

29 OCTOBER 2021

THAILAND / OIL &amp; GAS

# IRPC PCL      IRPC TB

## BUY

UNCHANGED

TARGET PRICE	THB5.80
CLOSE	THB4.34
UP/DOWNSIDE	+33.6%
PRIOR TP	THB5.00
CHANGE IN TP	+16.0%
TP vs CONSENSUS	+27.6%

## Better all-around in 4Q21 onward

### Four tailwinds ahead

We project IRPC's net profit growth to jump markedly starting in 4Q21, driven by a sharp rise in its GRM, stronger margins of chemical and lube products, and inventory gains, thanks to the demand growth from the global reopening and China's energy crunch which has significantly reduced the export volumes of refinery and petrochemical products.

### Expect a poor core net profit of THB0.6b in 3Q21

We expect IRPC's 3Q21 net profit to be THB2.3b, down 50% q-q but up 47% y-y. We project its core net profit to be THB598m, down 78% q-q but up from a net loss of THB1.3b in 3Q20. Key expectations are 1) a higher refinery utilisation rate to 90% or 194kbpd, up from 88% or 190kbpd in 2Q21; 2) a lower GIM at USD12.5/bbl, down from USD15.8/bbl in 2Q21; 3) a lower market GRM to USD1.8/bbl, down from USD2.8/bbl in 2Q21, due to the USD1.2/bbl higher crude premium and a higher fuel loss; 4) a weaker lube margin to USD3.5/bbl, down from USD4.5/bbl in 2Q21; 5) a lower GIM for petrochemical products – for olefins from USD3.8/bbl in 2Q21 to USD2.9/bbl due to the q-q lower margins of PP-naphtha and for aromatics from USD3.4/bbl in 2Q21 to USD3.3/bbl due to the q-q lower ABS margin; 6) a q-q stable margin for the power business at USD1.4/bbl; 7) an inventory gain of USD4/bbl from the q-q higher crude price; and 8) an FX loss of THB0.5b on its USD140m loan and cross-currency swap hedging position.

### Tide is turning to drive IRPC's net profit growth in 4Q21 onward

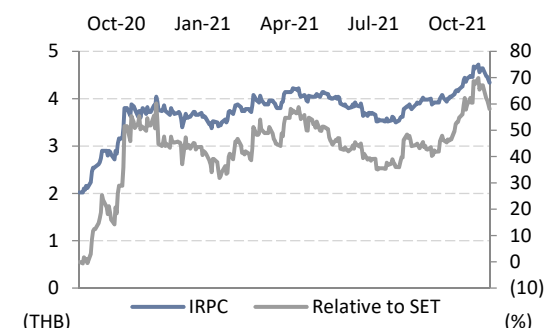
We think the tide is turning in favour of IRPC's net profit outlook from its refinery, aromatics (ABS), olefins (PP), and lube in 4Q21 onward, with its high operating leverage (high fixed cost of USD11.5/bbl) allowing it to benefit from the higher demand and tight supply. As the most integrated refinery-petrochemical company, IRPC's core operating net profit suffered from the rising oil price (higher fuel loss and naphtha feedstock cost), a depressed GRM, and the weak olefins-naphtha margins in 2020.

### Target price raised to THB5.8 (from THB5.0)

We maintain BUY and raise our target price from THB5, previously based on 6.6x 2021E EV/EBITDA, to THB5.8, now based on 6.3x 2022E EV/EBITDA, to reflect our EPS revisions and valuation rollover to 2022. Our EPS revisions reflect the changes in our oil price, GRM, and GIM assumptions as a result of China's energy crunch and the strong demand expected post global reopening.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	174,463	288,132	271,528	276,203
Net profit	(6,152)	16,036	12,751	15,940
EPS (THB)	(0.30)	0.78	0.62	0.78
vs Consensus (%)	-	36.4	136.6	165.3
EBITDA	1,831	29,354	25,600	29,505
Core net profit	(6,152)	16,036	12,751	15,940
Core EPS (THB)	(0.30)	0.78	0.62	0.78
Chg. In EPS est. (%)	nm	47.0	3.5	12.1
EPS growth (%)	nm	nm	(20.5)	25.0
Core P/E (x)	(14.4)	5.5	7.0	5.6
Dividend yield (%)	1.4	9.0	7.2	9.0
EV/EBITDA (x)	77.5	4.5	5.1	4.0
Price/book (x)	1.2	1.0	1.0	0.9
Net debt/Equity (%)	70.2	50.7	46.7	30.9
ROE (%)	(7.7)	19.9	14.6	17.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.3	23.3	114.9
Relative to country (%)	3.8	16.7	59.8
Mkt cap (USD m)	2,666		
3m avg. daily turnover (USD m)	20.0		
Free float (%)	52		
Major shareholder	PTT Plc. (48%)		
12m high/low (THB)	4.76/1.99		
Issued shares (m)	20,434.42		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

We think IRPC's gross integrated margin (GIM) 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 gross refining margin (GRM) recovery on the back of our projected diesel-Dubai spread recovery.

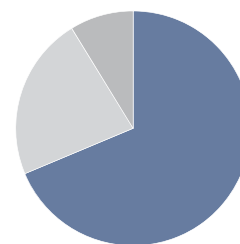
### Company profile

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)

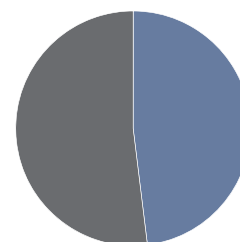
- Petroleum products - 83.3 %
- Petrochemical products - 27.4 %
- Other business - (10.6) %



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
Nov 2021	3Q21 results announcement

### Key assumptions

	2021E	2022E	2023E
Oil price (USD/bbl)	75	70	70
Olefin utilisation rate (%)	93	94	95
Refinery utilisation rate (%)	90	97	98
Market GRM (USD/bbl)	2.2	4.2	6.3
Market GIM (USD/bbl)	16.4	15.5	17.0
HDPE-naphtha (USD/t)	698	620	570
PP-naphtha (USD/t)	798	670	620

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 price, rising diesel cracks and low crude premiums are key for earnings growth.

