

4 NOVEMBER 2021

THAILAND / OIL & GAS

WP ENERGY **WP TB**
BUY

TARGET PRICE	THB5.90
CLOSE	THB5.15
UP/DOWNSIDE	+14.6%
TP vs CONSENSUS	n/a

Cooking the right growth formula

An overlooked energy trading play

After seeing poor net profit growth in 2018-21 due to the impact of the government's LPG policy for the automotive segment (2018-19) and Covid-19 (2020-21), we project WP's net profit to grow at a 9.7% CAGR in 2020-23, driven by two key factors. First, strong sales volume growth on the demand recovery post reopening in 4Q21 and WP's expansion into the cooking and commercial segments should offset the demand decline in the auto LPG segment. Second, we expect WP's net margin will expand from 1.0% in 2021 to 1.9% in 2023, close to the 2.0% pre-Covid level in 2019, underpinned by earnings growth from the non-LPG business via diversifying into other businesses, including food, solar rooftops, and LPG cylinders, to create synergies.

Demand recovery post economic reopening

After the poor LPG demand growth in 2020-21 due to the impact of the Covid-19 pandemic, we project sales volume growth of 3-8% y-y in 2021-23, driven by growing cooking gas and supply sales demand for the hospitality and industrial segments to offset the decline in sales volumes for the automotive segment. We project WP's LPG sales volume to flatten in 2021 after declining by 5% y-y in 2020 to 725kt, then recover by 7.79% y-y in 2022 to 761kt and 2.1% y-y to 777kt in 2023. We expect WP's overall market share to slightly increase from 18% in 2Q21 to 19-20% in 2022-23, mainly from a market share gain in the cooking gas segment.

Margin improvement ahead

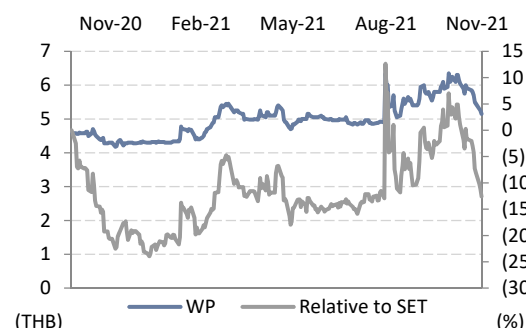
We expect WP's operating margins to improve in 2022-23, driven by higher sales volumes from the high-margin LPG segments and rising earnings from non-LPG ventures. We project its gross margin to rise from 8.4% in 2021 to 9.1%/9.5% in 2022-23, and its net margin to double from 1.0% in 2021 to 1.9% in 2023. WP will diversify into non-LPG ventures like food and renewables, potentially generating 20% of its profit by 2025.

An attractive downstream energy play

We initiate coverage with a BUY call and an SOTP-based TP of THB5.9, based on 13x 2022E P/E for its LPG business; a 10% premium to its local and regional peers' average to reflect WP's more sustainable earnings and strong balance sheet. We think WP is an attractive play for its high-quality earnings from 1) sustainable sales volumes from its LPG business (cooking gas, commercial); 2) shareholder value creation reflected in its high ROE; and 3) a high 2021-23E dividend yield at 4.9%.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	12,072	11,279	11,785	12,094
Net profit	170	114	189	225
EPS (THB)	0.33	0.22	0.36	0.43
vs Consensus (%)	-	-	-	-
EBITDA	566	494	606	671
Core net profit	170	114	189	225
Core EPS (THB)	0.33	0.22	0.36	0.43
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(41.5)	(32.8)	65.3	19.1
Core P/E (x)	15.7	23.4	14.1	11.9
Dividend yield (%)	4.9	4.9	4.9	4.9
EV/EBITDA (x)	3.9	4.6	3.6	3.0
Price/book (x)	2.1	2.1	2.0	1.9
Net debt/Equity (%)	(37.5)	(34.6)	(38.5)	(48.2)
ROE (%)	13.4	9.0	14.7	16.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(12.7)	5.5	12.4
Relative to country (%)	(13.1)	0.9	(14.8)
Mkt cap (USD m)	79		
3m avg. daily turnover (USD m)	1.3		
Free float (%)	62		
Major shareholder	The Poompanmoung family (31%)		
12m high/low (THB)	7.90/4.10		
Issued shares (m)	1,100.01		

*Currently only covered by FSSIA
Sources: Bloomberg consensus; FSSIA estimates



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Chairman of The Board of Finansia Syrus Securities PCL is also WP's Director.

Investment thesis

As the second largest LPG distributor in Thailand with an 18.2% market share by sales volume as of 2020, WP has survived and sustained its business growth over the past 40 years in a highly competitive market where major players exist. WP provides fully integrated services in the upstream to downstream LPG supply chain and seeks new business opportunities in order to develop and expand its business into other energy-related ventures.

We project WP's net profit to grow at a 9.7% CAGR in 2020-23, driven by two key factors. First, the strong sales volume growth from the demand recovery post reopening in 4Q21 and WP's expansion into the cooking and commercial segments should offset the demand decline in the auto LPG gas segment. Second, we expect WP's net margin will expand from 1.0% in 2021 to 1.9% in 2023, underpinned by earnings growth from the non-LPG business via diversifying into other businesses like food, solar rooftops, and LPG cylinders, to create synergies.

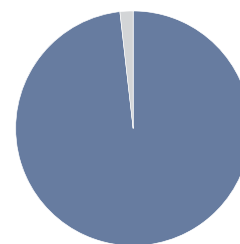
Company profile

WP Energy is an LPG distributor that operates a Liquefied Petroleum Gas (LPG) trader license, offering fully integrated services in the upstream to downstream supply chain with an emphasis on quality and international standards of safety.

www.wp-energy.co.th

Principal activities (revenue, 2020)

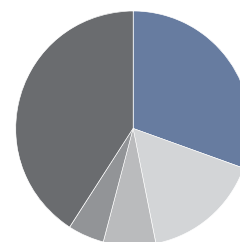
- LPG revenue - 98.2 %
- Others - 1.8 %



Source: WP Energy

Major shareholders

- The Poompanmoung family - 30.5 %
- Mr. Aiyawatt Srivaddhanaprabha - 16.4 %
- Mr. Chatchaival Jiaravanon - 7.2 %
- Itochu Enex Co., Ltd. - 5.0 %
- Others - 40.9 %



Source: WP Energy

Catalysts

A stronger-than-expected recovery in LPG demand and a stronger-than-expected margin are key potential catalysts.

Risks to our call

The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for LPG gas; and 2) a lower marketing margin.

Event calendar

Date	Event
Nov 2021	3Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Cooking LPG sales volume (k tonnes)	402	451	464
Industrial LPG sales volume (k tonnes)	66	73	77
Automotive LPG sales volume (k tonnes)	127	121	115
Cooking LPG marketing margin (THB/kg)	1.80	1.30	1.40
Industrial LPG marketing margin (THB/kg)	1.30	1.10	1.10
Automotive LPG marketing margin (THB/kg)	0.50	0.50	0.50

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in cooking LPG sales volume, we project 2021 earnings would rise by 1.2%, and vice versa.
- For every 1% increase in marketing margin, we estimate 2021 earnings would rise by 1.4%, and vice versa.

