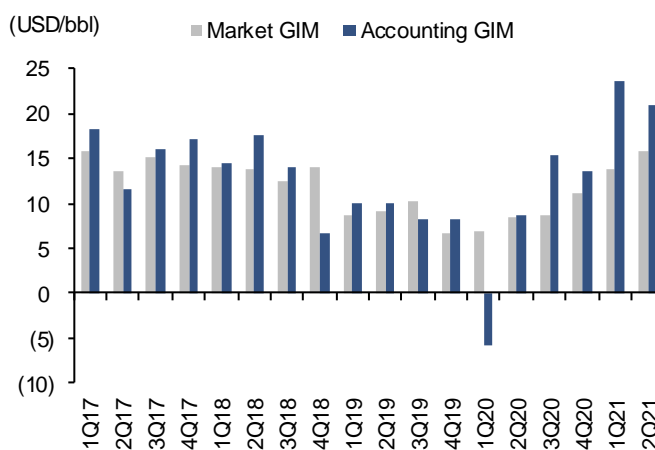
We believe IRPC remains one of the most attractive stocks in the cyclical sector on the SET, based on 1) its strong 2Q21-2H21E net profit growth momentum, driven by the high margins of styrene and ABS – the downstream derivative products in the benzene chain; 2) the solid lube margin that should continue to support its GIM in 2Q21 and 2H21; and 3) the projected GRM recovery in 2H21 that should drive up not only its margin but also boost its refinery utilisation rate.

**Exhibit 1: Accounting GIM breakdown vs cost**



Source: IRPC

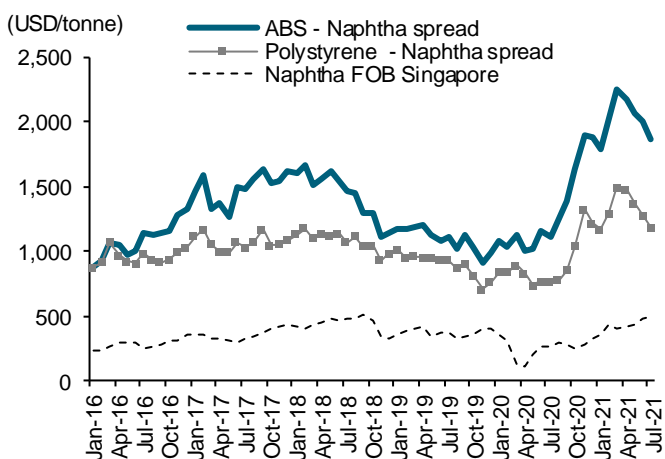
**Exhibit 2: Market GIM vs accounting GIM**



Source: IRPC

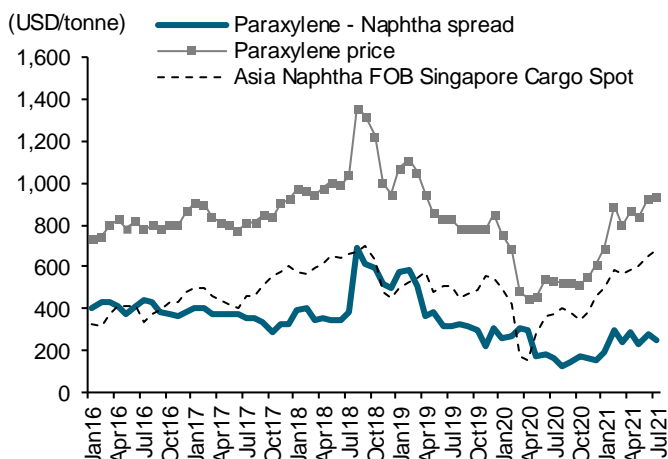
**Strong GIM at over USD14/bbl in 2021.** After posting a GIM of USD13.7/bbl in 1Q21, driven by the strong margins of lube, olefins, aromatics and styrene, we expect IRPC to see an even stronger GIM in 2Q21. It should be mostly driven by the significantly higher lube margin thanks to the solid demand in China after the full reopening of the country, which has driven the lube margin up by 2x q-q to over USD1,000/t in 2Q21.

**Exhibit 3: Naphtha spread – ABS**



Source: Bloomberg

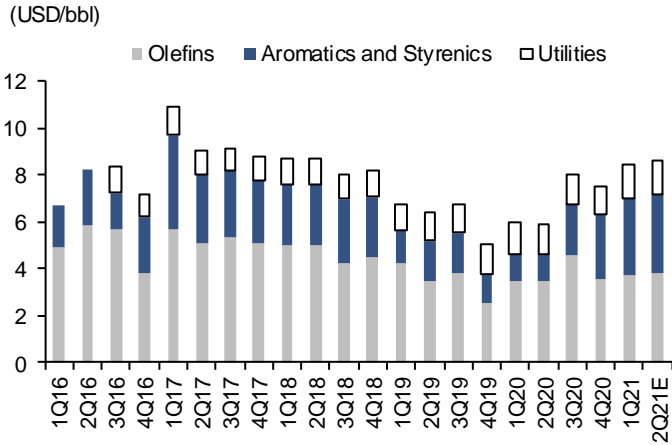
**Exhibit 4: Naphtha spread – paraxylene**