Source: FSSIA estimates

## Expect a weak 3Q21 net profit

We expect IRPC to post a 3Q21 net profit of THB2.3b, down 50% q-q but up 47% y-y. We project its core net profit to decline q-q to THB598m, down 78% q-q but up from a net loss of THB1.3b in 3Q20. Key expectations for 3Q21 are:

- A higher utilisation rate for its refinery to 90% or 194kbpd, up from 88% or 190kbpd in 2Q21;
- A lower gross integrated margin (GIM) at USD12.5/bbl, down from USD15.8/bbl in 2Q21, due to the lower market gross refining margin (GRM), lube, and petrochemical margins;
- A lower market GRM to USD1.8/bbl, down from USD2.8/bbl in 2Q21, due to the USD1.2/bbl higher crude premium and a higher fuel loss caused by the higher crude price;
- A lower lube margin to USD3.5/bbl, down from USD4.5/bbl in 2Q21, as the demand slowed but supply rose;
- A lower GIM for petrochemical products – for olefins from USD3.8/bbl in 2Q21 to USD2.9/bbl due to the q-q lower margins of polypropylene (PP)-naphtha and for aromatics from USD3.4/bbl in 2Q21 to USD3.3/bbl as a result of the q-q lower margin of acrylonitrile butadiene styrene (ABS);
- A q-q stable margin for the power business at USD1.4/bbl;
- An inventory gain of USD4/bbl from the q-q higher crude price;
- An FX loss of THB0.5b on its USD140m loan and cross-currency swap hedging position.

### Exhibit 1: 3Q21E/9M21E results preview

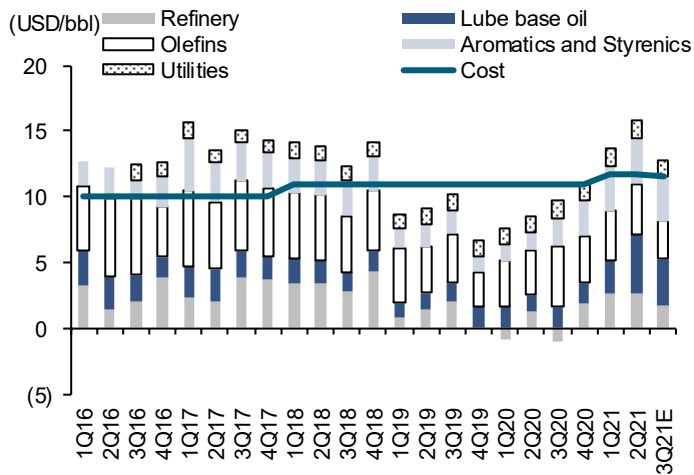
	3Q20	2Q21	----- 3Q21E -----			9M20	9M21E	Change
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
<b>Revenue</b>	<b>43,330</b>	<b>62,003</b>	<b>71,523</b>	<b>15.4</b>	<b>65.1</b>	<b>127,770</b>	<b>187,176</b>	<b>46.5</b>
Operating costs	(37,487)	(53,108)	(62,287)	17.3	66.2	(126,858)	(160,262)	26.3
<b>EBITDA</b>	<b>5,843</b>	<b>8,895</b>	<b>9,236</b>	<b>3.8</b>	<b>58.1</b>	<b>912</b>	<b>26,914</b>	<b>2,851.1</b>
<i>EBITDA margin (%)</i>	13.5	14.3	12.9	<i>nm</i>	<i>nm</i>	0.7	14.4	<i>nm</i>
Depn & amort.	(2,260)	(2,209)	(2,274)	2.9	0.6	(6,711)	(6,663)	(0.7)
EBIT	3,583	6,686	6,962	4.1	94.3	(5,799)	20,251	<i>nm</i>
Interest expense	(455)	(441)	(452)	2.4	(0.7)	(1,402)	(1,338)	(4.6)
Interest & invt inc	(4,877)	(3,816)	(5,963)	56.3	22.3	1,801	(14,734)	<i>nm</i>
Associates' contrib	90	186	163	(12.3)	80.8	206	505	144.8
Exceptionals	3,583	2,570	2,253	(12.3)	(37.1)	(4,471)	10,027	<i>nm</i>
<b>Pretax profit</b>	<b>1,924</b>	<b>5,184</b>	<b>2,963</b>	<b>(42.8)</b>	<b>54.0</b>	<b>(9,665)</b>	<b>14,711</b>	<b><i>nm</i></b>
Tax	(365)	(600)	(658)	9.7	80.1	1,919	(2,230)	<i>nm</i>
<i>Tax rate (%)</i>	19.0	11.6	22.2	<i>nm</i>	<i>nm</i>	19.9	15.2	<i>nm</i>
Minority interests	(3)	(10)	(12)	19.4	289.6	(14)	(32)	135.9
<b>Net profit</b>	<b>1,556</b>	<b>4,574</b>	<b>2,293</b>	<b>(49.9)</b>	<b>47.4</b>	<b>(7,760)</b>	<b>12,449</b>	<b><i>nm</i></b>
Non-recurring	(2,903)	(1,800)	(1,695)	(5.8)	(41.6)	3,435	(7,928)	<i>nm</i>
<b>Core net profit</b>	<b>(1,347)</b>	<b>2,774</b>	<b>598</b>	<b>(78.4)</b>	<b><i>nm</i></b>	<b>(4,324)</b>	<b>4,520</b>	<b><i>nm</i></b>
EPS (THB)	0.08	0.22	0.11	(49.9)	47.4	(0.38)	0.61	<i>nm</i>
Core EPS (THB)	(0.07)	0.14	0.03	(78.4)	<i>nm</i>	(0.21)	0.22	<i>nm</i>

Sources: IRPC; FSSIA estimates

### Margins on the rise

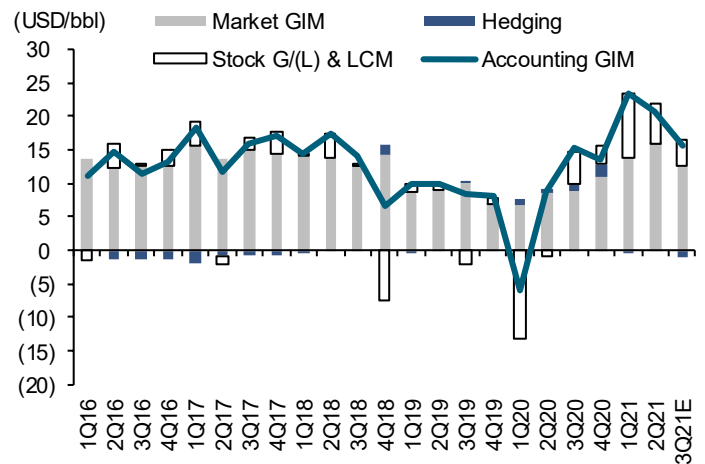
We think the margins of all of IRPC’s products are on the path to recovery, driven by the rising demand post global reopenings and the tight supply in China due to the country’s energy crisis that we expect to last at least until 2Q22. As a result, the exports of refined oil and chemical products from China are likely to drop in 4Q21-1H22 amid the growing demand in China and globally.