Source: FSSIA estimates

Background

In 2013, World Gas (Thailand) Company Limited (WG) acquired stakes in the now-defunct Picnic Corporation Public Company Limited (PICNI) as part of the rehabilitation plan after PICNI became bankrupt. WP Energy Public Company Limited (WP) was formed as a result of the amalgamation between PICNI and WG in November 2014.

After the internal restructuring process, WP resumed trading on the SET (WP TB) in February 2018.

In 2019, WP acquired an 80% stake in Thai Gas Corporation (TGC, not listed), a major LPG distributor, ranking seventh with a sales volume of 83,000 tonnes per annum (tpa) for a total investment cost of THB168.8m.

In 2020, WP diversified into the food business via a JV (50% share) with Wonder Food Holding (not listed) under four key brands: 'Pad Thai Fai Ta Lu', 'Hungry Rabbit', 'Table 38' and 'Pi Kun'.

As the second largest LPG distributor in Thailand with an 18.2% market share by sales volume as of 2020, WP has survived and sustained its business growth over the past 40 years in a highly competitive market where major players exist. WP provides fully integrated services in the upstream to downstream LPG supply chain and seeks new business opportunities in order to develop and expand its business into other energy-related ventures.

Exhibit 1: Key milestones

Key milestones	
2013	World Gas successfully acquired Picnic Corporation (in rehabilitation plan)
2014	WP Energy is formed by the amalgamation of World Gas and Picnic Corporation
2015	Restructuring process and organisation
2016	Completed construction of Bang Pakong Phase 2 and Khonkaen Terminals
2017	Expanded dispensing capacity of SSK Terminal
2018	Successfully resumed trading on the Stock Exchange of Thailand under "WP"
2019	Acquired an 80% share of Thai Gas
2020	Launched a food business via a JV (50% share) with Wonder Food Holding (0.25 Baht/share) Completed construction of Bang Pakong Phase 3 Terminals
2021	Acquired 100% share of Thai Gas Cylinder

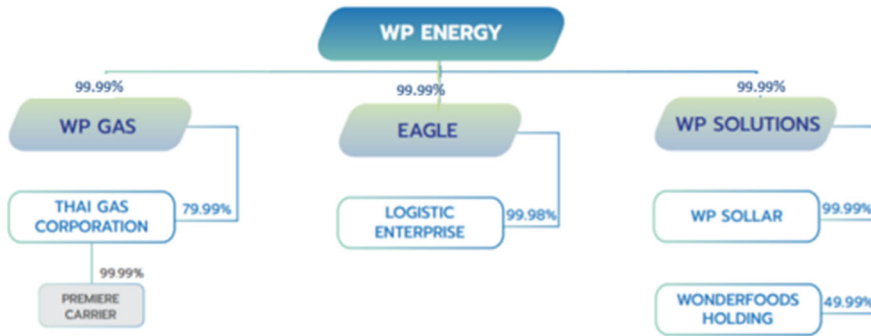
Source: WP

Business Structure

WP holds 100% stakes in three key direct subsidiaries, including

- 1) WP Gas (WPG, not listed), which operates as a holding company for companies that operate and provide retail LPG gas trading.
- 2) Eagle Intrans (EAGLE, not listed), which operates as a holding company for companies that provide land transportation services for LPG.
- 3) WP Solutions (WPS, not listed), which operates as a holding company for companies that invest in other businesses, including food, solar rooftops and LPG cylinders.

Exhibit 2: Business structure



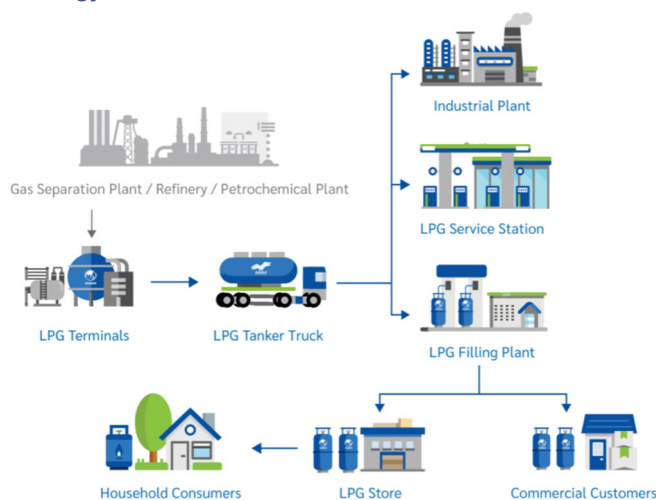
Source: WP

WP’s business is divided into two business segments:

LPG business incorporates fully integrated LPG trading in Thailand, including terminals and depots, transportation services, filling plants, auto-LPG stations, and LPG stores.

Non-LPG business embraces three key units: 1) a food business via a JV (50% share) with Wonder Food Holding under four brands, including ‘Pad Thai Fai Ta Lu’, ‘Hungry Rabbit’, ‘Table 38’ and ‘Pi Kun’; 2) an LPG cylinder manufacturing and repair factory with a total investment cost of THB100m; and 3) solar rooftop solutions with a target of 10MW in 2021.

Exhibit 3: WP Energy business outline



Source: WP

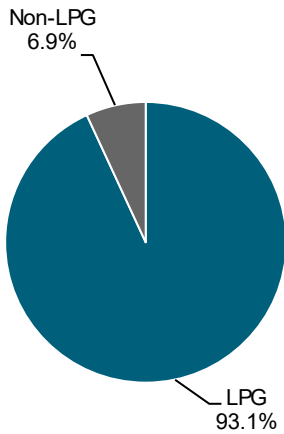
Revenue, cost and net profit structure

In 2020, most of WP's revenue came from the LPG business, accounting for 93.1% of total revenue, while the remaining 6.9% of revenue came from non-LPG sales.

The main cost component is the raw material cost of LPG gas, accounting for around 92% of WP's total cost in 2020, followed by expenses for SG&A (5%), depreciation & amortisation (3%), and interest (0.2%).

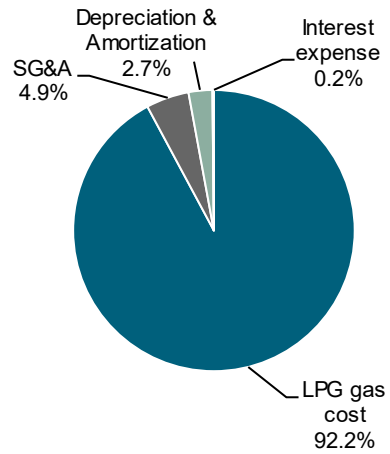
In terms of net profit, the LPG business generated 98% of WP's net profit in 2020, with only 2% of its net profit coming from its non-LPG businesses.

