

4 OCTOBER 2021

THAILAND / OIL & GAS

ESSO THAILAND ESSO TB

HOLD

FROM BUY

TARGET PRICE	THB8.90
CLOSE	THB8.25
UP/DOWNSIDE	+7.9%
PRIOR TP	THB14.30
CHANGE IN TP	-37.8%
TP vs CONSENSUS	+8.8%

น่าสนใจน้อยลงจากรูถุกิจที่มุ่งเน้นตลาดในประเทศ

ค่าการกลั่น (GRM) ฟิ้นตัวตามแผน

เราใช้ค่า GRM ของ TOP ที่ได้จาก Bloomberg เป็นตัวแทนสำหรับค่า GRM ของโรงกลั่นไทย เราเชื่อว่าปัจจุบันเป็นที่ชัดเจนแล้วว่า Market GRM ของโรงกลั่นไทยและ ESSO มีแนวโน้มฟื้นตัวอย่างยั่งยืนตั้งแต่เดือน ก.ย. 21 ไปจนถึงฤดูหนาวที่กำลังจะมาถึง เราคาดว่า Market GRM ของ ESSO และโรงกลั่นไทยรายอื่นจะปรับตัวดีขึ้นอีก USD2-3/bbl จากจุดต่ำสุดในช่วง 1H21 ที่ USD0.4/bbl สำหรับ TOP และ USD2-3/bbl สำหรับโรงกลั่นอื่น

3 ปัจจัยหลักสำคัญที่จะทำให้ GRM ฟิ้นกลับใน 4Q21-2022

เราเห็น 3 ปัจจัยที่จะสนับสนุนให้ GRM ของ ESSO ปรับตัวดีขึ้นในช่วง 2H21-2022 ประการแรกความต้องการดีเซลเพิ่มสูงขึ้นเพื่อใช้เป็นเชื้อเพลิงในการให้ความร้อนและเชื้อเพลิงอากาศยานสำหรับเที่ยวบินระหว่างประเทศที่กำลังเพิ่มสูงขึ้นหลังการกลับมาเปิดเศรษฐกิจโลกและเศรษฐกิจไทยตั้งแต่เดือน ต.ค. 21 เป็นต้นไป ประการที่สอง Crude Premium ลดลงกว่า USD1-2/bbl q-q ตั้งแต่เดือน ต.ค. 21 ปัจจัยดังกล่าวน่าจะสนับสนุน Market GRM ให้ปรับตัวสูงขึ้นไปอีก ประการที่สามความต้องการในประเทศพลิกฟื้นจากกิจกรรมทางเศรษฐกิจที่คาดว่าจะเพิ่มขึ้น ปัจจัยดังกล่าวจะเป็นปัจจัยผลักดันที่มีนัยสำคัญมากที่สุดสำหรับ GRM ของ ESSO ที่กำลังปรับตัวสูงขึ้น

ESSO น่าสนใจน้อยลงเมื่อเทียบกับ TOP และ SPRC

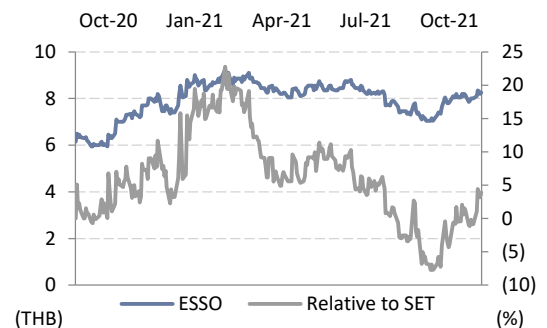
ในขณะที่เราคาดว่า GRM ของ ESSO จะปรับตัวดีขึ้นตั้งแต่ 4Q21 เราคิดว่า การปรับขึ้นของ GRM จะไม่สม่ำเสมอและ ESSO น่าจะรายงาน GRM ปรับตัวดีขึ้นน้อยกว่าโรงกลั่นรายอื่น ถ้าไรของ ESSO จากรูถุกิจโรงกลั่นน่าจะโตน้อยกว่าของ TOP และ SPRC จากพอร์ตธุรกิจที่มีการกระจายความเสี่ยงสูงกว่า โดยมีกำไรจากรูถุกิจโรงกลั่นคิดเป็น 60-70% ของกำไรสุทธิในปี 2019-20 เทียบกับรูถุกิจสถานีบริการน้ำมัน (30-40%) และรูถุกิจจะโรมาติกส์ (-10% ถึง -20%) ทำให้เราคิดว่า การฟื้นตัวของ Market GRM น่าจะผลักดันกำไรสุทธิของ TOP และ SPRC ได้ดีกว่าของ ESSO

ปรับลดคำแนะนำเป็นถือหลังปรับลดราคาเป้าหมายเป็น 8.9 บาท

เราปรับลดคำแนะนำของ ESSO เป็นถือจากซื้อแม้ว่าเราจะปรับประมาณการกำไรต่อหุ้น (EPS) ขึ้น เนื่องจากเราปรับลดระดับการประเมินมูลค่าสำหรับรูถุกิจโรงกลั่นและสถานีบริการน้ำมันของ ESSO เพื่อสะท้อนผลกระทบจากมาตรการปิดเมือง เราปรับเพิ่มประมาณการ EPS ในปี 2021-23 อีก 2.2-17.1% เพื่อสะท้อนกำไรจากสินค้าคงคลังที่สูงขึ้นในสมมติฐาน Accounting GRM ที่สูงขึ้นของเรา ซึ่งให้ผลบวกที่มากกว่าผลเสียจากสมมติฐาน Product Margin ที่ลดลง อย่างไรก็ตาม เราปรับลดราคาเป้าหมายจาก 14.3 เป็น 8.9 บาท (SoTP) จาก 2021E EV/EBITDA Multiple ที่ลดลงจาก 6x เป็น 5x สำหรับรูถุกิจโรงกลั่นและ 2021E P/E ที่ลดลงจาก 23x เป็น 14x สำหรับรูถุกิจสถานีบริการน้ำมันเพื่อสะท้อนผลกระทบของมาตรการปิดเมืองเพื่อควบคุม Covid-19

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	126,672	134,970	133,441	142,511
Net profit	(7,911)	4,446	5,093	5,730
EPS (THB)	(2.29)	1.28	1.47	1.66
vs Consensus (%)	-	4.7	36.4	38.1
EBITDA	2,367	7,635	8,581	9,311
Core net profit	1,212	4,446	5,093	5,730
Core EPS (THB)	0.35	1.28	1.47	1.66
Chg. In EPS est. (%)	-	2.2	12.0	17.1
EPS growth (%)	nm	266.9	14.5	12.5
Core P/E (x)	23.6	6.4	5.6	5.0
Dividend yield (%)	-	1.2	6.1	6.1
EV/EBITDA (x)	21.7	6.1	5.0	4.2
Price/book (x)	2.0	1.5	1.2	1.1
Net debt/Equity (%)	158.6	94.9	62.3	39.5
ROE (%)	6.6	26.8	24.5	23.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.8	(0.6)	29.9
Relative to country (%)	8.7	(2.3)	0.2
Mkt cap (USD m)	849		
3m avg. daily turnover (USD m)	3.6		
Free float (%)	34		
Major shareholder	Exxonmobil Asia Holdings Pte. Ltd. (66%)		
12m high/low (THB)	9.40/5.80		
Issued shares (m)	3,460.86		

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok

suwat.sin@fssia.com
+66 2611 3558

Siriluck Pinthusoonthorn

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 4 ตุลาคม 2021

Investment thesis

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 2021-22. We expect the aromatics margin, mainly the PX-naphtha spread, to remain weak in 2021-22 due to new PX supplies coming on-stream and driving down ESSO's PX earnings.

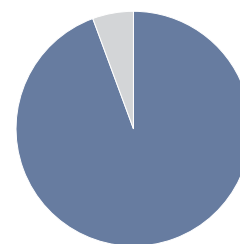
Company profile

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, 2020)

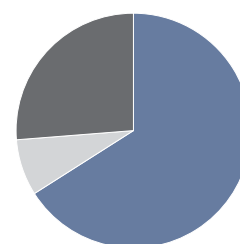
- Downstream - 94.4 %
- Petrochemicals - 5.6 %



Source: Esso Thailand

Major shareholders

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



Source: Esso Thailand

Catalysts

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

Risks 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. The upside risks include 1) higher-than-expected demand for petroleum products; and 2) a lower crude premium.