Exhibit 2: GIM breakdown by segment



Sources: IRPC; FSSIA estimates

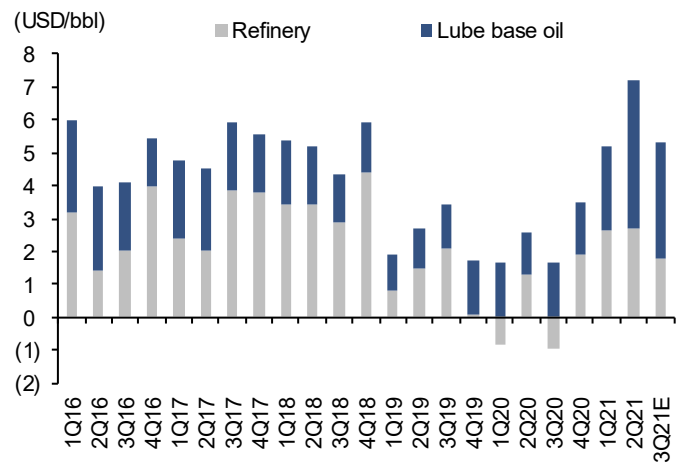
Exhibit 3: Market and accounting GIM, hedging and stock gain/loss



Sources: IRPC; FSSIA estimates

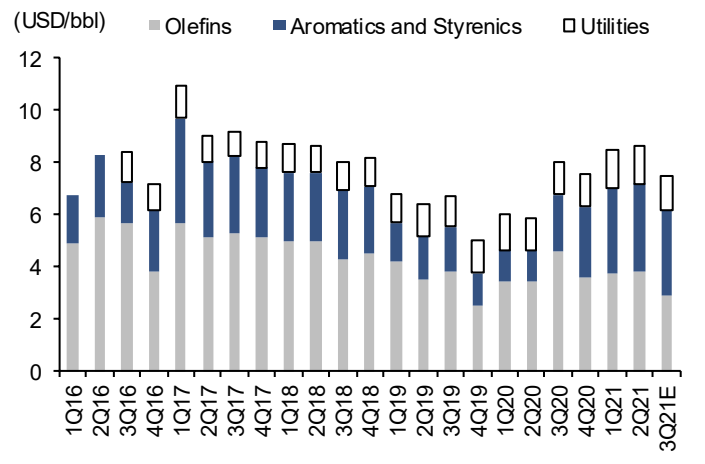
While we expect its 3Q21 GIM to weaken q-q due to the poor GRM and chemical margins, we believe IRPC’s market GIM should rebound to USD15-16/bbl in 4Q21, driven by a higher market GRM, a strong lube margin, and improving chemical GIMs for both aromatics and olefins. Inventory gains should further strengthen IRPC’s accounting GIM, likely to over USD20/bbl in 4Q21.

Exhibit 4: GRM and lube margin



Sources: IRPC; FSSIA estimates

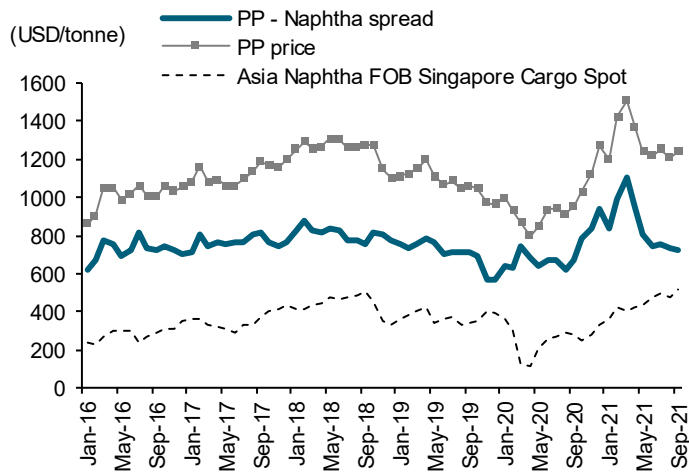
Exhibit 5: Chemicals – olefins and aromatics



Sources: IRPC; FSSIA estimates

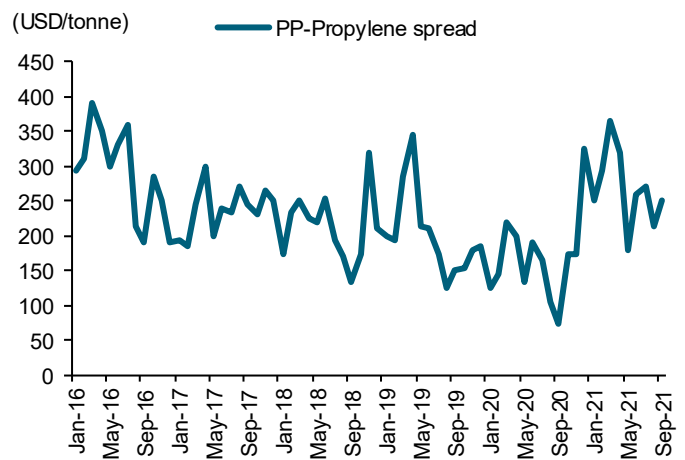
**PP-naphtha margin should stay over USD700/t in 4Q21-2022.** Thanks to the strong demand and lower supplies from China, the PP-naphtha margin has rebounded from the USD600/t range in 9M20 to over USD700/t in 4Q20-3Q21, and is likely to increase to USD800/t in 4Q21-1Q22 given the tight supply.

**Exhibit 6: Naphtha spread – PP**



Source: Bloomberg

**Exhibit 7: PP-propylene margin**

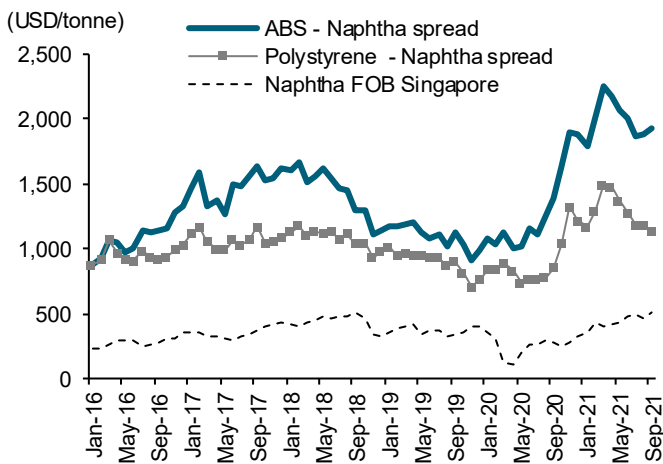


Source: Bloomberg

**Benzene chain should remain a key driver.** The margins of downstream benzene chain products, including ABS and polystyrene (PS), have remained strong since 3Q20 as a result of the strong demand for home appliances in China and the global demand recovery for the automotive industry.