Source: Bloomberg

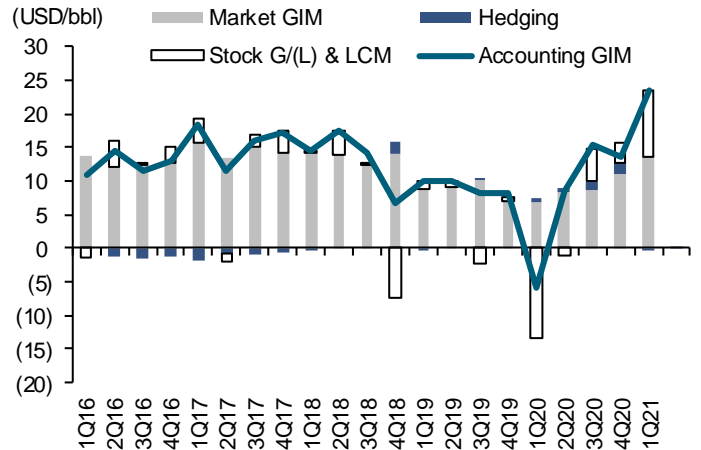
The styrene margin strength should continue in 2H21. While the margin of ABS-naphtha has declined from its peak at USD2,400/t in Mar-21 down to USD1,800/t in Jul-21, we think the ABS-naphtha margin should continue to stay strong at over USD1,800/t in 2H21, supported by the rising demand for automotive parts and household appliance 'white goods' in China.

**Exhibit 5: Petrochemical margin strength led by aromatics, styrene, PE and PP in 2Q21E**



Sources: IRPC; FSSIA estimates

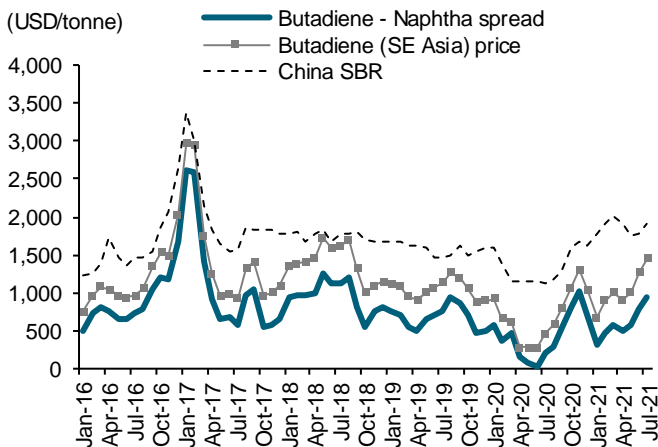
**Exhibit 6: Market GIM, accounting GIM, hedging GIM, and stock gain (loss)**



Sources: IRPC; FSSIA estimates

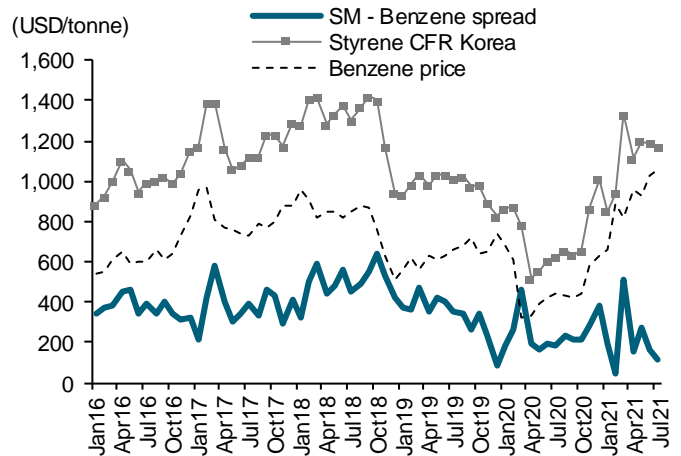
Meanwhile, IRPC's other key downstream by-product, butadiene, with a capacity of 56ktpa, has seen its margin over naphtha jump in 2Q21. This has further strengthened its aromatics GIM on top of the strong ABS-naphtha margin.