Event calendar

Date	Event
Nov 2021	3Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Utilisation rate (%)	75	80	80
GRM (USD/bbl)	6.18	7.45	7.31
Dubai crude oil price (USD/bbl)	65.0	60.0	60.0
Gasoline-Dubai (USD/bbl)	12.0	14.0	14.0
Jet-Dubai (USD/bbl)	6.0	12.0	12.0
Diesel-Dubai (USD/bbl)	6.0	12.0	12.0
HSFO-Dubai (USD/bbl)	(5.0)	(7.0)	(7.0)
PX-naphtha margin (USD/tonne)	382	526	526

Source: FSSIA estimates

Earnings sensitivity

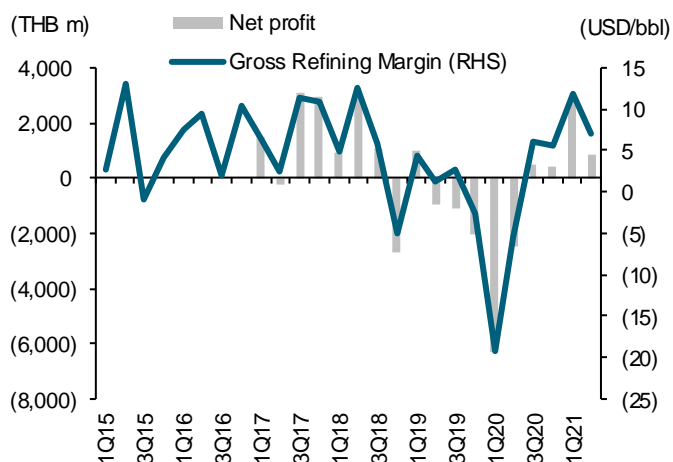
- For every 1% increase in average Dubai oil price, we project 2021 earnings to rise by 1.2%, and vice versa, all else being equal.
- For every 1% rise in market GRM, we estimate that 2021 earnings will rise by 1.4%, and vice versa, all else being equal.
- Stability in crude oil prices, rising diesel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

Source: FSSIA estimates

Domestic focus makes ESSO less attractive

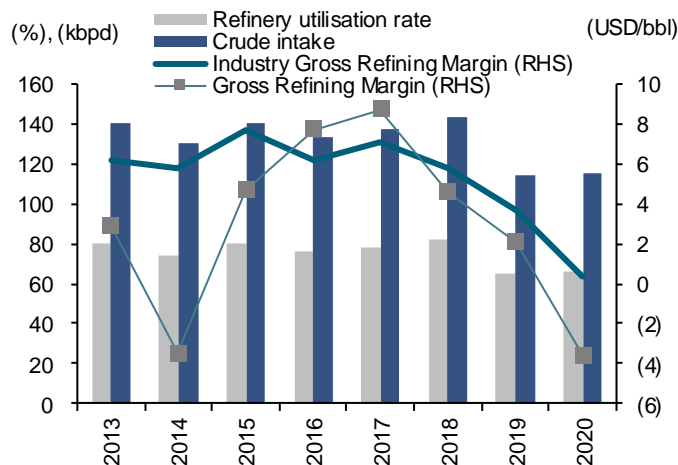
Among six listed refinery companies, we believe ESSO has been one of the most integrated and diversified refiners in Thailand, with an upstream refinery plant and downstream oil stations and an aromatics plant. However, ESSO has long suffered net losses from its aromatics, mainly paraxylene (PX), with a capacity of 0.5mtpa, due to the high cost structure and the industry's depressed PX-naphtha margin.

Exhibit 1: Net profit vs gross refining margin



Source: ESSO

Exhibit 2: Annual refinery utilisation rate, crude intake, GRM, and industry GRM

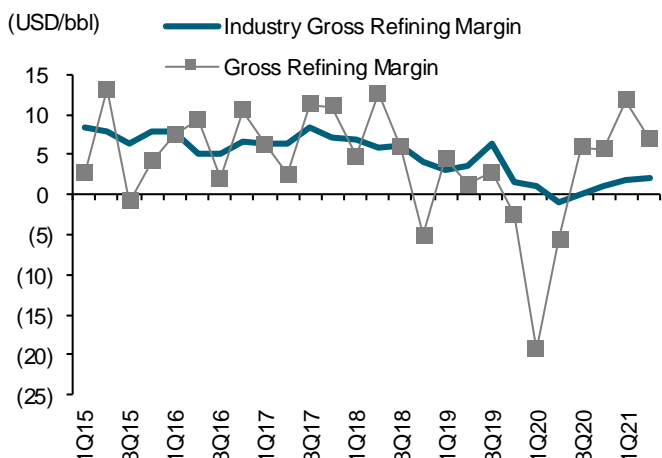


Source: ESSO

Meanwhile, ESSO's 175kbpd refinery plant has never run over an 86% utilisation rate because it produces refined oil products to mostly serve the domestic market via its own downstream oil station channel to sell to outside customers. Hence, the domestic demand has significantly influenced ESSO's refinery utilisation, sales volume, and net profit.

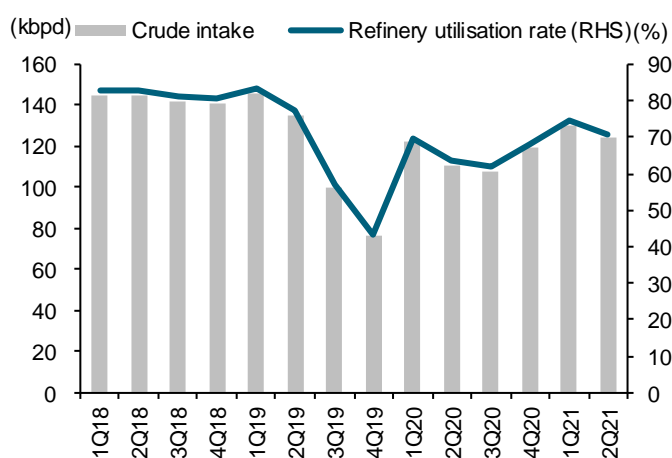
ESSO's GRM vs industry GRM. Thanks to ESSO's higher production yields of middle distillate products (diesel and jet fuel) at 35-46% of total production vs only 30% for the Singapore benchmark gross refining margin (GRM), ESSO's GRM has mostly been above the industry GRM. ESSO's refinery utilisation rate has hovered around 60-75% since 1Q20 when the Covid-19 pandemic hit Thailand, and has never since recovered to above its average 80% normal utilisation rate seen during 1Q18-2Q19.

Exhibit 3: ESSO's GRM vs industry GRM



Source: ESSO

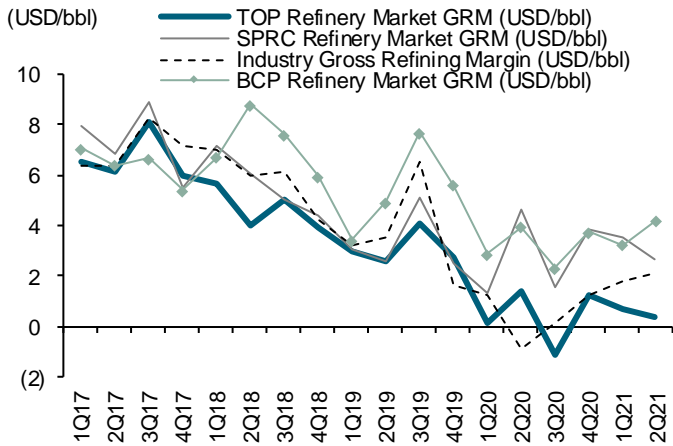
Exhibit 4: Crude intake vs refinery utilisation rate



Source: ESSO

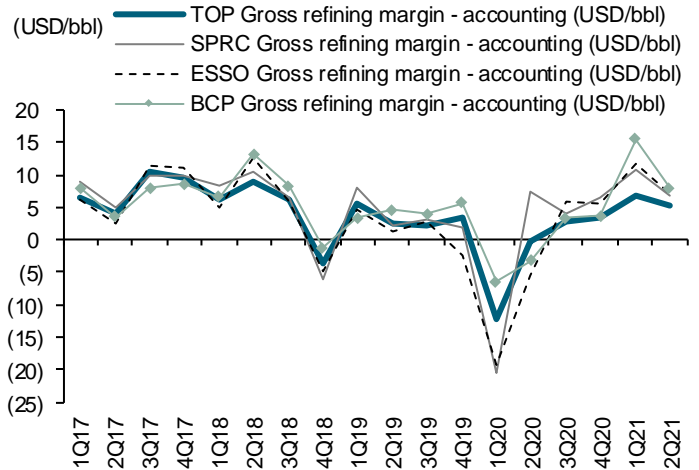
ESSO's GRM vs Thai peers' GRMs. Unlike other Thai refiners, ESSO does not disclose its inventory gains in THB or USD amounts or units but reveals only the aggregate accounting GRM, which includes both inventory gains/losses and the market GRM. Hence, we estimate that ESSO generated net losses in 1Q20-2Q21 even though it posted a high accounting GRM due to hefty inventory gains. The refinery net losses incurred in 1Q20-2Q21 are in tandem with other refiners which saw their market GRMs (operating GRMs) stay below their costs, thanks to the depressed product margins and weak demand caused by the impact of the Covid-19 outbreak.