Exhibit 4: Revenue breakdown as of 2020



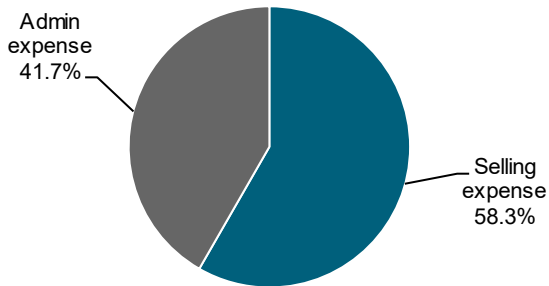
Source: WP

Exhibit 5: Total cost breakdown as of 2020



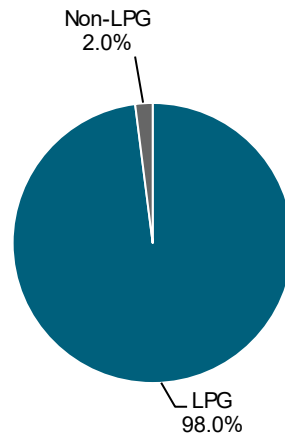
Source: WP

Exhibit 6: Total SG&A expense breakdown as of 2020



Source: WP

Exhibit 7: Net profit breakdown as of 2020



Source: WP

Shareholding Structure

WP has a strong set of shareholders that have been the backbone of its highly sustainable and strong net profit growth, including:

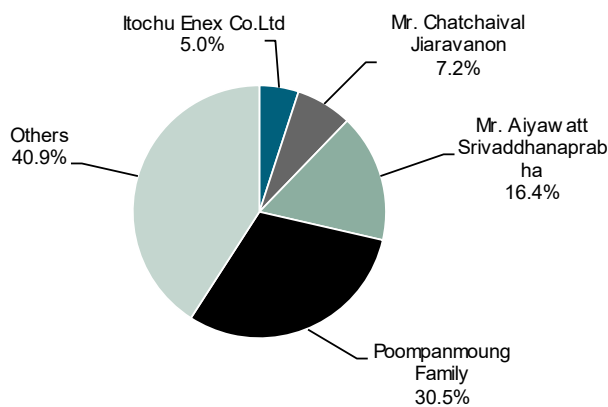
The Poompanmoung family, with a 30.5% stake, is a major shareholder of WP and has a control over WP’s operations and management;

Mr. Aiyawatt Srivaddhanaprabha (16.4%), the owner of Thailand’s duty-free King Power group;

Mr. Chatchaival Jiaravanon, one of the key members in the Charoen Pokphand group with a 7.2% stake;

Itochu Enex Co., Ltd. (5.0%), a large Japanese energy trading company providing sales and distribution of petroleum products, including an LPG and electricity and steam supply business, with a global presence in Japan, Vietnam, Palau, the Philippines, Indonesia and Thailand.

Exhibit 8: Shareholding Structure as of May 2021



Source: WP

Major LPG suppliers and customers

WP has long-term contracts to secure LPG supplies and strong relationships with suppliers, which include all of the refinery companies in Thailand - PTT PCL (PTT TB, BUY, TP THB60), PTT Global Chemical PCL (PTTGC TB, BUY, TP THB75), PTT Oil and Retail Business PCL (OR TB, BUY, TP THB36), Thai Oil PCL (TOP TB, BUY, TP THB67), Bangchak Corporation PCL (BCP TB, BUY, TP THB38), IRPC PCL (IRPC TB, BUY, TP THB5.8), Esso (Thailand) PCL (ESSO TB, HOLD, TP THB8.9) and Chevron Corporation (CVX US) – with a range of price discounts depending on the supplier and LPG density.

WP’s customers are spread out in many sectors, including food and beverages, automobile manufacturers, major department stores, and gas stations. According to management, WP aims to expand its customer base into downstream end-users in department stores, the hospitality segment, and foods, to gain higher net margins.

Exhibit 9: Major LPG suppliers for WP



Source: WP

Exhibit 10: Major customers of WP



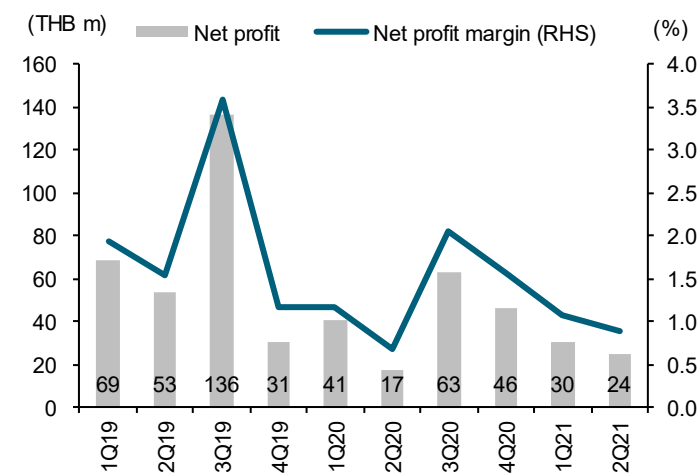
Source: WP

Steady, rising net profit growth outlook post Covid-19 in 2022-23

WP's LPG gas business is all about how much volume it can sell, how well it can capture resources to enhance, develop, and sustain its margin, and how far it can expand its business both geographically and in terms of customer diversity. However, in our view, the most important characteristic is how well WP can adapt itself to grow in today's fast-changing business environment.

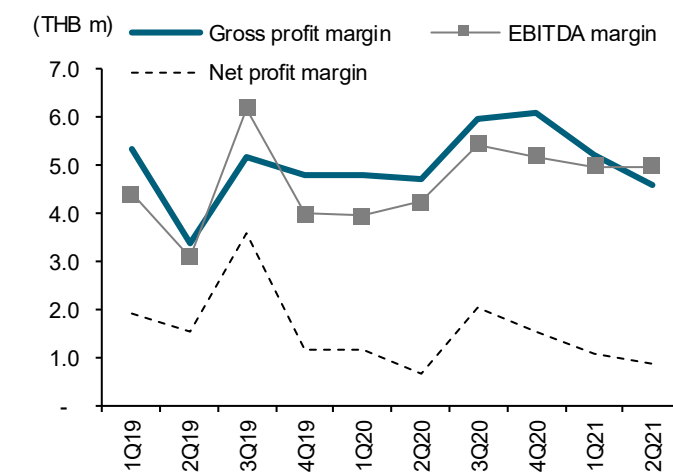
As one of Thailand's leading LPG trading companies, WP has consistently generated a strong track record of LPG sales. Of its total LPG sales volume of 725k tonnes (kt) in 2020 in Thailand, 415 kt came from the cooking segment, 134kt was from the automotive segment, 68kt was from the industrial sector, and 108kt came from supply sales (hospitality and department stores).

Exhibit 11: Net profit vs net profit margin



Source: WP

Exhibit 12: Gross profit margin vs EBITDA margin vs net profit margin

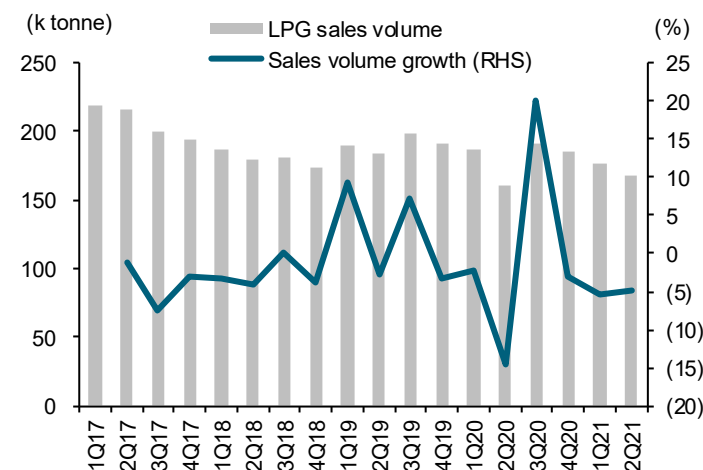


Source: WP

We project WP's net profit to grow at a 9.7% CAGR in 2020-23, rising from THB170m in 2020 to THB225m in 2023, driven by two key factors.