**Exhibit 7: Naphtha spread – Butadiene and SBR price**



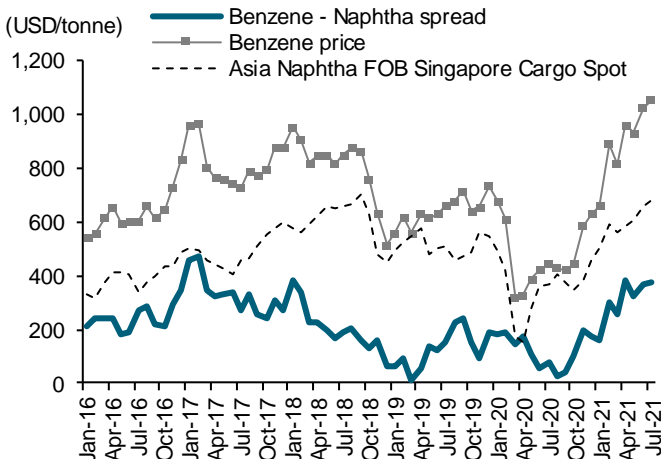
Source: Bloomberg

**Exhibit 8: Benzene spread – Styrene**



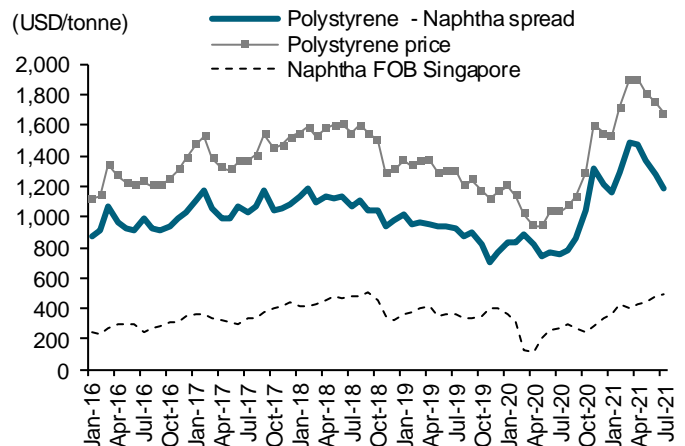
Source: Bloomberg

**Exhibit 9: Naphtha spread – Benzene**



Source: Bloomberg

**Exhibit 10: Naphtha spread – Polystyrene**



Source: Bloomberg

**ABS margin strength should continue to support IRPC's GIM in 2H21.** As a result, we believe that IRPC stands as Thailand's best play to benefit from the margin upcycle of ABS, given that IRPC consumes all of the benzene produced internally to produce ABS and polystyrene (PS), while Thai Oil (TOP TB, BUY, TP THB67) and PTT Global Chemical (PTTGC TB, BUY, TP THB86), the other two major producers of benzene in Thailand, still have to sell benzene to outside customers, thereby exposing their aromatics earnings to the weak styrene-naphtha margin.

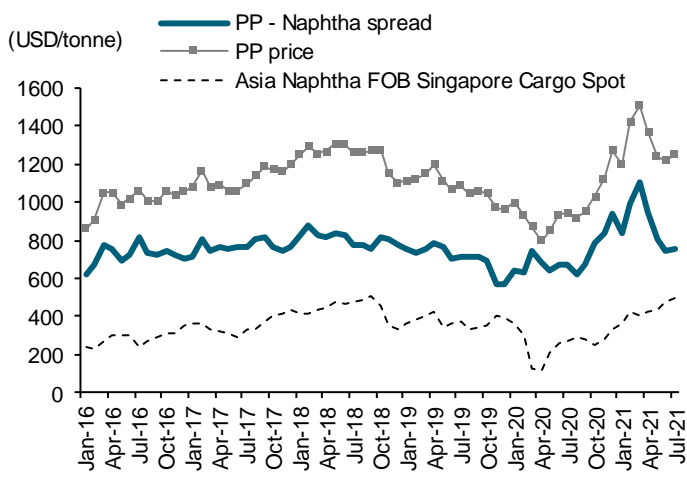
**Exhibit 11: Benzene production and consumption breakdown by company**

Benzene capacity	TOP	PTTGC	IRPC	Unit
Capacity	0.26	0.70	0.14	mtpa
Production	0.25	0.60	0.14	mtpa
Internal consumption	0.04	0.42	0.14	mtpa
External sales	0.21	0.18	0.00	mtpa
Downstream capacity				
Linear Alkyl Benzene (LAB)	0.10			mtpa
Phenol		0.91		mtpa
Styrene Monomer (SM)			0.26	mtpa
Acrylonitrile Butadiene Styrene (ABS)			0.18	mtpa
Polystyrene (PS)			0.11	mtpa
Financial impact analysis				
Est. NP impact from USD150/t decline in benzene-naphtha margin	0.3	0.2	0.0	THB b
2Q21E core net profit	2.9	12.9	2.4	THB b
% of 2Q21E net profit estimate	10%	2%	0%	

Sources: Companies, FSSIA estimates

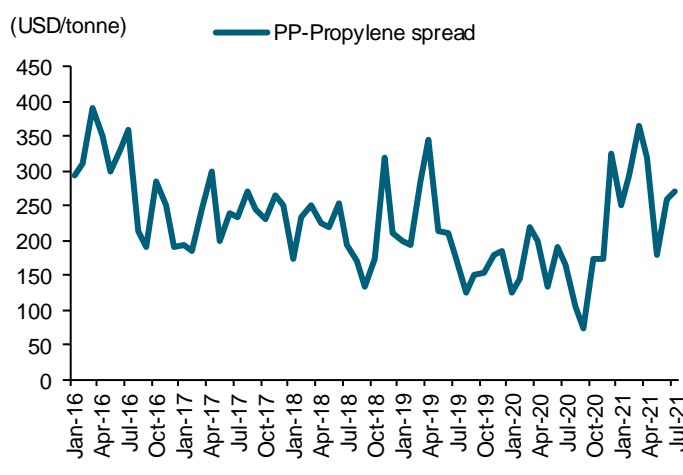
**Softer olefins margin in 2H21.** Meanwhile, polypropylene (PP)-naphtha – IRPC's largest product group – has seen a weaker q-q margin from its peak in Mar-21 due to the resumption of production in the US after the polar vortex and the new supply in China. However, we expect the PP-naphtha margin to have already bottomed at USD400-450/t in Jul-21, and estimate that it will rise marginally to USD500/t in 3Q21, driven by the higher demand and a lower impact from the new supply. We expect the olefins product group (mostly PP) to contribute USD2.5-3.5/bbl to IRPC in 2Q21-2H21 based on the PP-naphtha margin of USD500-550/t.