Exhibit 5: TOP, SPRC, BCP – market GRM



Source: Company data

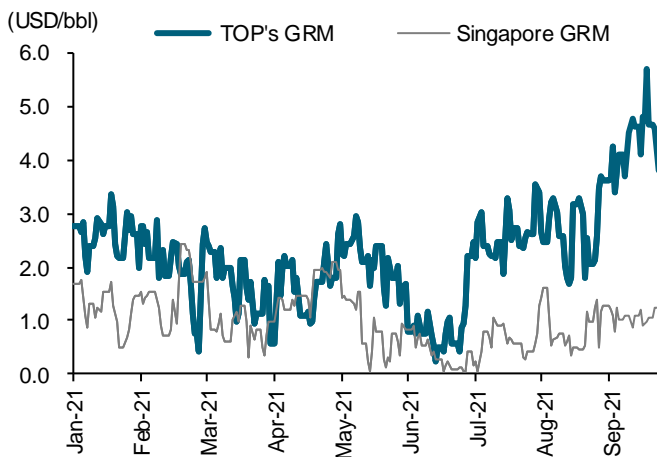
Exhibit 6: TOP, SPRC, ESSO, BCP – gross refining margin



Source: Company data

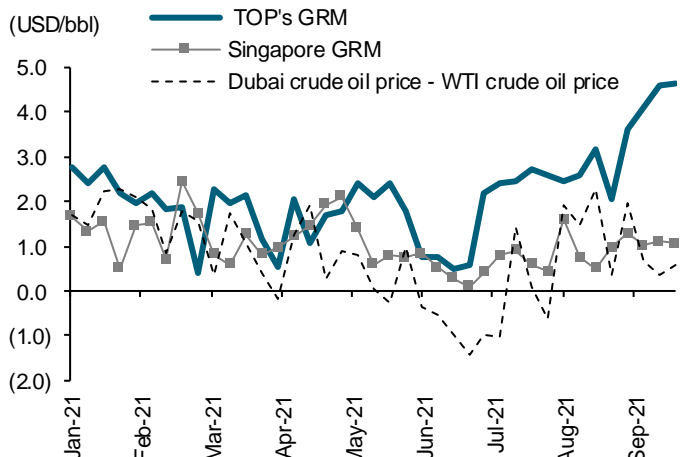
Recent market GRM recovery is on track. Using Thai Oil (TOP TB, BUY, TP THB67)'s GRM from Bloomberg as a proxy for Thai refiners' GRMs, we believe it is now evident that the market GRMs for Thai refiners and ESSO are poised for a sustainable recovery starting in Sep-21 into the upcoming winter season. We project that the market GRMs for ESSO and other Thai refiners will improve by USD2-3/bbl from their bottoms in 1H21 at USD0.4/bbl for TOP and USD2-3/bbl for other refiners.

Exhibit 7: TOP's GRM vs Singapore GRM (daily)



Source: Bloomberg

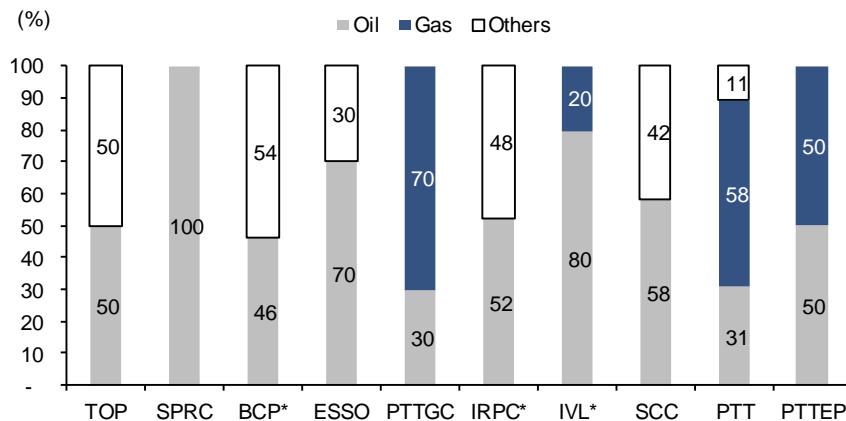
Exhibit 8: TOP's GRM vs Singapore GRM (weekly)



Source: Bloomberg

Reasons why we project an improvement in ESSO's GRM in 4Q21-2022. We see three factors to support a GRM improvement for ESSO in 2H21-2022. The first is the rising demand for diesel as a heating fuel and jet fuel for the increasing number of intercontinental flights following the global and domestic reopenings in Oct-21 onward. Second, the lower crude premium by over USD1-2/bbl q-q starting in Oct-21 should further support a higher market GRM. Third, the rebound in domestic demand on higher projected economic activities should be the most significant driver for ESSO's higher GRM.

Exhibit 9: Net profit breakdown by oil, gas, and others



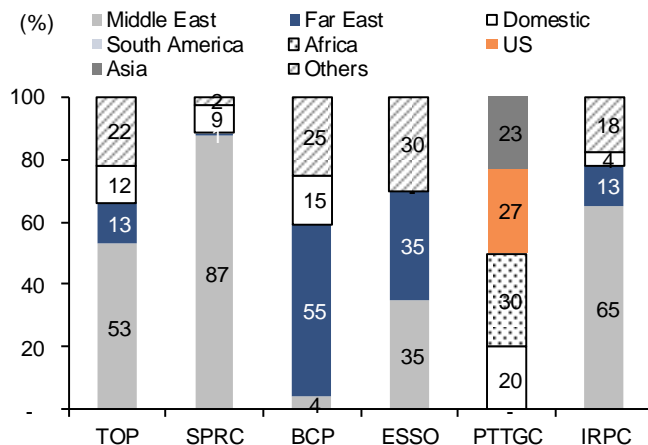
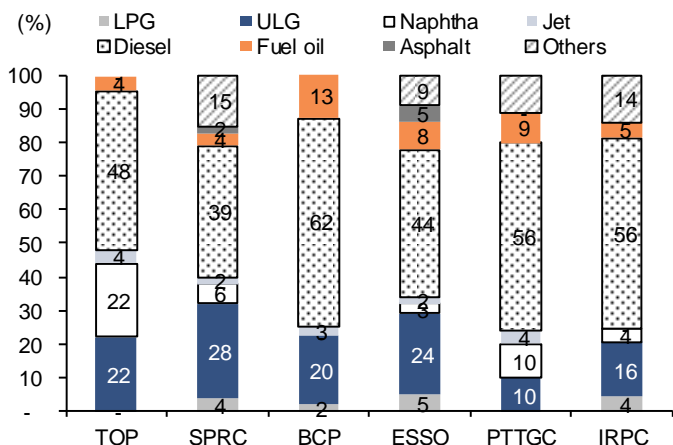
*EBITDA breakdown for BCP, IRPC, and IVL
Sources: Companies; FSSIA estimates

Business model: ESSO vs local peers. While we project ESSO's GRM to improve starting in 4Q21, we think the GRM improvement will be uneven and ESSO should see a less significant improvement in its GRM than other local refiners. ESSO's earnings growth from its refinery should be less resilient than TOP's and Star Petroleum Refining (SPRC TB, BUY, TP THB11)'s due to its more diversified business portfolio, with its refinery earnings accounting for 60-70% of its net profit in 2019-20 vs its oil station (30-40%) and aromatics (-10% to -20%) businesses. As a result, the rebound in market GRM should drive TOP's and SPRC's net profits higher than ESSO's, in our view.

Meanwhile, ESSO's production yield is geared toward higher gasoline and lower diesel and jet yields, the two products for which we expect to see the most significant improvement in margin over crude in 4Q21-2022. While SPRC has a smaller production yield of middle distillate products at 39%, the lowest among six Thai refiners, vs ESSO's 44% (the second lowest yield), SPRC, as a pure play refinery company, is in a better position to capture the improvement in the market GRM, in our view.

Exhibit 10: Production yields of Thai refiners as of 2Q21

Exhibit 11: Crude mix breakdown of Thai refiners as of 2Q21



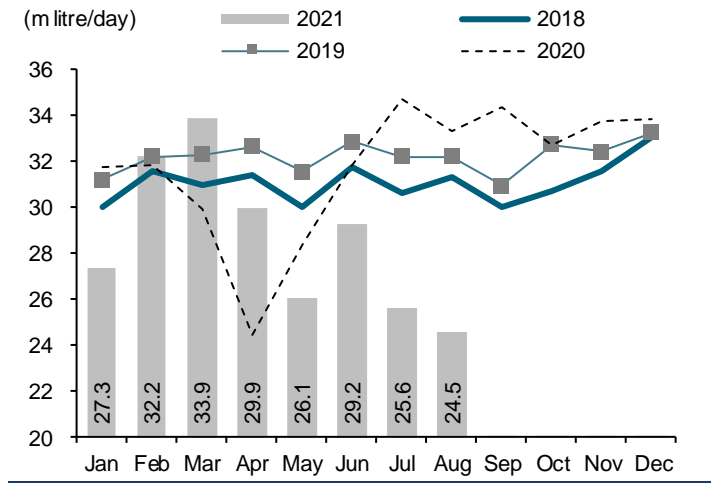
Source: Companies

Source: Companies

Thailand's refined oil demand recovery

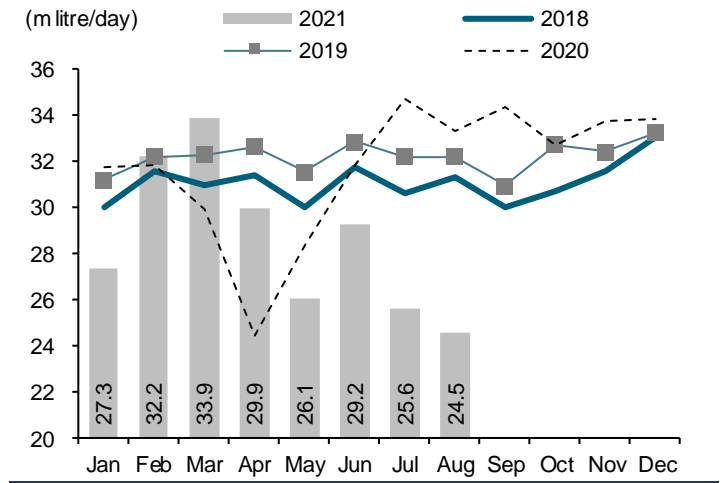
Due to the tight lockdown in Jul-Aug 2021, Thailand saw a sharp drop in the demand for gasoline, diesel, and LPG in Jul-Aug after the sharp demand rebound in Feb-Mar 2021 when the Thai government reopened economic activities.