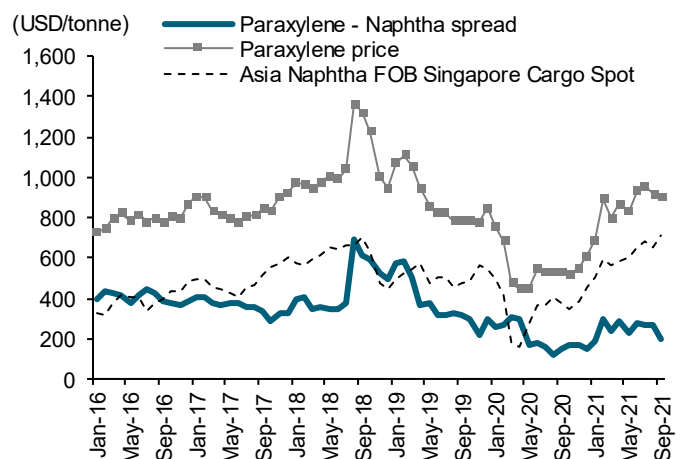
The continued weak paraxylene (PX)-naphtha margin due to the oversupply should have a very limited impact on IRPC thanks to its tiny capacity exposure to only toluene and mixed xylene, with zero PX production.

**Exhibit 8: Naphtha spread – ABS**



Source: Bloomberg

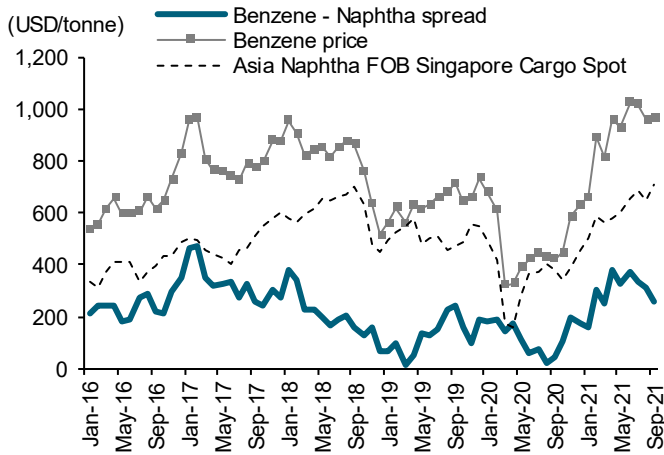
**Exhibit 9: Naphtha spread – Paraxylene**



Source: Bloomberg

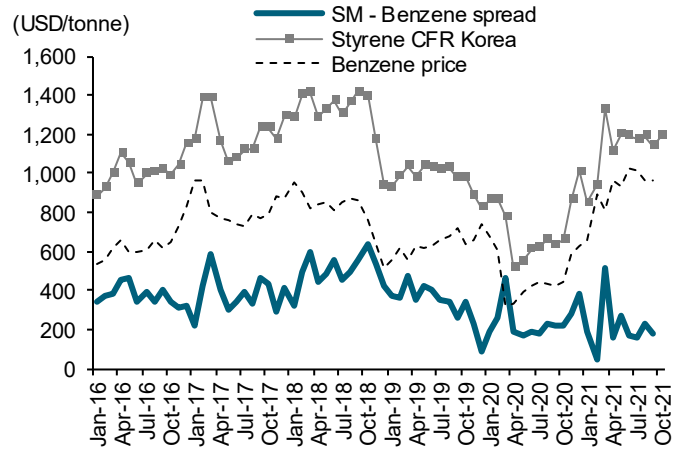
**Benzene-naphtha margin likely to stay over USD300/t in 4Q21-2022.** Thanks to the tariff increase arising from the US-China trade war, the spike in freight cost, and the supply disruption in North America, benzene exports to Asia from the US have remained low. This has resulted in a sustainably high benzene-naphtha margin of over USD200/t since 1Q21, despite the sharp rise in the naphtha cost following the oil price uptrend. The high benzene-naphtha margin should be a boon to IRPC's benzene chain products, given IRPC's fully integrated upstream benzene and downstream ABS and PS.

**Exhibit 10: Naphtha spread – Benzene**



Source: Bloomberg

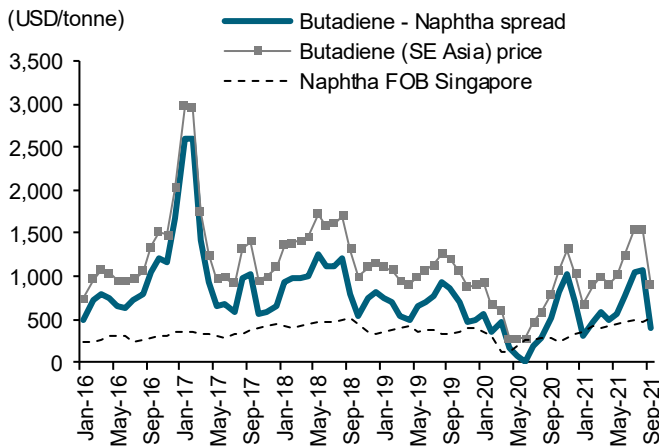
**Exhibit 11: Benzene spread – Styrene**



Source: Bloomberg

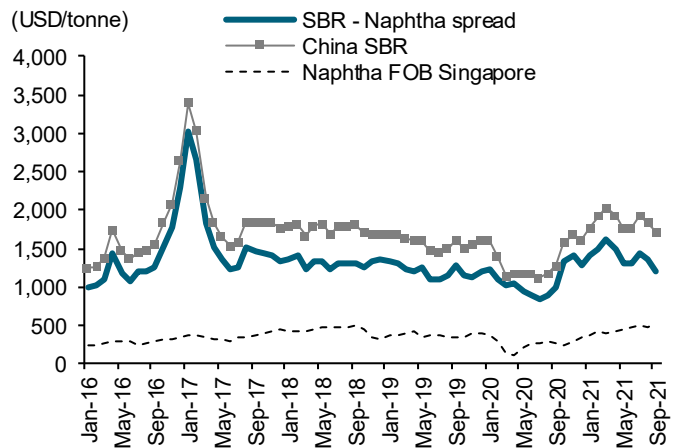
**Butadiene margin weakness should have a limited impact on IRPC.** IRPC produces only 30ktpa of butadiene and its downstream synthetic rubber (styrene butadiene rubber or SBR) production should have a limited impact on IRPC's net profit of less than 1-2%, based on our estimate.

**Exhibit 12: Naphtha spread – Butadiene**



Source: Bloomberg

**Exhibit 13: Naphtha spread – SBR**



Source: Bloomberg

## EPS and target price revisions

We revise up our EPS forecasts for 2021-23 by 3.5-47% to reflect the changes in our oil price, market GRM, and market GIM assumptions, along with our higher estimates for the margins of high-density polyethylene (HDPE)-naphtha and PP-naphtha, given the tighter-than-expected supplies due to China's energy crisis and the strong expected demand for refined oil products after the global reopening.