**Exhibit 12: Margin and price of PP vs naphtha price**



Source: Bloomberg

**Exhibit 13: PP-propylene margin**

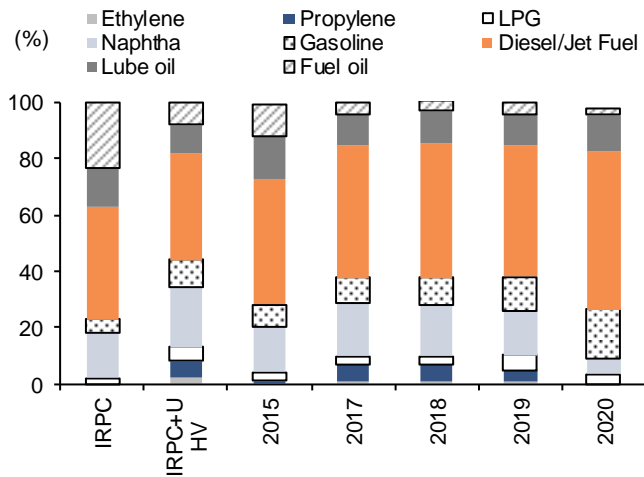


Source: Bloomberg

**GRM recovery in 2H21.** Since 1Q19-2Q21E, IRPC's GRM has been its weakest link in the entire value chain of its fully integrated refinery and petrochemical complex, thanks to the poor demand, rising supply, and higher crude premium costs that have chronically pressured the GRM.

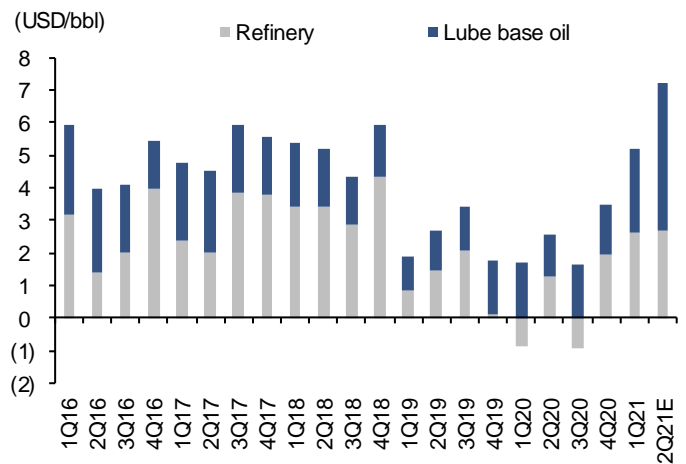
Since 1Q21, the market GRM, which excludes inventory gain/loss, has improved to surpass the USD3/bbl mark, but this is still lower than IRPC's estimated refinery cost of USD3.5-4.0/bbl, resulting in an operating loss for the refinery unit. In 2Q21, we think the refinery will remain at an operating loss due to the weak market GRM of USD3.5/bbl, but in 2H21 we expect the improving market GRM to surpass USD4/bbl, leading to a net profit turnaround for IRPC, driven by higher product margins for jet, diesel, and gasoline after the economic reopening of the US, Europe, and China.

**Exhibit 14: Refinery production breakdown by product**



Source: IRPC

**Exhibit 15: Market GRM remains weak while lube margin spikes in 2Q21E**



Source: IRPC

## 2Q21E preview

We expect IRPC to post a strong 2Q21 net profit of THB4.6b, down 17.5% q-q but up from a net loss of THB411m in 2Q20. We project its core net profit to rise to THB2.4b in 2Q21, up 108% q-q and from a net loss of THB1.15b in 2Q20. Key drivers and expectations are:

- A higher GIM for lube to USD4.5/bbl, up from USD2.6/bbl in 1Q21 and USD1.3/bbl in 2Q20, driven by the sharp rise in the lube-naphtha margin on the strong transportation demand in China. We think IRPC's GRM will continue to feel the pinch of the higher freight costs, the global container shortage, and the projected rising crude premiums in 2Q21 and 2H21.
- A higher GIM for the aromatics styrene group to USD3.4/bbl, up from USD3.3/bbl in 1Q21 due to the higher ABS-naphtha margin.
- A higher GIM for olefins to USD3.8/bbl, up from USD3.75/bbl in 1Q21, due to the q-q higher PP-naphtha margin.
- A higher refinery utilisation rate from 86% in 1Q21 to 90%, or 194kbpd, in 2Q21. In 2H21, we project IRPC to see a higher utilisation rate of 93-95%, as there is no major maintenance shutdown scheduled.
- An inventory gain of USD5/bbl net of a hedging loss of USD1/bbl.