Exhibit 12: Consumption in Thailand – gasoline



Source: Department of Energy Business, Ministry of Energy (DOEB)

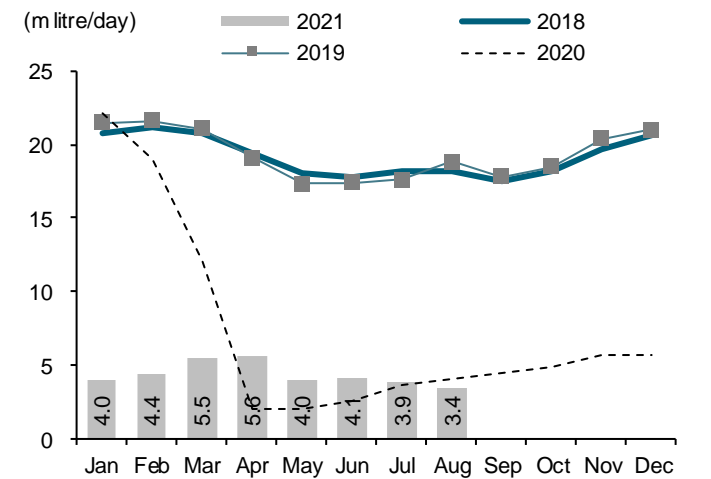
Exhibit 13: Consumption in Thailand – diesel



Source: DOEB

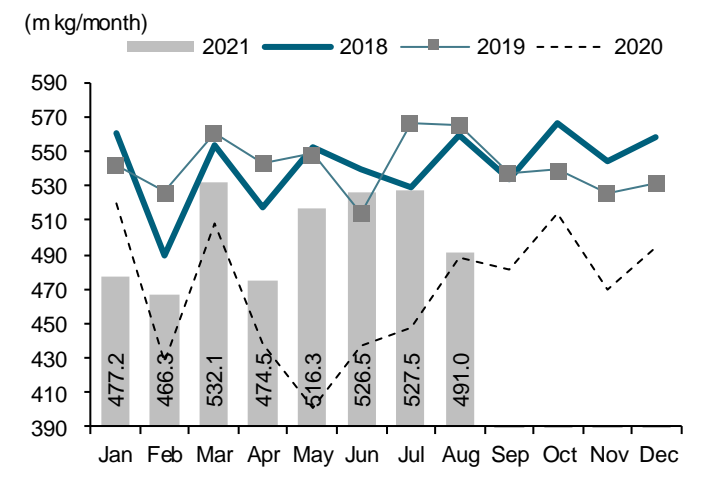
Given that the Thai government plans to ease the lockdown starting in Oct-21 for domestic activities and in Nov-21 for tourism and international flights, we believe that the demand for all refined oil products, including gasoline (for domestic consumer transportation), diesel (for domestic industrial and commercial logistics), and jet fuel (for domestic and international flights), will rise.

Exhibit 14: Consumption in Thailand – jet fuel



Source: DOEB

Exhibit 15: Consumption in Thailand – LPG

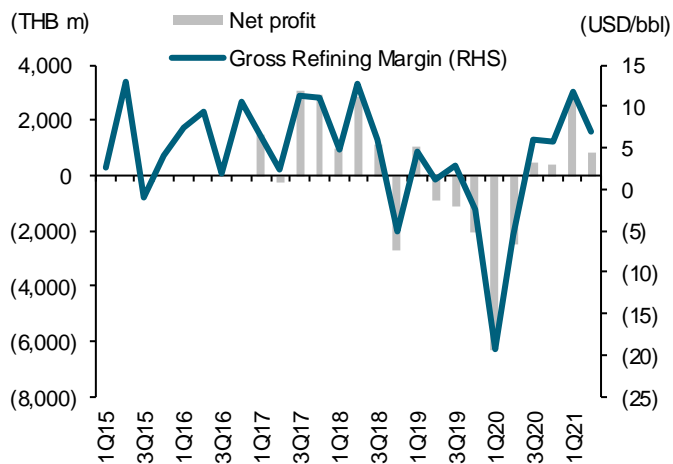


Source: DOEB

ESSO's high sales in the domestic market

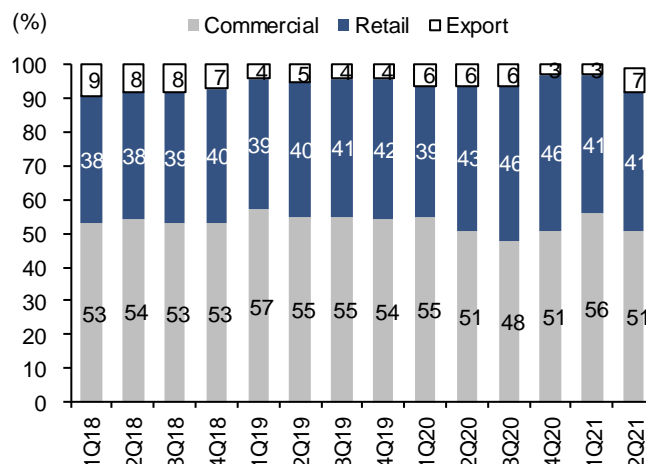
While we think ESSO should be the most significant beneficiary of the expected rebound in the domestic demand for refined oil, we still prefer TOP and SPRC as our two top picks in the Thai refinery sector based on their higher earnings sensitivity to changes in the GRM vs ESSO.

Exhibit 16: Net profit vs GRM



Source: ESSO

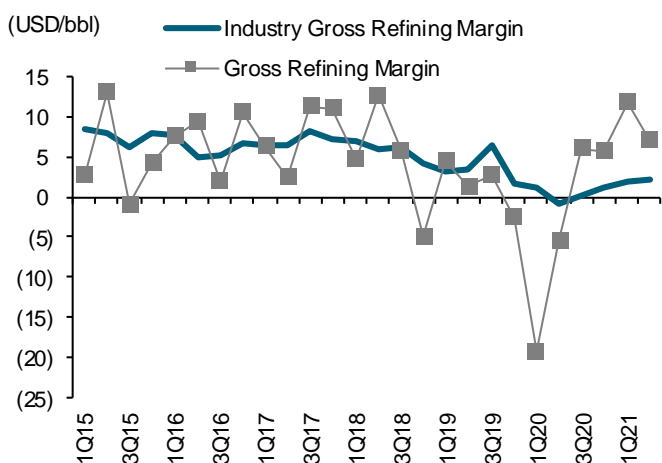
Exhibit 17: Sales channel breakdown



Source: ESSO

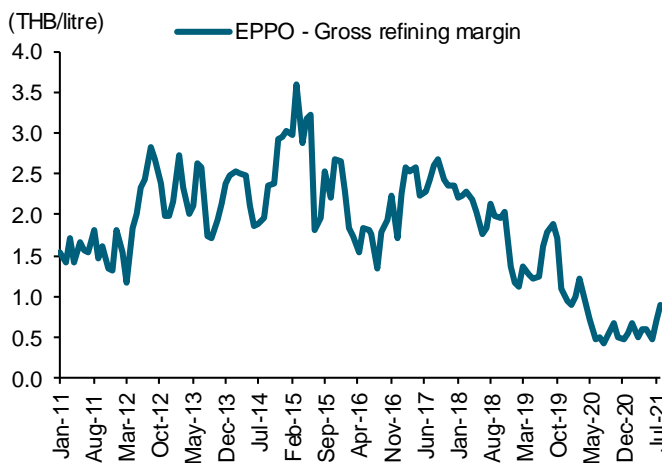
Over 90% of ESSO's sales are in the domestic market. Unlike other refiners with less than 90% of their refinery sales volumes through the domestic market, ESSO has one of the highest sales volumes in the domestic market at 91-97% in 2018-1H21, as its parent, ExxonMobil, has strategically positioned ESSO as a key refinery supplier for Thailand, while ExxonMobil's larger refinery and petrochemical complex in Singapore is used for export markets. Hence, we think the upcoming GRM improvement that we forecast in 4Q21 onward should benefit ESSO's GRM to drive its operating net profit growth significantly.