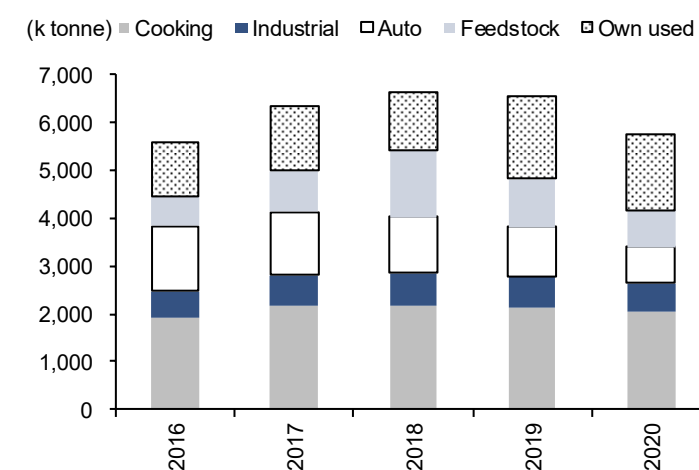
First, strong sales volume growth on the demand recovery post reopening in 4Q21 and WP's expansion into the cooking and supply sales segments should offset the demand decline in the auto LPG segment. Second, we expect WP's net margin will expand from 1.0% in 2021 during the Covid-19 pandemic to 1.9% in 2023, close to the 2.0% pre-Covid level in 2019, underpinned by earnings growth from the non-LPG business via diversifying into other businesses, including food, solar rooftops, and LPG cylinders, to create synergies.

Exhibit 13: LPG sales volume and sales volume growth



Source: WP

Exhibit 14: Annual sales volume breakdown by segment



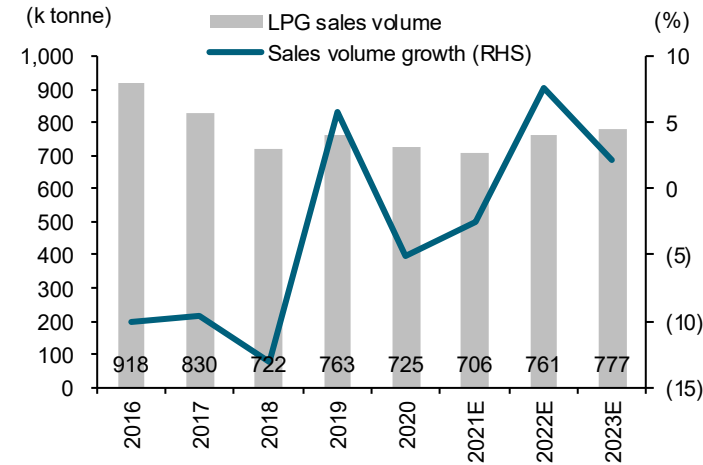
Source: WP

Driver #1: LPG sales volume growth

Due to the Covid-19 pandemic, WP's LPG sales volume dropped by 5% y-y in 2020, dragged down mainly by the structural decline in demand for the automotive segment, which plunged 28% y-y in 2020. The sales volume for the industrial segment similarly decreased by 5% y-y, followed by a flat y-y sales volume for the cooking gas segment.

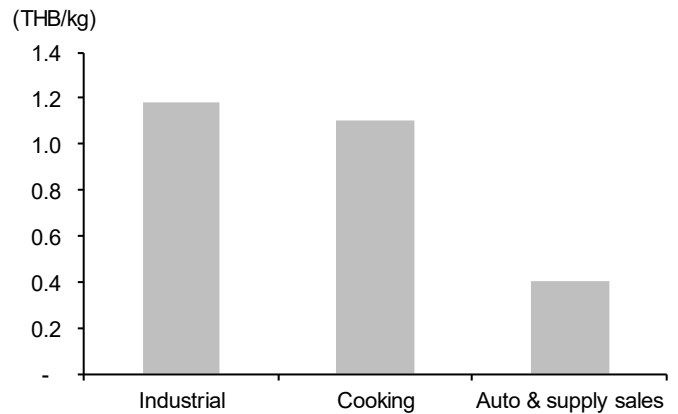
We project sales volume growth of 3-8% y-y in 2021-23, driven mainly by growing cooking gas and supply sales demand for the hospitality, department store, and industrial segments to offset the decline in sales volumes for the automotive segment.

Exhibit 15: LPG sales volume vs sales volume growth



Source: WP

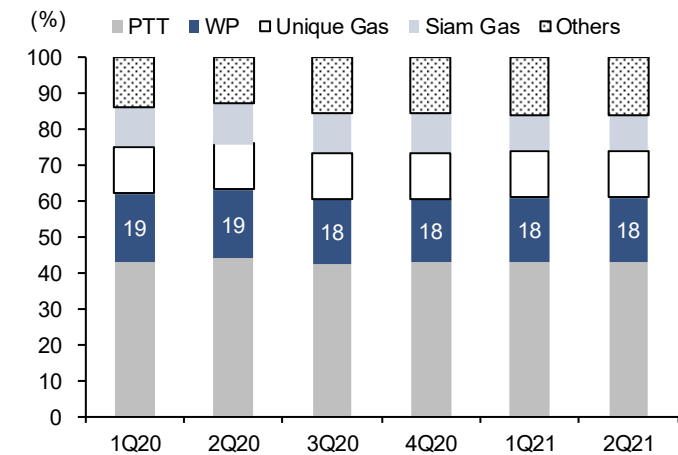
Exhibit 16: Margin per kilogram



Sources: WP; FSSIA estimates

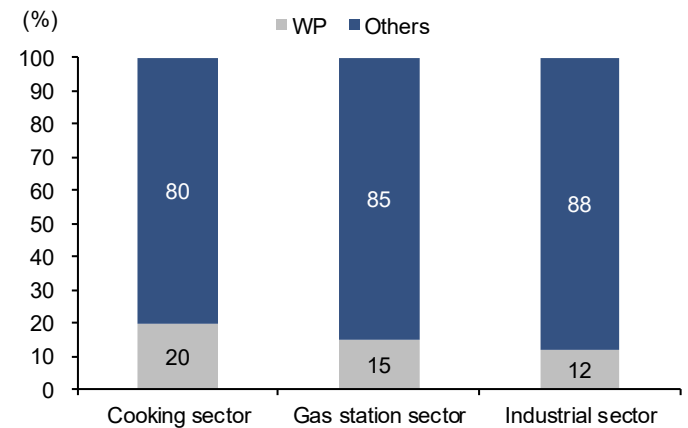
We project WP's LPG sales volume to flatten in 2021 after declining by 5% y-y in 2020 to 725kt, then recover by 7.79% y-y in 2022 to 761kt and 2.1% y-y to 777kt in 2023. We expect WP's overall market share to slightly increase from 18% in 2Q21 to 19-20% in 2022-23, mainly from a market share gain in the cooking gas segment.