### Exhibit 16: 2Q21E/6M21E preview

	2Q20	1Q21	----- 2Q21E-----			6M20	6M21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
<b>Revenue</b>	<b>35,529</b>	<b>53,650</b>	<b>57,405</b>	<b>7.0</b>	<b>61.6</b>	<b>84,439</b>	<b>111,055</b>	<b>31.5</b>	<b>251,225</b>
Operating costs	(34,024)	(44,867)	(49,882)	11.2	46.6	(89,370)	(94,749)	6.0	(220,194)
<b>EBITDA</b>	<b>1,505</b>	<b>8,783</b>	<b>7,523</b>	<b>(14.3)</b>	<b>399.9</b>	<b>(4,931)</b>	<b>16,306</b>	<b>nm</b>	<b>22,992</b>
<i>EBITDA margin (%)</i>	4.2	16.4	13.1	nm	nm	(5.8)	14.7	nm	9.2
Depn & amort.	(2,224)	(2,180)	(2,216)	1.7	(0.4)	(4,451)	(4,396)	(1.2)	(8,847)
EBIT	(719)	6,603	5,307	(19.6)	nm	(9,382)	11,910	nm	14,145
Interest expense	(482)	(444)	(485)	9.2	0.7	(947)	(929)	(1.9)	(2,054)
Interest & invt inc	(121)	(4,955)	(2,266)	(54.3)	1,779.0	6,677	(7,221)	nm	0
Associates' contrib	66	156	166	6.6	149.9	116	322	177.6	333
Exceptionals	808	5,204	2,514	(51.7)	211.1	(8,054)	7,718	nm	0
<b>Pretax profit</b>	<b>(447)</b>	<b>6,564</b>	<b>5,236</b>	<b>(20.2)</b>	<b>nm</b>	<b>(11,590)</b>	<b>11,800</b>	<b>nm</b>	<b>13,476</b>
Tax	39	(972)	(623)	(35.9)	nm	2,285	(1,595)	nm	(2,547)
<i>Tax rate (%)</i>	8.7	14.8	11.9	nm	nm	19.7	13.5	nm	18.9
Minority interests	(3)	(10)	(11)	6.1	316.5	(11)	(21)	102.5	(22)
<b>Net profit</b>	<b>(411)</b>	<b>5,581</b>	<b>4,602</b>	<b>(17.5)</b>	<b>nm</b>	<b>(9,316)</b>	<b>10,183</b>	<b>nm</b>	<b>10,907</b>
Non-recurring	(738)	(4,433)	(2,215)	(50.0)	200.2	6,338	(6,648)	nm	0
<b>Core net profit</b>	<b>(1,149)</b>	<b>1,148</b>	<b>2,387</b>	<b>107.9</b>	<b>nm</b>	<b>(2,978)</b>	<b>3,535</b>	<b>nm</b>	<b>10,907</b>
EPS (THB)	(0.02)	0.27	0.23	(17.5)	nm	(0.46)	0.50	nm	0.53
Core EPS (THB)	(0.06)	0.06	0.12	107.9	nm	(0.15)	0.17	nm	0.53

Source: FSSIA estimates



## EPS and target price revisions

We revise up our EPS forecasts for 2021-23 by 9.4-107% to reflect our assumptions of 1) a higher crude price to USD65/60/60 in 2021-23, resulting in higher inventory gains; 2) a lower utilisation rate from 96% to 90% in 2021 due to the lower demand caused by the resurgence of Covid-19; 3) a higher market GRM in 2021-23 due to the higher gasoline-Dubai margin; 4) a higher GIM in 2021-23 due to the higher ABS-naphtha and lube margins; and 5) lower margins of high density polyethylene (HDPE)-naphtha and PP-naphtha in 2021-23 to reflect the new supply impact.

We maintain BUY and lower our target price from THB5.3, previously based on 9.0x 2021E EV/EBITDA, to THB5.0, now based on 6.6x 2021E EV/EBITDA, to reflect our more bearish view on the lower PE and PP margins despite the higher margin for ABS.

### Exhibit 17: Key changes in assumptions

(THB m)	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue	251,225	241,468	244,364	217,961	213,216	215,827	15.3	13.3	13.2
Gross profit	22,184	23,393	25,372	15,390	23,182	24,894	44.2	0.9	1.9
Operating profit	14,145	15,666	17,553	8,415	16,359	17,988	68.1	(4.2)	(2.4)
Core net profit	10,907	12,323	14,218	5,261	11,265	12,461	107.3	9.4	14.1
EPS (THB/shr)	0.5	0.6	0.7	0.3	0.6	0.6	107.3	9.4	14.1
<b>Key assumptions</b>									
Oil price (USD/bbl)	65	60	60	52	50	48	25.0	20.0	25.0
Olefin utilisation rate (%)	93	94	95	93	94	95	0.0	0.0	0.0
Refinery utilisation rate (ppts)	90	97	98	96	97	98	(6.0)	0.0	0.0
Market GRM (USD/bbl)	2.4	4.8	5.5	1.7	4.4	5.1	41.7	8.5	9.6
Market GIM (USD/bbl)	13.5	14.9	15.8	11.8	14.8	15.6	14.5	0.5	1.1
HDPE-naphtha (USD/t)	338	487	487	473	577	577	(28.5)	(15.6)	(15.6)
PP-naphtha (USD/t)	438	587	587	573	677	677	(23.6)	(13.3)	(13.3)