Exhibit 18: Industry GRM vs ESSO's GRM



Source: ESSO

Exhibit 19: GRM by the Energy Policy and Planning Office (EPPO)



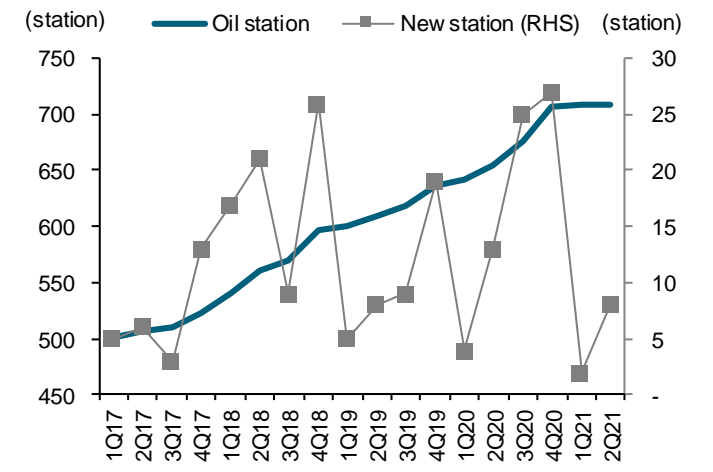
Source: EPPO

ESSO's oil stations suffered from poor demand in 3Q21

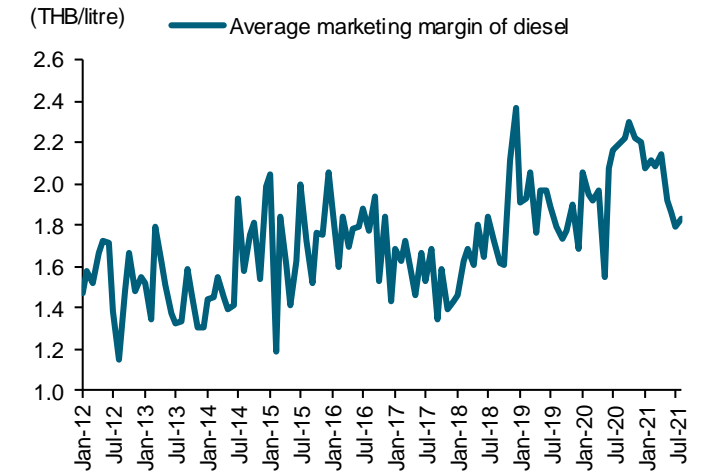
We expect ESSO's net profit from its downstream oil stations to improve in 4Q21 onward to THB1b-1.2b annually, driven by a higher sales volume, the resumption of its oil station expansion, and a sustainably high marketing margin (MM) above THB2/litre, based on our estimate.

Exhibit 20: Number of oil stations and new stations

Exhibit 21: Average marketing margin of diesel by EPPO



Source: ESSO



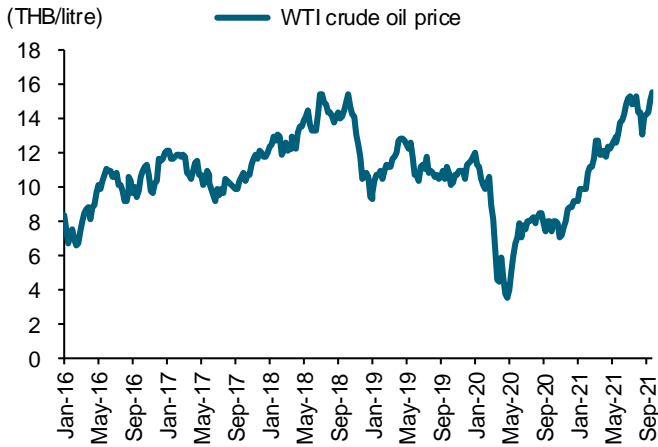
Source: EPPO

Thanks to ESSO's 7-9% sales volume proportion of gasoline 95, which commands a much higher MM of THB4-5/litre vs THB1.5-2.2/litre for other common refined oil products (gasohol 91, 95, and biodiesel B10 and B20), we think ESSO should be able to capture higher earnings growth from the reopening in Thailand starting in Oct-21.

Limited downside risk for MM post reopening. We believe ESSO will see a limited downside risk from the potential price cap on biodiesel B10, the key fuel for Thailand's logistics and transportation. Currently, the retail price of B10 is THB27/litre, slightly higher than the THB30/litre threshold that the Thai government has mandated for the price cap in order to reduce the cost of living. However, the biodiesel B7 price has already shot up above THB30/litre in Sep-21, and we think the government may impose a price cap on B7 if the oil price continues to rise.

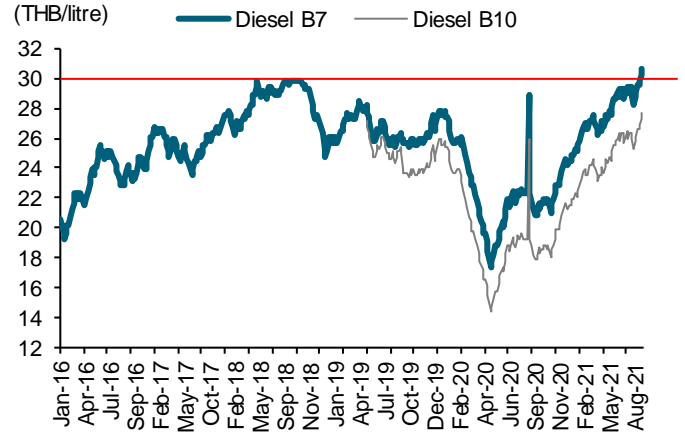
Ultimately, we expect this to have a limited impact on ESSO, considering that 1) ESSO has sold most of its diesel as B10 after the government changed the mandate from B7 to B10 since 1 Jan-21, and the price of B10 remains below the THB30 threshold; and 2) up to 9% of ESSO's sales volume comes from premium gasoline 95 and diesel supreme, which commands 2-3x higher MM than normal B10.

Exhibit 22: WTI crude price



Source: Bloomberg

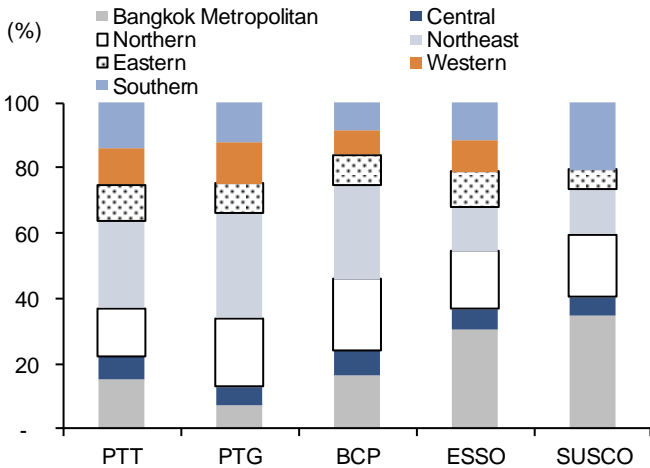
Exhibit 23: Diesel crude price



Source: PTT

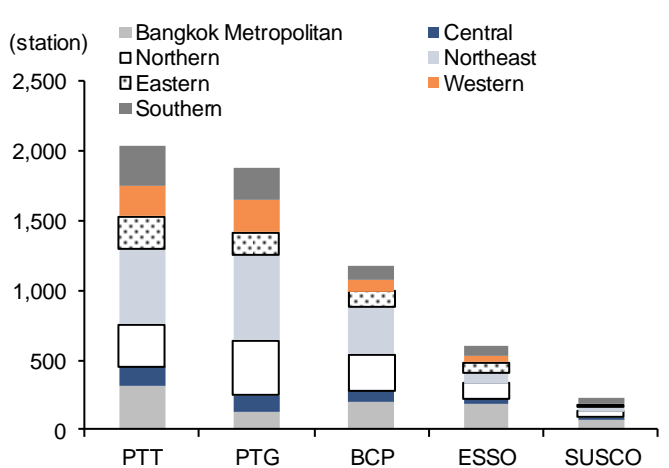
Flood impact on ESSO's oil stations. Among five listed plays in the oil station industry, we think ESSO will see a limited impact from the current flooding in Thailand, which has covered most of the northern, central, western northeastern, and southern areas where ESSO has a limited presence. Most of ESSO's oil stations are located in Bangkok and northern areas.