We maintain BUY and raise our target price from THB5, previously based on 6.6x 2021E EV/EBITDA, to THB5.8, now based on 6.3x 2022E EV/EBITDA, to reflect our EPS revisions and valuation rollover to 2022.

### Exhibit 14: Key changes in assumptions and EPS forecasts

	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	288,132	271,528	276,203	251,225	241,468	244,364	14.7	12.4	13.0
Gross profit	29,728	24,885	28,527	22,184	23,393	25,372	34.0	6.4	12.4
Operating profit	20,507	16,196	19,689	14,145	15,666	17,553	45.0	3.4	12.2
Core net profit	16,036	12,751	15,940	10,907	12,323	14,218	47.0	3.5	12.1
EPS (THB/share)	0.8	0.6	0.8	0.5	0.6	0.7	47.0	3.5	12.1
<b>Key assumptions</b>									
Oil price (USD/bbl)	75	70	70	65	60	60	15.4	16.7	16.7
Olefin utilisation rate (%)	93	94	95	93	94	95	0.0	0.0	0.0
Refinery utilisation rate (%)	90	97	98	90	97	98	0.0	0.0	0.0
Market GRM (USD/bbl)	2.2	4.2	6.3	2.4	4.8	5.5	(10.4)	(11.6)	13.3
Market GIM (USD/bbl)	16.4	15.5	17.0	13.5	14.9	15.8	21.5	4.5	7.9
HDPE-naphtha (USD/t)	698	620	570	338	487	487	106.5	27.3	17.0
PP-naphtha (USD/t)	798	670	620	438	587	587	82.2	14.1	5.6

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

Sources: IRPC; FSSIA estimates



## Exhibit 15: Peer comparisons

Company	BBG code	Rec	Share Price (LCY)	Target price (LCY)	Upside (%)	Market Cap (USD m)	3Y EPS CAGR (%)	PE		ROE		PBV		EV / EBITDA	
								21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
<b>THAILAND</b>															
Indorama Ventures	IVL TB	BUY	41.50	62.00	49	7,004	71.3	10.2	9.0	16.5	16.4	1.6	1.4	6.4	5.7
Irpc Pcl	IRPC TB	BUY	4.34	5.80	34	2,666	nm	5.5	7.0	19.9	14.6	1.0	1.0	4.5	5.1
Ptt Global Chem	PTTGC TB	BUY	62.25	75.00	20	8,438	nm	8.7	11.1	11.2	8.7	0.9	1.0	10.7	10.0
Siam Cement	SCC TB	BUY	398.00	520.00	31	14,357	21.9	8.0	7.6	17.6	16.3	1.3	1.2	8.7	8.0
Eastern Polymer	EPG TB	BUY	11.20	15.50	38	943	16.8	25.7	20.6	11.3	13.3	2.8	2.6	18.0	15.2
Vinythai Public	VNT TB	NA	37.50	NA	NA	1,366	nm	nm	nm	nm	nm	nm	nm	nm	nm
<b>THAILAND avg</b>						<b>34,775</b>	<b>23.3</b>	<b>8.6</b>	<b>8.8</b>	<b>15.1</b>	<b>13.6</b>	<b>1.2</b>	<b>1.2</b>	<b>8.3</b>	<b>7.7</b>
<b>INDIA</b>															
Reliance Industries	RIL IN	NA	2,598.60	NA	NA	225,064	20.0	37.0	29.7	8.6	7.7	2.8	2.2	23.0	17.1
<b>INDIA avg</b>						<b>225,064</b>	<b>20.0</b>	<b>37.0</b>	<b>29.7</b>	<b>8.6</b>	<b>7.7</b>	<b>2.8</b>	<b>2.2</b>	<b>23.0</b>	<b>17.1</b>
<b>TAIWAN</b>															
Formosa Plastics	1301 TT	NA	108.00	NA	NA	24,498	43.9	9.8	11.1	20.0	15.5	1.7	1.7	9.3	12.0
Nan Ya Plastics	1303 TT	NA	86.00	NA	NA	24,302	27.4	9.3	11.9	20.3	14.9	1.7	1.7	8.3	10.8
Formosa Chem&Fi	1326 TT	NA	80.80	NA	NA	16,991	22.3	11.1	13.4	10.8	8.4	1.3	1.3	8.5	11.1
Formosa Petro	6505 TT	NA	102.00	NA	NA	34,432	88.6	18.5	19.8	15.8	13.2	2.7	2.7	11.3	12.5
<b>TAIWAN avg</b>						<b>100,223</b>	<b>41.6</b>	<b>12.9</b>	<b>14.7</b>	<b>17.1</b>	<b>13.3</b>	<b>2.0</b>	<b>2.0</b>	<b>9.6</b>	<b>11.7</b>
<b>SOUTH KOREA</b>															
Hanwha Solutions	009830 KS	NA	41,500	NA	NA	6,665	31.4	8.9	8.6	12.5	10.7	1.0	0.9	7.4	6.4
Lotte Chemical	011170 KS	NA	229,000	NA	NA	6,595	93.0	4.7	5.8	11.9	9.1	0.5	0.5	2.7	3.0
Lg Chem	051910 KS	NA	850,000	NA	NA	51,251	116.3	15.9	19.5	20.3	14.3	2.9	2.5	8.3	8.5
Kumho Petro	011780 KS	NA	173,000	NA	NA	4,494	22.7	2.8	4.1	45.8	25.1	1.1	0.9	2.0	2.8
Oci	010060 KS	NA	130,500	NA	NA	2,661	nm	7.0	6.5	17.3	15.7	1.1	1.0	5.7	5.3
<b>SOUTH KOREA avg</b>						<b>71,667</b>	<b>97.2</b>	<b>13.1</b>	<b>15.8</b>	<b>20.3</b>	<b>14.2</b>	<b>2.4</b>	<b>2.0</b>	<b>7.2</b>	<b>7.3</b>
<b>MALAYSIA</b>															
Petronas Chem	PCHEM MK	NA	8.70	NA	NA	16,777	44.0	12.7	14.8	16.9	14.0	2.1	2.0	7.8	8.4
Lotte Chemical Titan	TTNP MK	NA	2.63	NA	NA	1,473	54.1	5.8	11.9	9.2	3.8	0.5	0.5	0.9	1.4
<b>MALAYSIA avg</b>						<b>18,250</b>	<b>44.3</b>	<b>12.1</b>	<b>14.5</b>	<b>16.3</b>	<b>13.1</b>	<b>2.0</b>	<b>1.9</b>	<b>7.2</b>	<b>7.9</b>
<b>Avg (Asia)</b>						<b>449,979</b>	<b>57.5</b>	<b>24.6</b>	<b>21.9</b>	<b>13.1</b>	<b>10.7</b>	<b>2.4</b>	<b>2.0</b>	<b>15.7</b>	<b>13.2</b>
<b>US</b>															
Eastman Chem	EMN US	NA	110.04	NA	NA	14,942	18.0	12.1	11.7	16.3	18.4	2.3	2.1	8.9	8.8
Dupont De Nem	DD US	NA	69.76	NA	NA	36,488	61.9	16.4	14.2	7.1	8.3	1.4	1.3	10.4	9.6
Celanese	CE US	NA	165.47	NA	NA	18,015	28.3	9.1	10.6	49.8	34.7	4.4	3.5	7.3	8.5
Westlake Chem	WLK US	NA	97.58	NA	NA	12,505	45.9	7.5	9.3	22.5	14.7	1.6	1.4	4.7	5.4
Ppg Industries	PPG US	NA	162.98	NA	NA	38,692	18.8	24.2	19.7	26.0	28.1	6.0	5.3	16.6	14.0
Alpek Sa De Cv	ALPEKA MM	NA	22.72	NA	NA	2,349	15.0	7.2	10.7	17.4	9.1	1.1	1.1	4.2	5.5
<b>Avg (US)</b>						<b>122,990</b>	<b>28.3</b>	<b>16.2</b>	<b>14.5</b>	<b>22.2</b>	<b>20.3</b>	<b>3.4</b>	<b>3.0</b>	<b>11.0</b>	<b>10.2</b>
<b>ME/Europe</b>															
Saudi Basic	SABIC AB	NA	129.00	NA	NA	103,167	121.8	17.1	22.3	12.6	10.7	2.2	2.1	9.1	10.2
Saudi Kayan	KAYAN AB	NA	20.36	NA	NA	8,141	nm	14.4	20.6	14.2	10.5	1.9	1.7	9.0	9.9
Yanbu National	YANSAB AB	NA	76.10	NA	NA	11,411	41.9	24.7	25.0	11.6	11.3	2.9	2.9	12.9	13.2
Industries Qatar	IQCD QD	NA	15.86	NA	NA	26,202	45.5	12.2	14.7	20.2	16.7	2.6	2.5	13.5	14.4
Basf Se	BAS GR	NA	62.66	NA	NA	67,203	73.6	9.6	10.8	15.3	12.8	1.6	1.5	6.6	7.0
Arkema	AKE FP	NA	119.65	NA	NA	10,721	27.2	13.3	13.8	11.5	10.2	1.6	1.4	6.9	7.1
Lanxess Ag	LXS GR	NA	58.74	NA	NA	5,923	42.7	13.7	11.1	10.0	12.3	1.6	1.5	6.1	5.3
Solvay Sa	SOLB BB	NA	104.55	NA	NA	12,926	(4.0)	12.2	11.6	11.5	11.7	1.5	1.5	6.8	6.5
<b>Avg (ME/Europe)</b>						<b>245,695</b>	<b>39.6</b>	<b>14.3</b>	<b>17.2</b>	<b>14.0</b>	<b>12.0</b>	<b>2.0</b>	<b>1.9</b>	<b>8.8</b>	<b>9.4</b>
<b>Petrochem under coverage</b>						<b>33,408</b>	<b>23.3</b>	<b>8.6</b>	<b>8.8</b>	<b>15.1</b>	<b>13.6</b>	<b>1.2</b>	<b>1.2</b>	<b>8.3</b>	<b>7.7</b>
<b>Average (all)</b>						<b>818,664</b>	<b>46.8</b>	<b>20.3</b>	<b>19.4</b>	<b>14.8</b>	<b>12.5</b>	<b>2.4</b>	<b>2.2</b>	<b>12.9</b>	<b>11.6</b>