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

## Financial Statements

### IRPC PCL

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	239,315	174,463	251,225	241,468	244,364
Cost of goods sold	(228,027)	(165,539)	(220,194)	(208,671)	(209,176)
<b>Gross profit</b>	<b>11,287</b>	<b>8,924</b>	<b>31,031</b>	<b>32,797</b>	<b>35,189</b>
Other operating income	-	-	-	-	-
Operating costs	(7,056)	(7,093)	(8,039)	(7,727)	(7,820)
<b>Operating EBITDA</b>	<b>4,231</b>	<b>1,831</b>	<b>22,992</b>	<b>25,070</b>	<b>27,369</b>
Depreciation	(8,542)	(8,952)	(8,847)	(9,404)	(9,817)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>(4,311)</b>	<b>(7,121)</b>	<b>14,145</b>	<b>15,666</b>	<b>17,553</b>
Net financing costs	(1,931)	(1,902)	(2,054)	(1,817)	(1,354)
Associates	363	333	333	333	333
Recurring non-operating income	4,318	1,339	1,385	1,385	1,385
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>(1,924)</b>	<b>(7,684)</b>	<b>13,476</b>	<b>15,233</b>	<b>17,584</b>
Tax	779	1,554	(2,547)	(2,888)	(3,344)
<b>Profit after tax</b>	<b>(1,146)</b>	<b>(6,130)</b>	<b>10,929</b>	<b>12,345</b>	<b>14,240</b>
Minority interests	(28)	(22)	(22)	(22)	(22)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(1,174)</b>	<b>(6,152)</b>	<b>10,907</b>	<b>12,323</b>	<b>14,218</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(1,174)</b>	<b>(6,152)</b>	<b>10,907</b>	<b>12,323</b>	<b>14,218</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.06)	(0.30)	0.53	0.60	0.70
Reported EPS	(0.06)	(0.30)	0.53	0.60	0.70
DPS	0.10	0.06	0.27	0.30	0.35
Diluted shares (used to calculate per share data)	20,434	20,434	20,434	20,434	20,434
<b>Growth</b>					
Revenue (%)	(14.7)	(27.1)	44.0	(3.9)	1.2
Operating EBITDA (%)	(75.4)	(56.7)	1,155.8	9.0	9.2
Operating EBIT (%)	nm	nm	nm	10.8	12.0
Recurring EPS (%)	nm	nm	nm	13.0	15.4
Reported EPS (%)	nm	nm	nm	13.0	15.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	1.1	0.0	8.8	9.7	10.4
Gross margin of key business (%)	1.1	0.0	8.8	9.7	10.4
Operating EBITDA margin (%)	1.8	1.0	9.2	10.4	11.2
Operating EBIT margin (%)	(1.8)	(4.1)	5.6	6.5	7.2
Net margin (%)	(0.5)	(3.5)	4.3	5.1	5.8
Effective tax rate (%)	34.0	19.4	19.4	19.4	19.4
Dividend payout on recurring profit (%)	(174.1)	(19.9)	50.0	50.0	50.0
Interest cover (X)	0.0	(3.0)	7.6	9.4	14.0
Inventory days	43.6	52.0	40.9	48.0	46.6
Debtor days	17.0	20.6	13.5	13.0	11.9
Creditor days	40.9	53.9	46.3	54.3	52.8
Operating ROIC (%)	(2.6)	(4.6)	(2.4)	(2.6)	(2.9)
ROIC (%)	0.0	(3.3)	(2.3)	(2.5)	(2.8)
ROE (%)	(1.4)	(7.7)	14.0	14.8	16.0
ROA (%)	0.2	(2.6)	5.9	6.6	7.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Petroleum products	174,996	145,248	189,426	182,231	184,531
Petrochemical products	59,656	47,726	74,276	71,242	72,012
Other business	4,663	(18,511)	(12,477)	(12,005)	(12,178)