Exhibit 17: Thailand's LPG market share



Source: WP

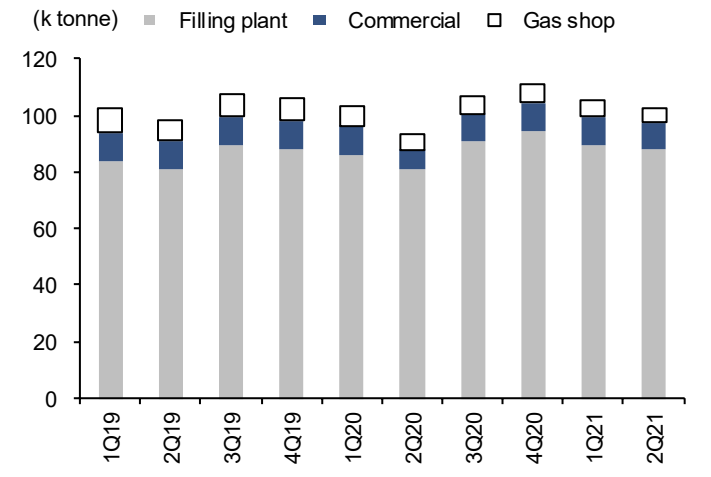
Exhibit 18: WP's LPG market share breakdown by sector as of 2Q21



Source: WP

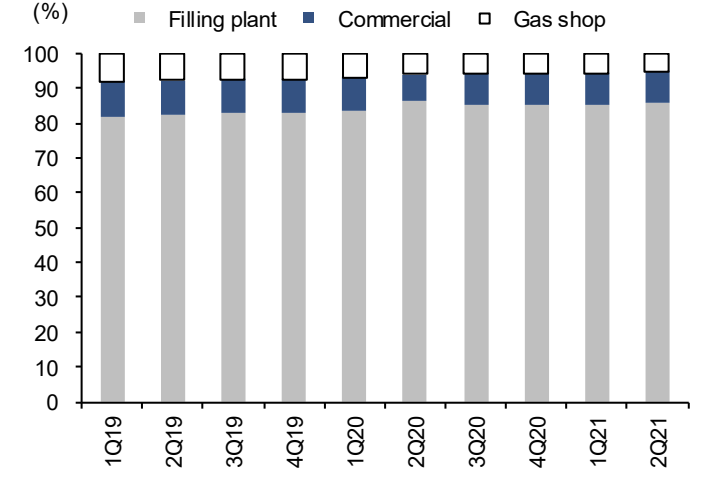
Cooking segment: resilient demand growth. The cooking segment is WP’s main segment, with a 20% market share in 2020. However, the cooking sector is Thailand’s largest LPG consumer and is expected to grow in tandem with the country’s economic growth at 1-2% annually. We believe that the LPG sales volume for cooking gas will significantly recover in 2022-23 after Thailand’s full economic reopening from November 2021 on.

Exhibit 19: WP’s cooking gas sales volume breakdown



Source: WP

Exhibit 20: WP’s cooking gas sales volume breakdown (%)



Source: WP

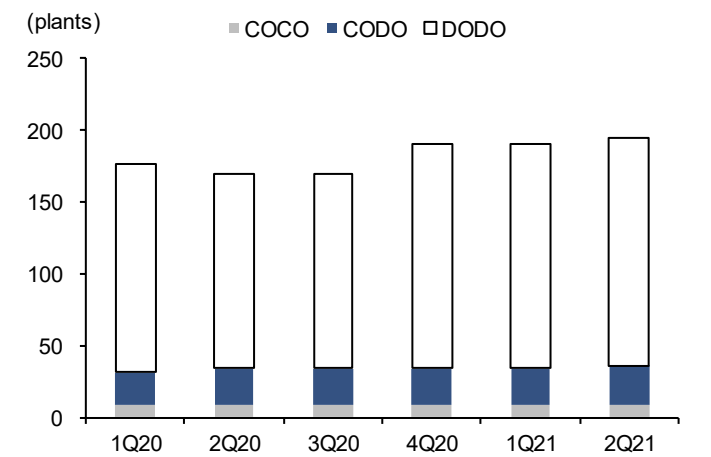
In 2020, within WP’s LPG cooking segment, LPG for filling plants contributed the largest sales volume, contributing 85% of WP’s total sales volume in cooking. The remaining sales volume was from commercial (8%) and gas shops (5%).

At end-2020, WP had 190 LPG filling stations nationwide, comprising 82% dealer-owned, dealer-operated (DODO), 14% company-owned, dealer-operated (CODO) and 4% company-owned, company-operated (COCO).

The blended gross margin for the cooking segment has consistently stayed at THB1.2/kg, comprising:

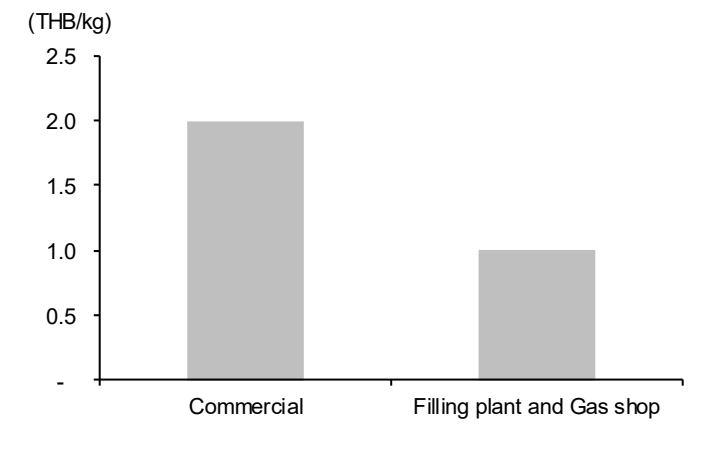
- 1) The low-margin sales volume at THB1/kg for filling plants and gas shops as a result of the high fixed cost structure of the DODO business model;
- 2) The high-margin sales volume at THB2/kg from the commercial segment, leading to WP’s target to increase the sales volume for the commercial segment, which accounts for less than 10% of the total sales volume in the cooking gas segment.

Exhibit 21: Number of LPG filling plants – breakdown by business model



Source: WP

Exhibit 22: Cooking LPG gross margin per kilogram breakdown



Sources: WP; FSSIA estimates

Automotive segment: on a structural downtrend. WP is one of the leading LPG providers in the automotive sector with 15% of the market share as of 2020.

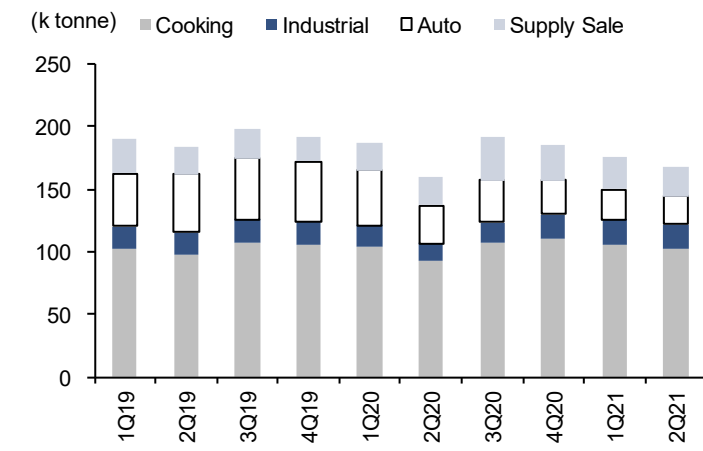
Since 2018, domestic LPG consumption in the automotive sector has sharply plunged by 36% in three years thanks to the Thai government’s policy to replace LPG usage for automobiles with natural gas for vehicles (NGV), coupled with the decline in the prices of diesel and gasoline.