Share prices as of 28 Oct 2021

Sources: Bloomberg, FSSIA estimates



## Financial Statements

### IRPC PCL

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	239,315	174,463	288,132	271,528	276,203
Cost of goods sold	(228,027)	(165,539)	(249,557)	(237,239)	(237,859)
<b>Gross profit</b>	<b>11,287</b>	<b>8,924</b>	<b>38,574</b>	<b>34,289</b>	<b>38,344</b>
Other operating income	-	-	-	-	-
Operating costs	(7,056)	(7,093)	(9,220)	(8,689)	(8,838)
<b>Operating EBITDA</b>	<b>4,231</b>	<b>1,831</b>	<b>29,354</b>	<b>25,600</b>	<b>29,505</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>20,507</b>	<b>16,196</b>	<b>19,689</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>19,838</b>	<b>15,763</b>	<b>19,720</b>
Tax	779	1,554	(3,781)	(2,991)	(3,758)
<b>Profit after tax</b>	<b>(1,146)</b>	<b>(6,130)</b>	<b>16,058</b>	<b>12,773</b>	<b>15,962</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>16,036</b>	<b>12,751</b>	<b>15,940</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>16,036</b>	<b>12,751</b>	<b>15,940</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.06)	(0.30)	0.78	0.62	0.78
Reported EPS	(0.06)	(0.30)	0.78	0.62	0.78
DPS	0.10	0.06	0.39	0.31	0.39
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)	65.2	(5.8)	1.7
Operating EBITDA (%)	(75.4)	(56.7)	1,503.4	(12.8)	15.3
Operating EBIT (%)	nm	nm	nm	(21.0)	21.6
Recurring EPS (%)	nm	nm	nm	(20.5)	25.0
Reported EPS (%)	nm	nm	nm	(20.5)	25.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	1.1	0.0	10.3	9.2	10.3
Gross margin of key business (%)	1.1	0.0	10.3	9.2	10.3
Operating EBITDA margin (%)	1.8	1.0	10.2	9.4	10.7
Operating EBIT margin (%)	(1.8)	(4.1)	7.1	6.0	7.1
Net margin (%)	(0.5)	(3.5)	5.6	4.7	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)	10.7	9.7	15.6
Inventory days	43.6	52.0	38.8	47.9	46.6
Debtor days	17.0	20.6	11.7	11.4	10.2
Creditor days	40.9	53.9	44.0	54.3	52.8
Operating ROIC (%)	(2.6)	(4.6)	(3.5)	(2.7)	(3.3)
ROIC (%)	0.0	(3.3)	(3.3)	(2.6)	(3.1)
ROE (%)	(1.4)	(7.7)	19.9	14.6	17.2
ROA (%)	0.2	(2.6)	8.5	6.5	8.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
	2019	2020	2021E	2022E	2023E
Petroleum products	174,996	145,248	216,711	208,635	214,730
Petrochemical products	59,656	47,726	85,695	77,199	76,534
Other business	4,663	(18,511)	(14,275)	(14,306)	(15,061)