Exhibit 24: Major oil station breakdown by region (%)



Source: DOEB

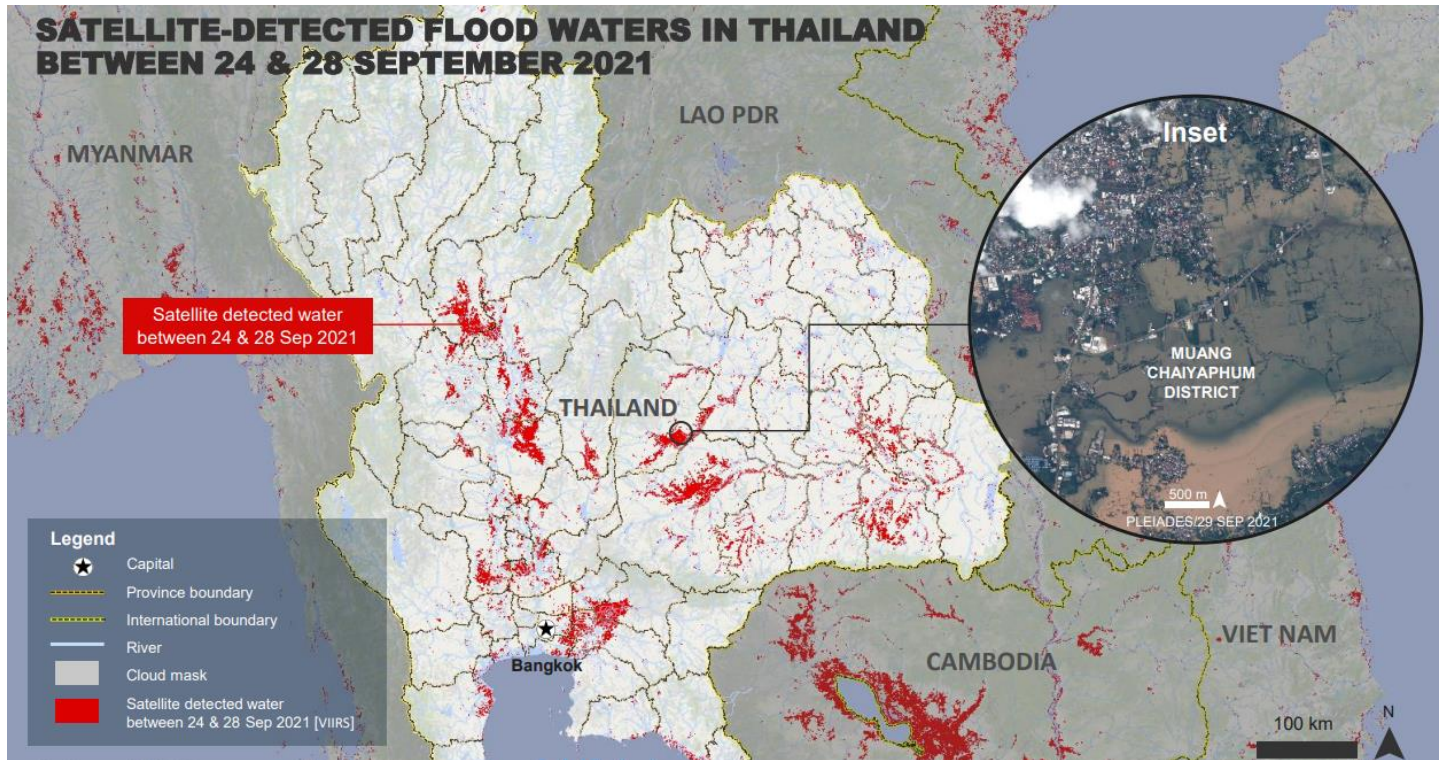
Exhibit 25: Major oil station breakdown by region



Source: DOEB

According to the United Nations Institute for Training and Research (UNITAR), as of 28 Sep-21, there are 19 provinces that have been impacted by flooding, including Chiang Rai, Chiang Mai, Lampang (upper North of Thailand), Tak (West), Sukhothai, Phitsanulok, Phetchabun, Phichit (lower North), Kamphaeng Phet, Chaiyaphum (Central), Loei, Nakhon Ratchasima, Sisaket (western Northeast), Prachinburi, Sa Kaeo, Chanthaburi (East), Phra Nakhon Si Ayutthaya (Bangkok suburb), Ratchaburi, and Nakhon Si Thammarat (South).

Exhibit 26: Satellite-detected flood areas in Thailand between 24-28 September 2021

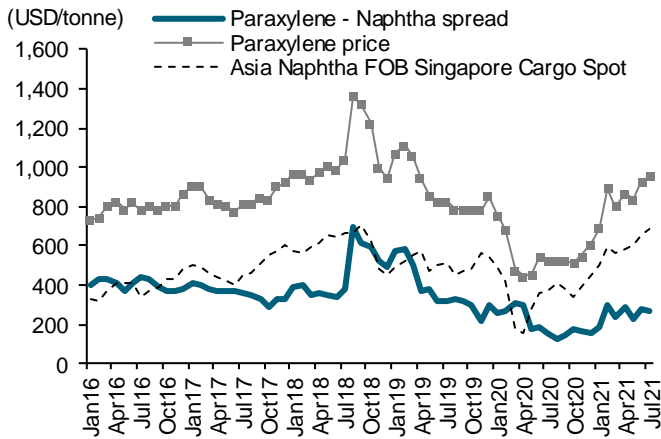


Source: [United Nations Institute for Training and Research \(UNITAR\)](https://www.un.org/development/desa/press/2021/09/20210929-thailand-floods.html)

Lower net loss from PX unit in 3Q21 onward

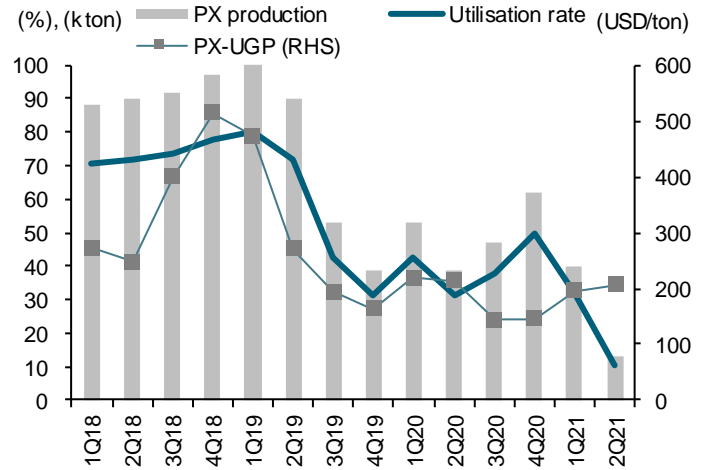
Since 2Q21, ESSO has temporarily shut down its PX plant due to the loss-making margin that has continued since 2020. In 2Q21, ESSO generated a net loss of THB465m from its PX unit. As the PX plant is now shut down, we estimate that ESSO will reduce its net loss to THB0.1b a quarter, mainly from the fixed cost of depreciation for the plant. Thus, we believe that with the PX-naphtha margin at USD200-230/t, ESSO is much better off to temporarily shut its PX plant down and incur a lower net loss.

Exhibit 27: Naphtha spread – paraxylene



Source: Bloomberg

Exhibit 28: Quarterly PX utilisation rate, production, and PX-gasoline margin



Source: ESSO

3Q21E results preview

We project ESSO's 3Q21 net profit at THB648m, down 24.5% q-q but up 38.8% y-y. Key points are:

- 1) A lower refinery utilisation rate from 71% in 2Q21 to 68% in 3Q21 due to the weak demand caused by the lockdown;
- 2) A lower accounting GRM from USD7/bbl in 2Q21 down to USD4.8/bbl, given the higher market GRM by USD1.2/bbl q-q to USD3/bbl, which should be offset by a lower inventory gain of USD2.8/bbl in 3Q21, down from USD5/bbl in 2Q21;
- 3) Lower earnings from its oil stations to THB0.2b in 3Q21, down from THB0.3b in 2Q21, as a result of the lower sales volume;
- 4) A lower net loss of THB0.1b for the aromatics unit, down from THB0.465b in 2Q21, as ESSO temporarily shut the plant down.