WP’s LPG sales volume in auto gas dropped from 320kt in 2017 to 108kt in 2020, with a depressed gross margin of only THB0.4/kg, far lower than THB1.1/kg for cooking gas and THB1.2/kg for the industrial segment.

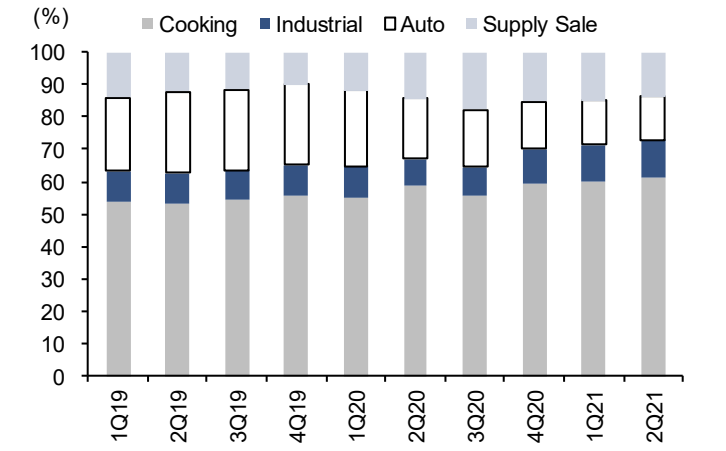
We believe the demand downtrend for the LPG used in the automotive segment will continue to decline in 2022 onward, given the structural shift from both LPG-based and internal combustion engine (ICE) or oil-based vehicles to electric vehicles (EV).

Exhibit 23: Quarterly sales volume – breakdown by segment

Exhibit 24: Quarterly sales volume breakdown by segment (%)



Source: WP



Source: WP

Industrial segment: The LPG sales volume in the industrial segment commands the highest gross margin among WP’s three segments at THB1.2/kg with a 12% market share.

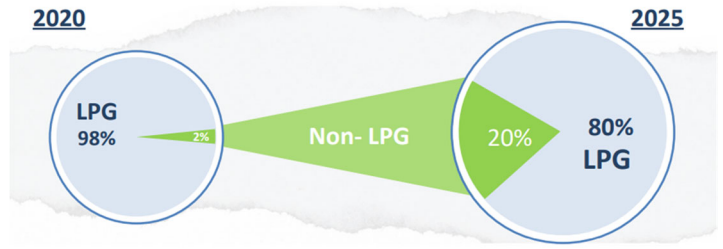
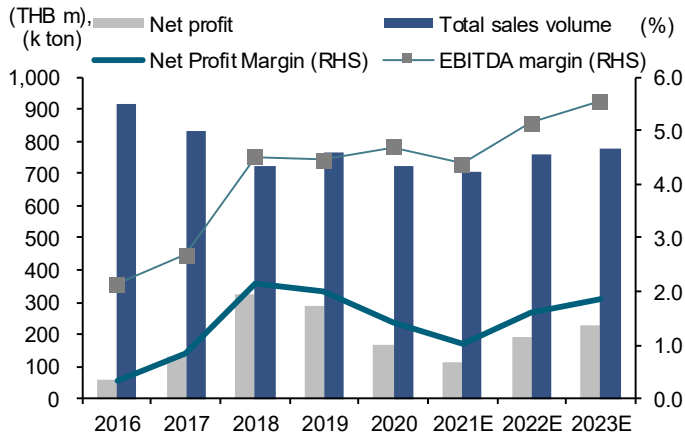
While WP’s total sales volume for the industrial segment dropped by 5% y-y from 72kt in 2019 to 68kt in 2020 due to the Covid-19 pandemic, we project the sales volume to rebound in 2022-23, driven by a demand recovery for export industries and higher utilisation rates for the industrial sector after the full economic reopening starting in November 2021.

Driver #2: higher margin from non-LPG segment

To seek growth and improve its earnings sustainability, WP aims to diversify into non-LPG ventures, which are expected to generate higher gross and net margins than WP’s existing LPG trading business. The focus of the non-LPG business includes food and renewable energy, with a target to achieve up to 20% of the total net profit from non-LPG businesses by 2025, according to management.

Exhibit 25: Net profit, sales volume, net margin, EBITDA margin

Exhibit 26: Net profit breakdown target in 2025



Sources: WP; FSSIA estimates

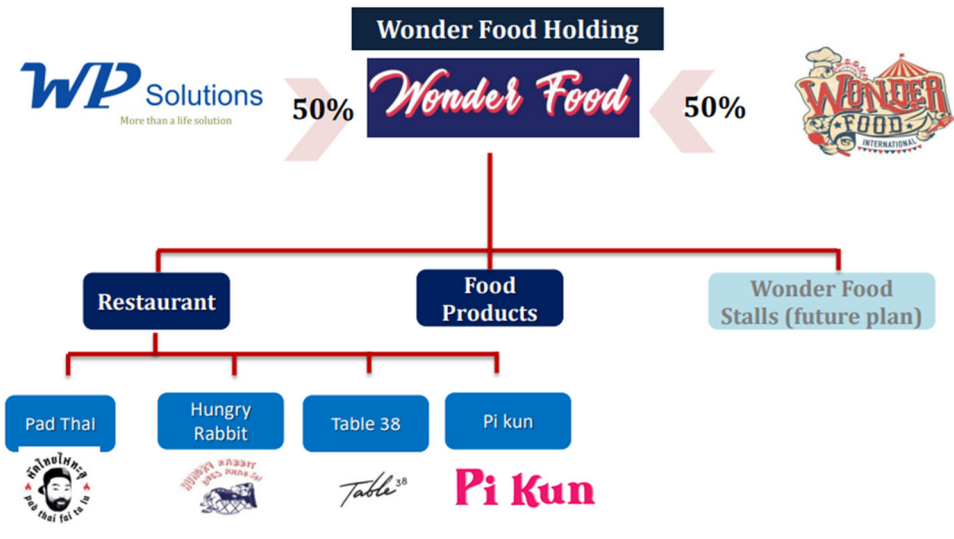
Source: WP

Food business: a promising growth engine. WP entered into the food business by acquiring a 50% stake via a JV with Wonder Food with Wonder Food International, a company founded by Michelin Star chef Andy Yangeksakul. The partnership aims to diversify and expand the business opportunities to allow WP’s earnings to grow from non-LPG sources.

Wonder Food currently owns and operates four brands of restaurants, including ‘Pad Thai Fai Ta Lu’, selling a premium Pad Thai (Thai fried noodle) dish, ‘Hungry Rabbit’ serving premium Khao Soi (Northern-style Thai noodle soup), a one-Michelin Star fine dining restaurant named ‘Table 38’ and ‘Pi Kun’, an Isaan-tapas fusion restaurant.

WP expects Wonder Food to contribute up to 10% of its net profit annually in 2022-23, rising to 20% in 2025.

Exhibit 27: Wonder Food holding structure



Source: WP

Wonder Food’s target customer group is the younger generation which is interested in new and healthy eating experiences from food cooked with fresh ingredients by a Michelin Star chef and offered at a reasonable price. The first of Wonder Food group’s restaurants is ‘Pad Thai Fai Ta Lu’ at Thai Taste Hub Mahanakorn Cube, with a low risk and low investment cost via a revenue sharing scheme with King Power International Group (not listed), opened since October 2020.