Sources: IRPC PCL; FSSIA estimates

## Financial Statements

### IRPC PCL

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(1,174)	(6,152)	10,907	12,323	14,218
Depreciation	8,542	8,952	8,847	9,404	9,817
Associates & minorities	363	333	333	333	333
Other non-cash items	-	-	-	-	-
Change in working capital	(558)	6,198	2,939	292	723
<b>Cash flow from operations</b>	<b>7,174</b>	<b>9,331</b>	<b>23,026</b>	<b>22,352</b>	<b>25,091</b>
Capex - maintenance	(4,592)	(4,672)	(4,866)	(5,172)	(5,399)
Capex - new investment	(474)	(2,994)	(8,077)	(5,316)	(1,234)
Net acquisitions & disposals	(1,484)	1,241	0	0	0
Other investments (net)	2,924	(2,920)	(4,862)	(1,475)	(1,523)
<b>Cash flow from investing</b>	<b>(3,625)</b>	<b>(9,345)</b>	<b>(17,805)</b>	<b>(11,963)</b>	<b>(8,156)</b>
Dividends paid	(4,087)	(2,043)	(1,226)	(5,453)	(6,162)
Equity finance	0	0	0	0	0
Debt finance	1,369	2,960	(4,000)	(10,000)	(10,000)
Other financing cash flows	(133)	4,913	(767)	(821)	(844)
<b>Cash flow from financing</b>	<b>(2,851)</b>	<b>5,829</b>	<b>(5,993)</b>	<b>(16,274)</b>	<b>(17,006)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>698</b>	<b>5,815</b>	<b>(773)</b>	<b>(5,885)</b>	<b>(71)</b>
Free cash flow to firm (FCFF)	5,480.20	1,887.39	7,274.22	12,206.24	18,288.35
Free cash flow to equity (FCFE)	4,785.02	7,858.38	453.27	(431.68)	6,090.37
<b>Per share (THB)</b>					
FCFF per share	0.27	0.09	0.36	0.60	0.89
FCFE per share	0.23	0.38	0.02	(0.02)	0.30
Recurring cash flow per share	0.38	0.15	0.98	1.08	1.19
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	196,801	204,132	217,656	228,654	235,821
Less: Accumulated depreciation	(75,732)	(89,581)	(98,428)	(107,832)	(117,648)
<b>Tangible fixed assets (net)</b>	<b>121,069</b>	<b>114,551</b>	<b>119,228</b>	<b>120,822</b>	<b>118,173</b>
<b>Intangible fixed assets (net)</b>	<b>564</b>	<b>774</b>	<b>774</b>	<b>774</b>	<b>774</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	9,925	8,684	8,684	8,684	8,684
Cash & equivalents	3,036	8,851	8,078	2,193	2,121
A/C receivable	10,100	9,626	8,942	8,285	7,621
Inventories	25,995	21,169	28,158	26,685	26,749
Other current assets	4,515	3,725	5,364	5,156	5,218
<b>Current assets</b>	<b>43,647</b>	<b>43,371</b>	<b>50,543</b>	<b>42,319</b>	<b>41,709</b>
Other assets	2,646	6,111	6,111	6,111	6,111
<b>Total assets</b>	<b>177,850</b>	<b>173,491</b>	<b>185,340</b>	<b>178,710</b>	<b>175,450</b>
Common equity	83,256	75,526	80,470	85,865	92,398
Minorities etc.	146	140	161	183	205
<b>Total shareholders' equity</b>	<b>83,402</b>	<b>75,666</b>	<b>80,631</b>	<b>86,047</b>	<b>92,603</b>
Long term debt	43,881	48,597	44,597	34,597	24,597
Other long-term liabilities	4,860	5,169	5,169	5,169	5,169
<b>Long-term liabilities</b>	<b>48,742</b>	<b>53,766</b>	<b>49,766</b>	<b>39,766</b>	<b>29,766</b>
A/C payable	24,871	23,983	31,901	30,232	30,305
Short term debt	15,090	13,335	13,335	13,335	13,335
Other current liabilities	5,745	6,741	9,707	9,330	9,442
<b>Current liabilities</b>	<b>45,707</b>	<b>44,059</b>	<b>54,943</b>	<b>52,896</b>	<b>53,081</b>
<b>Total liabilities and shareholders' equity</b>	<b>177,850</b>	<b>173,491</b>	<b>185,340</b>	<b>178,710</b>	<b>175,450</b>
Net working capital	9,994	3,796	857	564	(159)
Invested capital	144,198	133,916	135,654	136,955	133,582
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	4.07	3.70	3.94	4.20	4.52
Tangible book value per share	4.05	3.66	3.90	4.16	4.48
<b>Financial strength</b>					
Net debt/equity (%)	67.1	70.2	61.8	53.2	38.7
Net debt/total assets (%)	31.5	30.6	26.9	25.6	20.4
Current ratio (x)	1.0	1.0	0.9	0.8	0.8
CF interest cover (x)	3.7	6.7	5.2	3.7	6.4
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>(63.0)</b>	<b>(12.0)</b>	<b>6.8</b>	<b>6.0</b>	<b>5.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(87.0)</b>	<b>(16.6)</b>	<b>9.4</b>	<b>8.3</b>	<b>7.2</b>
Reported P/E (x)	(63.0)	(12.0)	6.8	6.0	5.2
Dividend yield (%)	2.8	1.7	7.4	8.3	9.6
Price/book (x)	0.9	1.0	0.9	0.9	0.8
Price/tangible book (x)	0.9	1.0	0.9	0.9	0.8
EV/EBITDA (x) **	30.7	69.5	5.4	4.8	4.0
EV/EBITDA @ target price (x) **	37.4	84.9	6.6	5.9	5.0
EV/invested capital (x)	0.9	0.9	0.9	0.9	0.8
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: IRPC PCL; 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	PHOL	PLANB	PLANET
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	SE-ED	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	TIPIP	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.