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)	16,036	12,751	15,940
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	4,177	242	843
<b>Cash flow from operations</b>	<b>7,174</b>	<b>9,331</b>	<b>29,392</b>	<b>22,730</b>	<b>26,933</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)	(8,018)	(6,375)
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>(18,839)</b>	<b>(17,220)</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>5,594</b>	<b>(8,072)</b>	<b>1,556</b>
Free cash flow to firm (FCFF)	5,480.20	1,887.39	13,640.96	12,583.60	20,129.83
Free cash flow to equity (FCFE)	4,785.02	7,858.38	6,820.01	(54.32)	7,931.85
<b>Per share (THB)</b>					
FCFF per share	0.27	0.09	0.67	0.62	0.99
FCFE per share	0.23	0.38	0.33	0.00	0.39
Recurring cash flow per share	0.38	0.15	1.23	1.10	1.28
<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	14,445	6,372	7,928
A/C receivable	10,100	9,626	8,842	8,103	7,352
Inventories	25,995	21,169	31,913	30,338	30,417
Other current assets	4,515	3,725	6,152	5,798	5,897
<b>Current assets</b>	<b>43,647</b>	<b>43,371</b>	<b>61,352</b>	<b>50,611</b>	<b>51,595</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>196,149</b>	<b>187,002</b>	<b>185,336</b>
Common equity	83,256	75,526	85,599	88,857	96,899
Minorities etc.	146	140	161	183	205
<b>Total shareholders' equity</b>	<b>83,402</b>	<b>75,666</b>	<b>85,760</b>	<b>89,039</b>	<b>97,103</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	36,155	34,370	34,460
Short term debt	15,090	13,335	13,335	13,335	13,335
Other current liabilities	5,745	6,741	11,133	10,492	10,672
<b>Current liabilities</b>	<b>45,707</b>	<b>44,059</b>	<b>60,623</b>	<b>58,197</b>	<b>58,467</b>
<b>Total liabilities and shareholders' equity</b>	<b>177,850</b>	<b>173,491</b>	<b>196,149</b>	<b>187,002</b>	<b>185,336</b>
Net working capital	9,994	3,796	(381)	(623)	(1,466)
Invested capital	144,198	133,916	134,416	135,768	132,276
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	4.07	3.70	4.19	4.35	4.74
Tangible book value per share	4.05	3.66	4.15	4.31	4.70
<b>Financial strength</b>					
Net debt/equity (%)	67.1	70.2	50.7	46.7	30.9
Net debt/total assets (%)	31.5	30.6	22.2	22.2	16.2
Current ratio (x)	1.0	1.0	1.0	0.9	0.9
CF interest cover (x)	3.7	6.7	8.3	3.9	7.8
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>(75.5)</b>	<b>(14.4)</b>	<b>5.5</b>	<b>7.0</b>	<b>5.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(100.9)</b>	<b>(19.3)</b>	<b>7.4</b>	<b>9.3</b>	<b>7.4</b>
Reported P/E (x)	(75.5)	(14.4)	5.5	7.0	5.6
Dividend yield (%)	2.3	1.4	9.0	7.2	9.0
Price/book (x)	1.1	1.2	1.0	1.0	0.9
Price/tangible book (x)	1.1	1.2	1.0	1.0	0.9
EV/EBITDA (x) **	34.2	77.5	4.5	5.1	4.0
EV/EBITDA @ target price (x) **	41.3	93.8	5.5	6.3	5.0
EV/invested capital (x)	1.0	1.1	1.0	1.0	0.9
* 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	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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	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	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

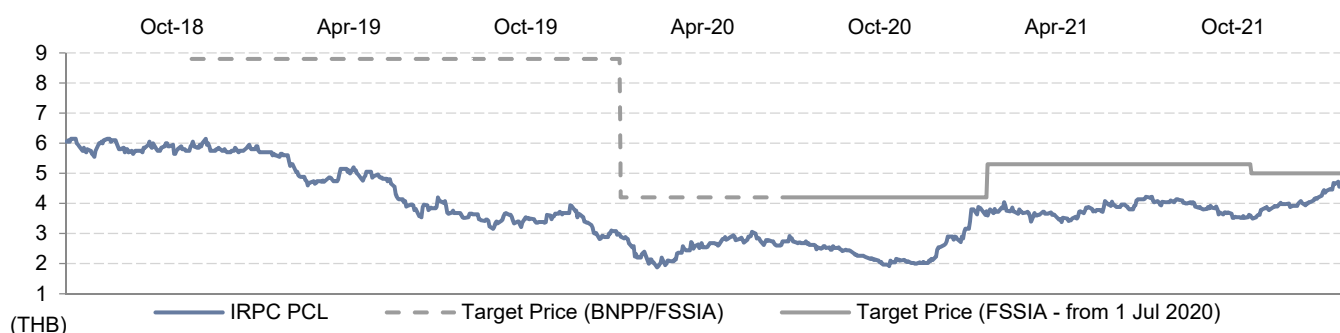
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

#### IRPC PCL (IRPC TB)



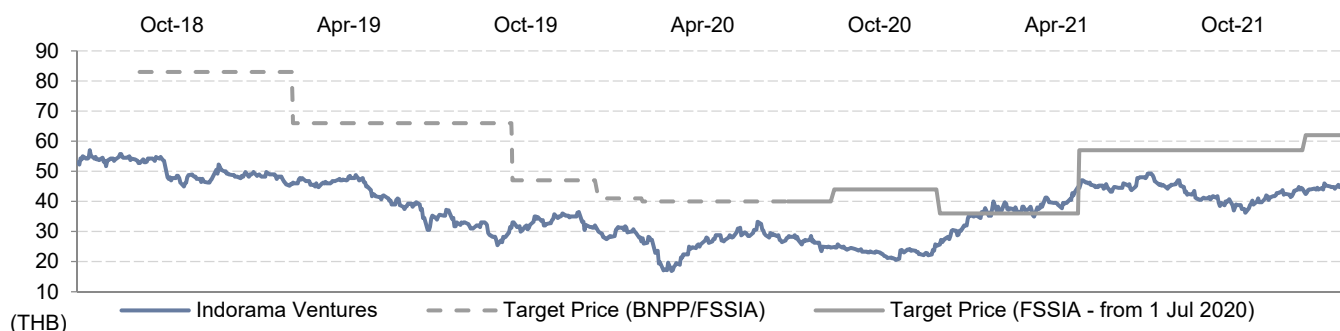
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Feb-2019	BUY	8.80	22-Dec-2020	BUY	5.30	04-Aug-2021	BUY	5.00
14-Feb-2020	BUY	4.20	10-Feb-2021	BUY	5.30			
08-May-2020	BUY	4.20	07-Jul-2021	BUY	5.30			