Due to the Covid-19 pandemic that led to the lockdown, food deliveries have become more popular. As a result, Wonder Food opened another flagship restaurant in Siam Square for 'Pad Thai Fai Ta Lu' and 'Hungry Rabbit' aimed at food deliveries to serve customers during the lockdown.

Exhibit 28: Wonder Food group menu example



Source: WP

Exhibit 29: Pad Thai Fai Ta Lu (Dinso branch)



Source: WP

LPG cylinder business: high margin business. WP plans to diversify into an LPG cylinder manufacturing and repair factory with a total investment cost of THB100m, and expects to save up to THB60m annually, covering repair expenses of THB10m and new cylinder purchases of THB50m.

Solar rooftop business: steady growth engine. WP plans to diversify into renewable energy as a service provider of solar rooftop solutions, targeting 10MW in 2021 with a total investment of THB100m. We estimate that the solar rooftop business will generate a 10% IRR and THB8m in annual net profit to WP (THB0.8m net profit per MW).

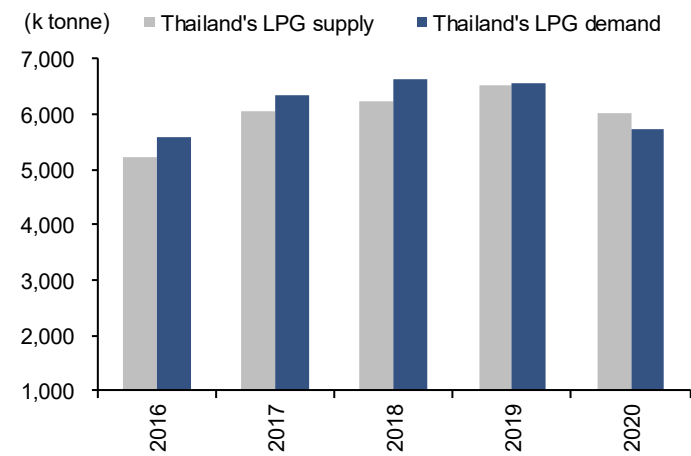
WP has already secured two 2MW solar rooftop projects with a total investment cost of THB45m, expecting to commence their commercial operation dates within 4Q21. Management expects the solar rooftop business' net profit to grow from THB0.3m in 2021 to THB9m in 2022.

Industry outlook

LPG price cap policy and demand/supply balance. In Thailand, the LPG gas price has been regulated by the government for many decades, with a price cap and subsidy managed by the Energy Regulatory Commission (ERC) using the oil fund and a number of taxes levied on the LPG prices for all segments, including the cooking, automotive, and industrial segments. Since 2016, Thailand has turned from a net exporter to a net importer of LPG, importing nearly 0.5mtpa of LPG in 2018 when the demand peaked at 6.6mtpa.

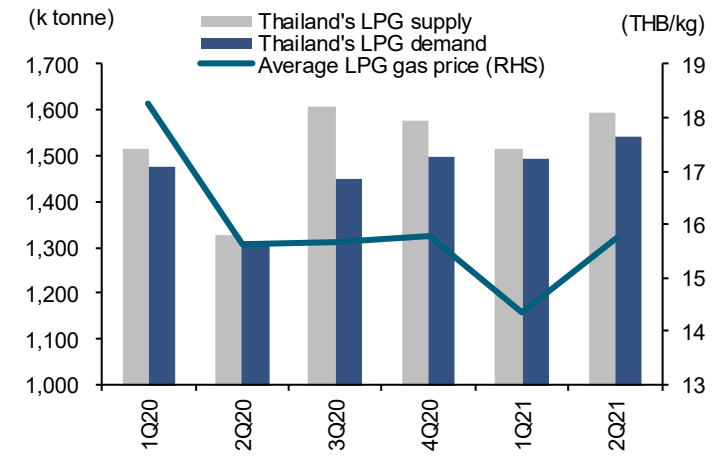
However, given the structural decline in LPG demand for the automotive and industrial sectors, replaced by NGV and other fuels such as liquefied natural gas (LNG) and biofuels (gasohol and biodiesel) for transportation, coupled with the sharp drop in demand due to the lockdowns on the Covid-19 pandemic, the country again turned from a net importer to a net exporter of LPG in 2020.

Exhibit 30: Thailand LPG gas demand & supply



Source: Energy Policy and Planning Office (EPPO)

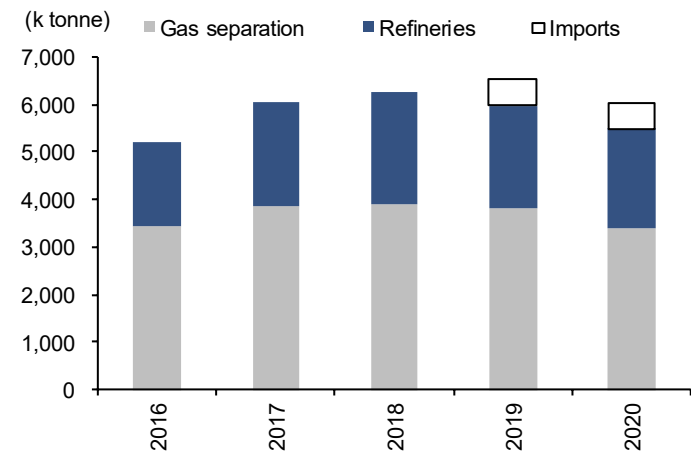
Exhibit 31: Thailand LPG gas demand & supply vs LPG gas price



Source: EPPO

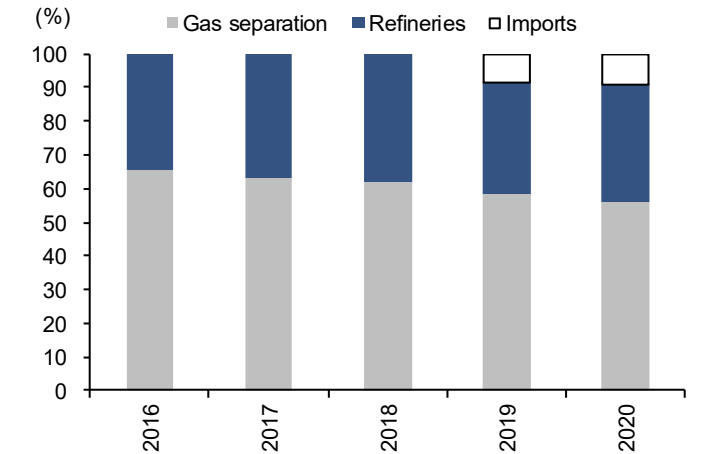
LPG supply. Thailand's LPG supply mainly comes from three sources: 1) over 80% from PTT's gas separation plants; 2) 10% from six refinery companies; and 3) 10% from LPG imports. In 2019, the Thai government decided to open up the imports of LPG to the private sector after suffering from an undersupply and high LPG prices, but the demand drop caused by the lockdown in 2020 has resulted in an LPG oversupply in the country.