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\* 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

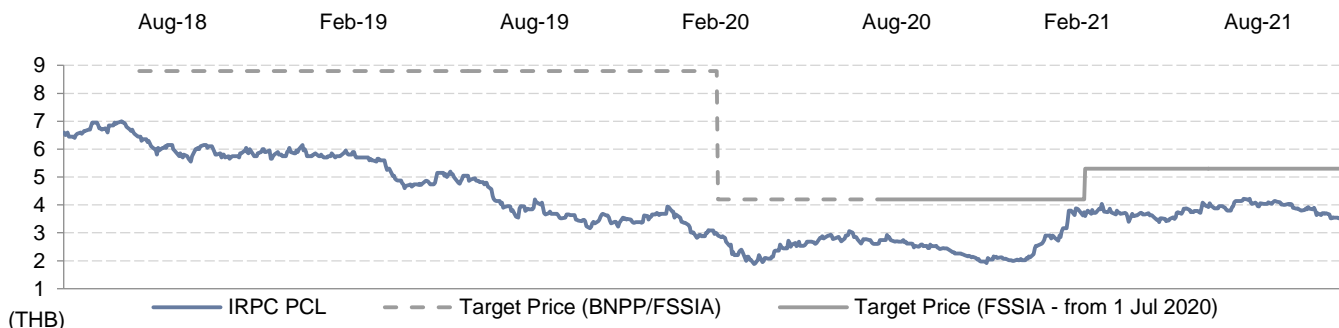
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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**History of change in investment rating and/or target price**

**IRPC PCL (IRPC TB)**



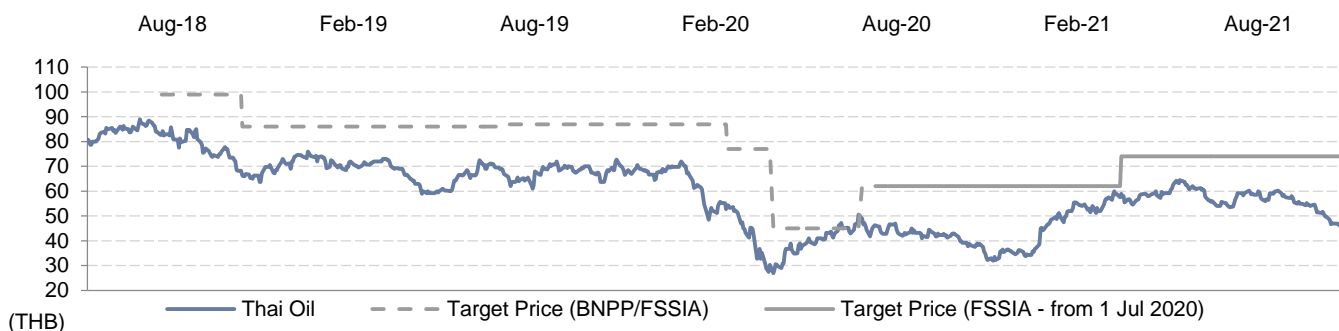
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	8.80	14-Feb-2020	BUY	4.20	22-Dec-2020	BUY	5.30
13-Feb-2019	BUY	8.80	08-May-2020	BUY	4.20			

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

Price and TP are in local currency

Source: FSSIA estimates

**Thai Oil (TOP TB)**



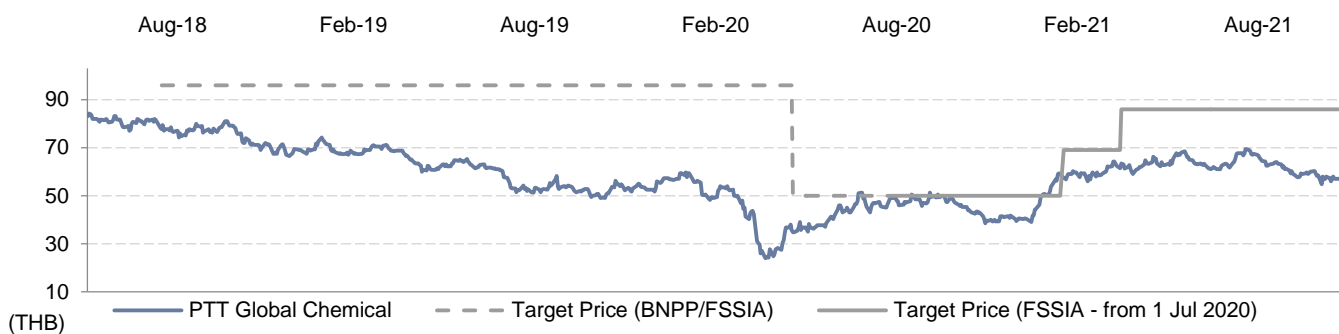
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	99.00	23-Mar-2020	BUY	45.00	18-Jan-2021	BUY	74.00
18-Dec-2018	BUY	86.00	08-Jun-2020	BUY	62.00	15-Feb-2021	BUY	74.00
06-Aug-2019	BUY	87.00	08-Jun-2020	BUY	62.00	19-May-2021	BUY	74.00
12-Feb-2020	BUY	77.00	21-Aug-2020	BUY	62.00	30-Jul-2021	BUY	67.00

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

Price and TP are in local currency

Source: FSSIA estimates

**PTT Global Chemical (PTTGC TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	96.00	27-Nov-2020	BUY	69.00	21-Apr-2021	BUY	86.00
09-Apr-2020	BUY	50.00	18-Jan-2021	BUY	86.00	12-Jul-2021	BUY	86.00
08-May-2020	BUY	50.00	16-Feb-2021	BUY	86.00	03-Aug-2021	BUY	75.00

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
IRPC PCL	IRPC TB	THB 3.62	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.
Thai Oil	TOP TB	THB 46.50	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.
PTT Global Chemical	PTTGC TB	THB 58.50	BUY	The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin.

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 03-Aug-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.