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

Price and TP are in local currency

Source: FSSIA estimates

#### Indorama Ventures (IVL TB)



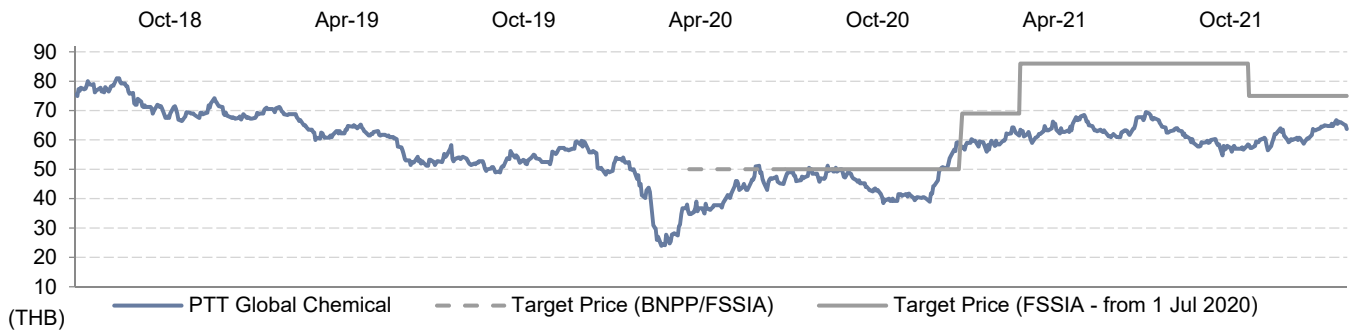
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Dec-2018	BUY	83.00	09-Jun-2020	BUY	40.00	09-Jun-2021	BUY	57.00
02-May-2019	BUY	66.00	07-Aug-2020	BUY	44.00	20-Jul-2021	BUY	57.00
07-Nov-2019	BUY	47.00	06-Nov-2020	BUY	36.00	18-Aug-2021	BUY	57.00
20-Jan-2020	BUY	41.00	08-Mar-2021	BUY	57.00	17-Sep-2021	BUY	62.00
27-Feb-2020	BUY	40.00	02-Apr-2021	BUY	57.00			

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)**



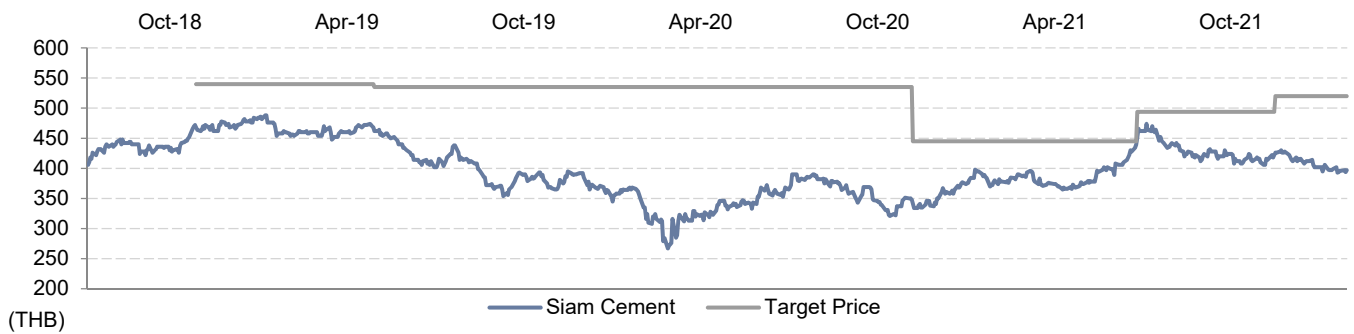
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Apr-2020	BUY	50.00	18-Jan-2021	BUY	86.00	12-Jul-2021	BUY	86.00
08-May-2020	BUY	50.00	16-Feb-2021	BUY	86.00	03-Aug-2021	BUY	75.00
27-Nov-2020	BUY	69.00	21-Apr-2021	BUY	86.00			

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

Price and TP are in local currency

Source: FSSIA estimates

**Siam Cement (SCC TB)**



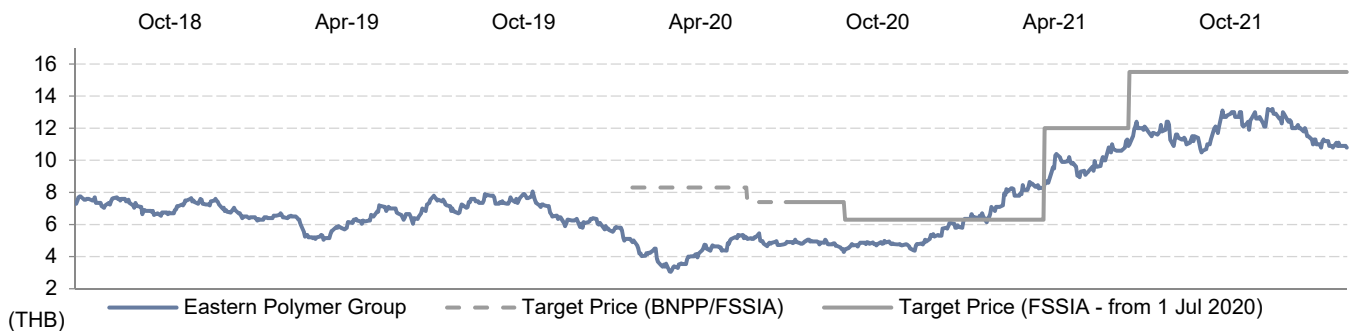
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
31-Jan-2019	BUY	540.00	14-Oct-2020	BUY	445.00	25-Aug-2021	BUY	520.00
05-Jul-2019	BUY	535.00	28-Jan-2021	BUY	445.00			
02-Apr-2020	BUY	535.00	27-Apr-2021	BUY	494.00			

Suwat Sinsadok started covering this stock from 14-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

**Eastern Polymer Group (EPG TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Feb-2020	BUY	8.30	20-Aug-2020	BUY	6.30	26-Mar-2021	BUY	12.00
29-May-2020	BUY	7.40	10-Nov-2020	BUY	6.30	22-Apr-2021	BUY	15.50
29-May-2020	BUY	7.40	08-Feb-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
IRPC PCL	IRPC TB	THB 4.34	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.
Indorama Ventures	IVL TB	THB 41.50	BUY	The key downside risks to our EV/EBITDA-based TP are weaker-than-expected margins for PX-PTA and PET-PTA, lower demand for polyester, and delays in IVL's projects.
PTT Global Chemical	PTTGC TB	THB 62.25	BUY	The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin.
Siam Cement	SCC TB	THB 398.00	BUY	Downside risks to our SOTP based TP include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions.
Eastern Polymer Group	EPG TB	THB 11.20	BUY	Downside risks to our EV/EBITDA-based target price include 1) a sharp rise in feedstock prices, driven mostly by a higher oil price; and 2) lower-than-expected demand.

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 28-Oct-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.