Exhibit 29: 3Q21E/9M21E results preview

	3Q20	2Q21	3Q21E		9M20	9M21E	Change	
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	30,465	41,129	40,526	(1.5)	33.0	94,472	120,992	28.1
Operating costs	(29,095)	(39,350)	(39,241)	(0.3)	34.9	(102,944)	(113,769)	10.5
EBITDA	1,370	1,779	1,285	(27.8)	(6.2)	(8,472)	7,223	(185.3)
<i>EBITDA margin (%)</i>	4.5	4.3	3.2	<i>nm</i>	<i>nm</i>	(9.0)	6.0	<i>nm</i>
Depn & amort.	(662)	(696)	(654)	(6.0)	(1.1)	(1,925)	(2,042)	6.0
EBIT	708	1,083	631	(41.7)	(10.9)	(10,397)	5,181	(149.8)
Interest expense	(96)	(76)	(73)	(3.9)	(24.0)	(269)	(231)	(14.1)
Interest & invt inc	6	3	0	(100.0)	(100.0)	64	13	(80.3)
Associates' contrib	67	56	60	7.9	(10.7)	216	186	(14.2)
Exceptionals	(122)	(8)	150	<i>nm</i>	<i>nm</i>	(121)	141	(216.3)
Pretax profit	564	1,058	768	(27.4)	36.2	(10,507)	5,290	(150.3)
Tax	(97)	(199)	(120)	(39.7)	23.3	2,163	(995)	(146.0)
<i>Tax rate (%)</i>	17.3	18.8	15.6	(17.0)	(9.5)	20.6	18.8	(8.7)
Minority interests	0	0	0	<i>nm</i>	<i>nm</i>	0	0	<i>nm</i>
Net profit	467	858	648	(24.5)	38.8	(8,344)	4,295	(151.5)
Non-recurring	147	520	150	(71.2)	2.0	(7,523)	2,440	(132.4)
Core profit	320	338	498	47.3	55.7	(821)	1,855	(325.8)
EPS (THB)	0.13	0.25	0.19	(24.5)	38.8	(2.41)	1.24	(151.5)
Core EPS (THB)	0.09	0.10	0.14	47.3	55.7	(0.24)	0.54	(325.8)

Sources: ESSO; FSSIA estimates

EPS and target price revisions

We downgrade ESSO to HOLD from Buy despite our EPS upgrades, as we lower our valuations for ESSO's refinery and oil station units to incorporate the impact of the lockdown. We raise our 2021-23E EPS by 2.2-17.1% to reflect the higher inventory gain embedded in our higher accounting GRM assumptions that more than offsets the decline in the product margin assumptions. However, we cut our SoTP-based TP from THB14.3 to THB8.9, based on the following assumptions:

- A lower 2021E EV/EBITDA multiple from 6x to 5x for the refinery business due to the weaker-than-expected operating GRM in 1H21 despite the higher-than-expected inventory gain;
- We cut our 2021E P/E from 23x to 14x for the oil station business to reflect the negative impact of the lockdown on Covid-19;
- Maintain our 3x 2021E EV/EBITDA for the aromatics unit as we think the temporary shutdown still justifies the downcycle 3x EV/EBITDA valuation.

Exhibit 30: Key changes in assumptions

	Current			Previous			Change (%)		
	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (%)	2022E (%)	2023E (%)
Revenue	134,970	133,441	142,511	120,249	131,809	132,862	12.2	1.2	7.3
Gross profit	12,628	13,518	14,584	15,402	15,713	16,176	(18.0)	(14.0)	(9.8)
Operating profit	5,465	6,366	7,050	5,487	5,664	6,012	(0.4)	12.4	17.3
Core net profit	4,446	5,093	5,730	4,351	4,549	4,892	2.2	12.0	17.1
Core EPS (THB/share)	1.28	1.47	1.66	1.26	1.31	1.41	2.2	12.0	17.1
Key assumptions									
Utilisation rate (%)	75	80	80	80.0	80.0	80	(5.0)	-	-
GRM (USD/bbl)	6.18	7.45	7.31	5.89	6.90	7.05	4.9	8.0	3.7
Dubai crude oil price (USD/bbl)	65.0	60.0	60.0	50.0	50.0	50.0	30.0	20.0	20.0
Gasoline-Dubai (USD/bbl)	12.0	14.0	14.0	12.0	14.0	14.0	-	-	-
Jet-Dubai (USD/bbl)	6.0	12.0	12.0	11.0	15.0	15.0	(45.5)	(20.0)	(20.0)
Diesel-Dubai (USD/bbl)	6.0	12.0	12.0	14.2	14.2	14.2	(57.7)	(15.4)	(15.4)
HSFO-Dubai (USD/bbl)	(5.0)	(7.0)	(7.0)	(5.0)	(7.0)	(7.0)	-	-	-
PX-naphtha margin (USD/tonne)	382	526	526	382	382	382	-	37.7	37.7

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

Source: FSSIA estimates

Exhibit 31: ESSO – SoTP valuation

ESSO valuation	THB m	THB/shr	Comments
Refinery	23,770	6.9	At 5x 2021E EV/EBITDA
Oil station	23,554	6.8	At 14x 2021E P/E
Aromatics	1,544	0.4	At 3x 2021E EV/EBITDA
Net debt	(17,842)	(5.3)	2021E net debt
Total value	31,026	8.9	

Source: FSSIA estimates

Financial Statements

Esso Thailand

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	169,348	126,672	134,970	133,441	142,511
Cost of goods sold	(164,146)	(119,088)	(122,341)	(119,923)	(127,926)
Gross profit	5,202	7,584	12,628	13,518	14,584
Other operating income	-	-	-	-	-
Operating costs	(6,110)	(5,217)	(4,994)	(4,937)	(5,273)
Operating EBITDA	(908)	2,367	7,635	8,581	9,311
Depreciation	(3,198)	(3,197)	(2,169)	(2,215)	(2,261)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	(4,106)	(830)	5,465	6,366	7,050
Net financing costs	(313)	(358)	(372)	(319)	(246)
Associates	380	285	346	233	265
Recurring non-operating income	462	352	416	307	343
Non-recurring items	0	(9,123)	0	0	0
Profit before tax	(3,957)	(9,958)	5,510	6,353	7,147
Tax	893	2,048	(1,063)	(1,259)	(1,416)
Profit after tax	(3,065)	(7,910)	4,447	5,094	5,731
Minority interests	(1)	(1)	(1)	(1)	(1)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	(3,066)	(7,911)	4,446	5,093	5,730
Non-recurring items & goodwill (net)	0	9,123	0	0	0
Recurring net profit	(3,066)	1,212	4,446	5,093	5,730
Per share (THB)					
Recurring EPS *	(0.89)	0.35	1.28	1.47	1.66
Reported EPS	(0.89)	(2.29)	1.28	1.47	1.66
DPS	0.10	0.00	0.10	0.50	0.50
Diluted shares (used to calculate per share data)	3,461	3,461	3,461	3,461	3,461
Growth					
Revenue (%)	(15.7)	(25.2)	6.6	(1.1)	6.8
Operating EBITDA (%)	nm	nm	222.5	12.4	8.5
Operating EBIT (%)	nm	nm	nm	16.5	10.8
Recurring EPS (%)	nm	nm	266.9	14.5	12.5
Reported EPS (%)	nm	nm	nm	14.5	12.5
Operating performance					
Gross margin inc. depreciation (%)	1.2	3.5	7.7	8.5	8.6
Gross margin of key business (%)	1.2	(3.7)	7.7	8.5	8.6
Operating EBITDA margin (%)	(0.5)	1.9	5.7	6.4	6.5
Operating EBIT margin (%)	(2.4)	(0.7)	4.0	4.8	4.9
Net margin (%)	(1.8)	1.0	3.3	3.8	4.0
Effective tax rate (%)	20.6	20.0	20.6	20.6	20.6
Dividend payout on recurring profit (%)	(11.3)	-	7.8	34.0	30.2
Interest cover (X)	(11.6)	(1.3)	15.8	20.9	30.1
Inventory days	41.7	49.4	38.3	37.8	36.2
Debtor days	13.7	16.6	15.6	19.4	21.7
Creditor days	13.4	14.5	13.0	12.8	12.3
Operating ROIC (%)	(7.8)	(1.7)	(5.8)	(6.7)	(7.3)
ROIC (%)	(5.8)	(0.7)	(4.2)	(4.8)	(5.2)
ROE (%)	(12.8)	6.6	26.8	24.5	23.1
ROA (%)	(4.4)	2.3	6.8	7.6	8.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Downstream	156,148	119,542	124,245	123,211	131,621
Petrochemicals	13,200	7,129	10,725	10,230	10,890

Sources: Esso Thailand; FSSIA estimates

Financial Statements

Esso Thailand

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(3,066)	1,212	4,446	5,093	5,730
Depreciation	3,198	3,197	2,169	2,215	2,261
Associates & minorities	82	67	70	74	78
Other non-cash items	-	-	-	-	-
Change in working capital	(7,442)	10,787	(306)	(1,289)	(1,262)
Cash flow from operations	(7,228)	15,263	6,380	6,093	6,807
Capex - maintenance	(4,819)	(4,911)	(4,911)	(4,911)	(4,911)
Capex - new investment	(2,187)	(2,728)	(3,664)	(3,629)	(3,629)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	111	1,420	0	0	0
Cash flow from investing	(6,895)	(6,219)	(8,575)	(8,540)	(8,540)
Dividends paid	(692)	(346)	0	(1,038)	(1,730)
Equity finance	0	0	0	0	0
Debt finance	12,198	(807)	(1,000)	(3,000)	(3,000)
Other financing cash flows	2,411	(7,905)	7,127	7,088	7,085
Cash flow from financing	13,917	(9,058)	6,127	3,050	2,355
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(206)	(15)	3,933	603	622
Free cash flow to firm (FCFF)	(13,801.38)	9,403.75	(1,819.55)	(2,082.50)	(1,435.41)
Free cash flow to equity (FCFE)	486.52	331.16	3,932.67	1,641.00	2,352.43
Per share (THB)					
FCFF per share	(3.99)	2.72	(0.53)	(0.60)	(0.41)
FCFE per share	0.14	0.10	1.14	0.47	0.68
Recurring cash flow per share	0.06	1.29	1.93	2.13	2.33
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	68,899	69,994	71,372	72,750	74,129
Less: Accumulated depreciation	(43,300)	(45,244)	(47,413)	(49,628)	(51,889)
Tangible fixed assets (net)	25,599	24,750	23,959	23,122	22,240
Intangible fixed assets (net)	181	181	181	181	181
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,557	2,137	2,137	2,137	2,137
Cash & equivalents	277	262	4,194	4,797	5,419
A/C receivable	6,464	5,083	6,433	7,767	9,192
Inventories	19,085	13,144	12,543	12,295	13,115
Other current assets	6,152	4,432	4,722	4,669	4,986
Current assets	31,978	22,921	27,892	29,528	32,713
Other assets	4,927	11,388	11,388	11,388	11,388
Total assets	66,242	61,378	65,558	66,357	68,659
Common equity	22,110	14,352	18,799	22,854	26,853
Minorities etc.	7	7	8	9	10
Total shareholders' equity	22,118	14,360	18,807	22,862	26,863
Long term debt	4,167	6,333	6,333	6,333	6,333
Other long-term liabilities	3,281	5,239	5,239	5,239	5,239
Long-term liabilities	7,448	11,573	11,573	11,573	11,573
A/C payable	5,020	4,452	4,248	4,164	4,442
Short term debt	19,677	16,703	15,703	12,703	9,703
Other current liabilities	11,979	14,291	15,228	15,055	16,078
Current liabilities	36,676	35,446	35,178	31,922	30,223
Total liabilities and shareholders' equity	66,242	61,378	65,558	66,357	68,659
Net working capital	14,702	3,916	4,222	5,511	6,773
Invested capital	48,966	42,373	41,888	42,340	42,719
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	6.39	4.15	5.43	6.60	7.76
Tangible book value per share	6.34	4.09	5.38	6.55	7.71
Financial strength					
Net debt/equity (%)	106.6	158.6	94.9	62.3	39.5
Net debt/total assets (%)	35.6	37.1	27.2	21.5	15.5
Current ratio (x)	0.9	0.6	0.8	0.9	1.1
CF interest cover (x)	9.5	9.6	21.4	17.5	25.3
Valuation					
Recurring P/E (x) *	(9.3)	23.6	6.4	5.6	5.0
Recurring P/E @ target price (x) *	(10.0)	25.4	6.9	6.0	5.4
Reported P/E (x)	(9.3)	(3.6)	6.4	5.6	5.0
Dividend yield (%)	1.2	-	1.2	6.1	6.1
Price/book (x)	1.3	2.0	1.5	1.2	1.1
Price/tangible book (x)	1.3	2.0	1.5	1.3	1.1
EV/EBITDA (x) **	(57.4)	21.7	6.1	5.0	4.2
EV/EBITDA @ target price (x) **	(59.9)	22.6	6.4	5.3	4.4
EV/invested capital (x)	1.1	1.2	1.1	1.0	0.9
* Pre-exceptional, pre-goodwill and 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	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	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	TTB	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.

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	AMANAH	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	TTB	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

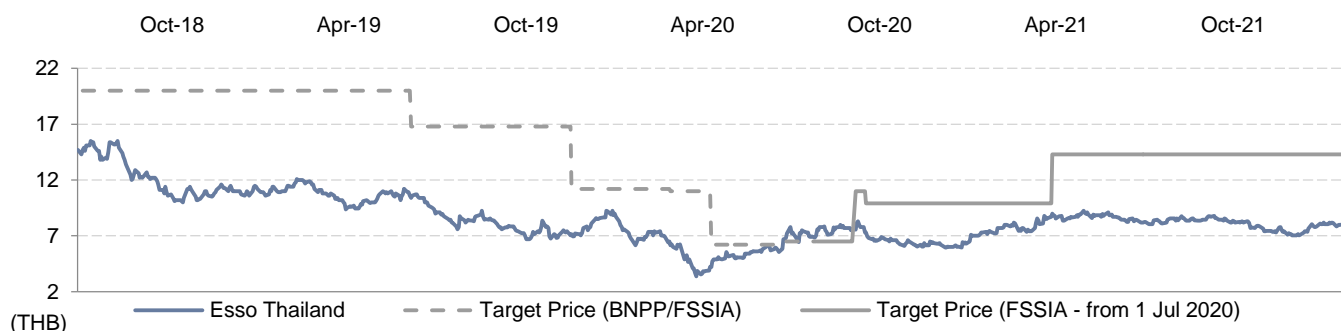
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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



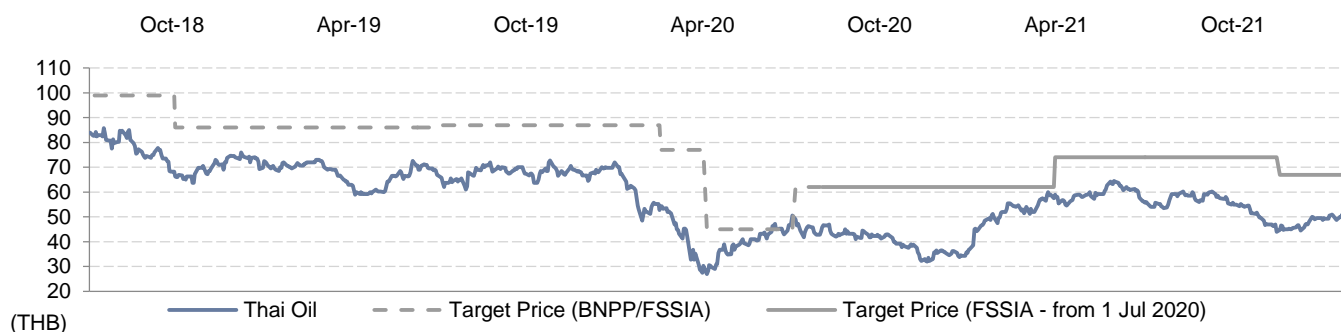
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	20.00	01-Apr-2020	BUY	6.20	11-Aug-2020	BUY	9.90
18-Jul-2019	BUY	16.80	26-May-2020	BUY	6.50	18-Jan-2021	BUY	14.30
03-Dec-2019	BUY	11.20	26-May-2020	BUY	6.50			
26-Feb-2020	BUY	11.00	31-Jul-2020	BUY	11.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Thai Oil (TOP TB)



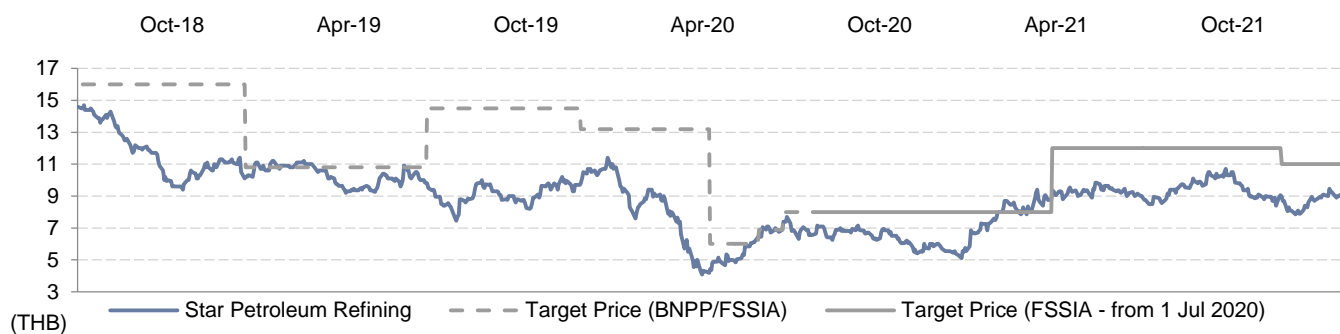
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	99.00	23-Mar-2020	BUY	45.00	18-Jan-2021	BUY	74.00
18-Dec-2018	BUY	86.00	08-Jun-2020	BUY	62.00	15-Feb-2021	BUY	74.00
06-Aug-2019	BUY	87.00	08-Jun-2020	BUY	62.00	19-May-2021	BUY	74.00
12-Feb-2020	BUY	77.00	21-Aug-2020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

Star Petroleum Refining (SPRC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	HOLD	16.00	12-May-2020	BUY	6.90	22-Feb-2021	BUY	12.00
26-Feb-2019	HOLD	10.80	02-Jun-2020	BUY	8.00	28-May-2021	BUY	12.00
01-Aug-2019	BUY	14.50	18-Jun-2020	BUY	8.00	03-Aug-2021	BUY	11.00
11-Dec-2019	BUY	13.20	30-Oct-2020	BUY	8.00			
31-Mar-2020	BUY	6.00	18-Jan-2021	BUY	12.00			

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 8.25	HOLD	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. The upside risks include 1) higher-than-expected demand for petroleum products; and 2) a lower crude premium.
Thai Oil	TOP TB	THB 53.50	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.
Star Petroleum Refining	SPRC TB	THB 10.10	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 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 01-Oct-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.