Exhibit 32: Thailand LPG gas supply breakdown



Source: EPPO

Exhibit 33: Thailand LPG gas supply breakdown (%)

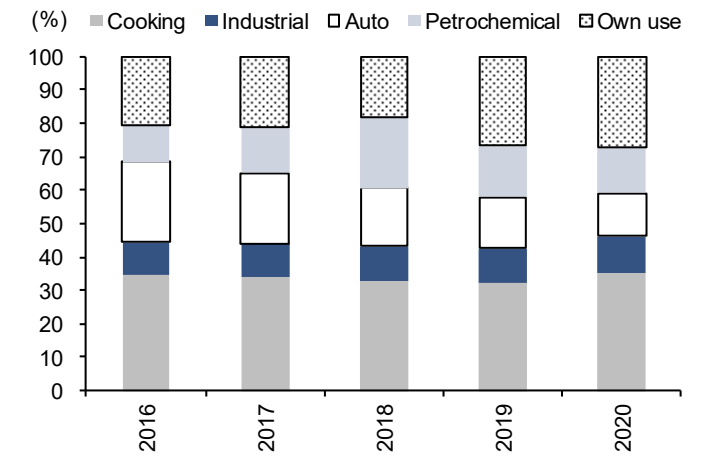
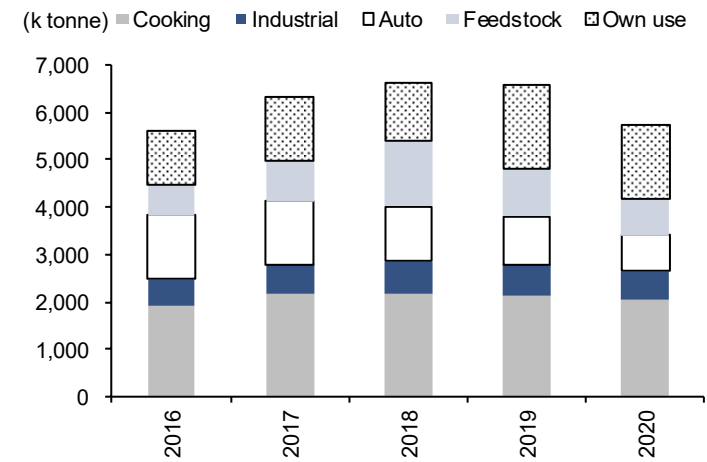


Source: EPPO

LPG demand in Thailand: Out of five segments, the LPG demand for the automotive industry has structurally declined, resulting in an overall demand drop since 2018. The remaining segments have still seen demand growth at a marginal rate in tandem with the country's GDP.

Exhibit 34: Thailand LPG gas demand breakdown

Exhibit 35: Thailand LPG gas demand breakdown (%)



Source: EPPO

Source: EPPO

Cooking segment: The demand growth for cooking gas normally follows the GDP growth as it is used for household consumption (35% of total demand in 2020).

Automotive segment: Thanks to the government's subsidies in 2017-18 during the high oil price environment, the number of LPG-based fleets sharply increased, with most of them being converted from gasoline-based vehicles for taxi services. In 2016, the automotive segment account for 24% of the total LPG demand in Thailand, but has since decreased to only 10% in 2020 due mainly to the lower price competitiveness of LPG compared to other alternative fuels.

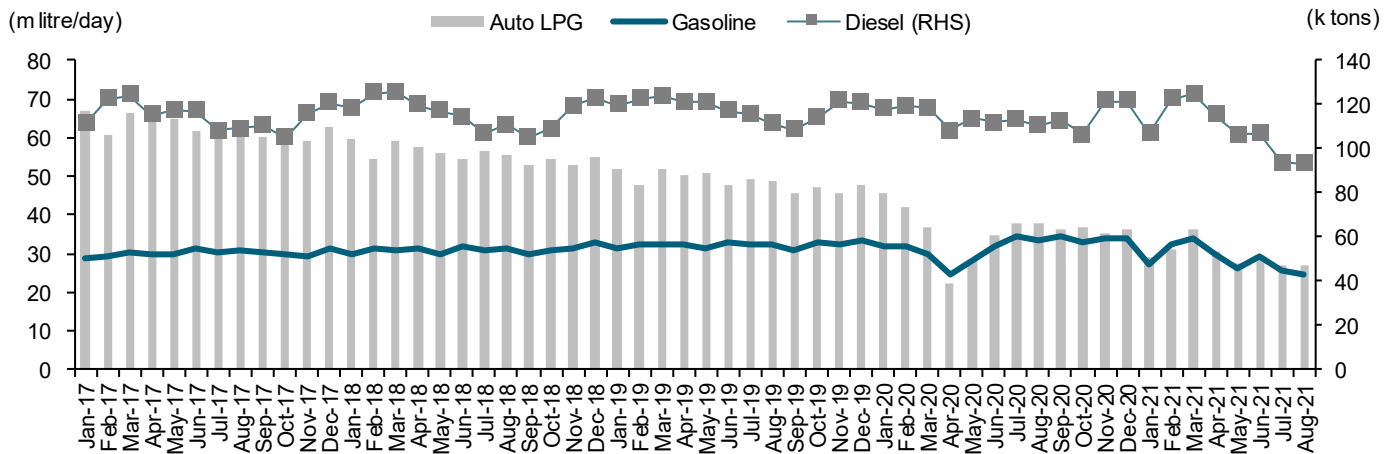
Industrial segment: LPG consumption for the industrial segment has been mostly for industrial users for ceramics and other businesses that require a highly stable heat rate for their production processes. However, the demand for the industrial segment has been relatively steady given the weak price competitiveness.

Feedstock and own use: These two segments are the client groups that are not served by WP, as the feedstocks used to produce petrochemical products come from PTT's gas separation plants and other refinery companies. The own use segment is for refinery companies to use LPG internally for their own refinery processes.

LPG market competition is starting to intensify. The demand for LPG in Thailand has continued its downtrend since 2019. The key reason is the sharp decline in the LPG demand for transportation, given the lower price competitiveness of LPG vs other alternative fuels like gasoline and diesel due to the globally lower oil price.

While we believe the decline in Thailand's overall LPG demand, led by the transportation segment, should continue in 2022 onward, we think that marginal organic demand growth for cooking gas, supply sales (hospitality industry and department stores), and the industrial segment, should offset the demand drop for the automotive segment. Hence, we think WP's strategy to grow its presence in non-transportation segments should drive up its overall LPG sales volumes in 2022-23.

Exhibit 36: Automotive LPG gas demand vs gasoline demand vs diesel demand

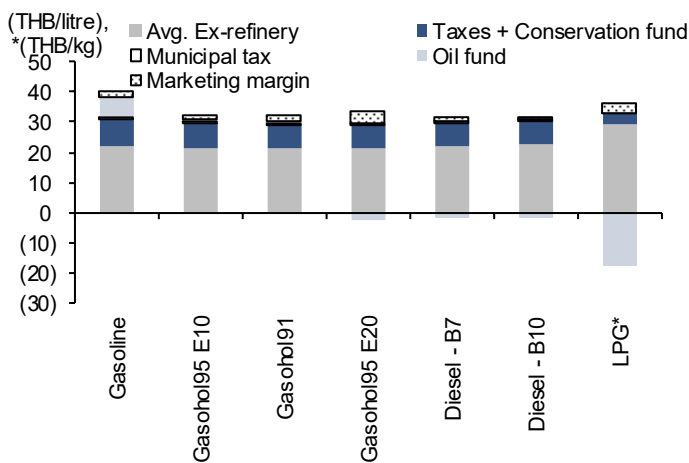


Source: EPPO

LPG price structure in Thailand

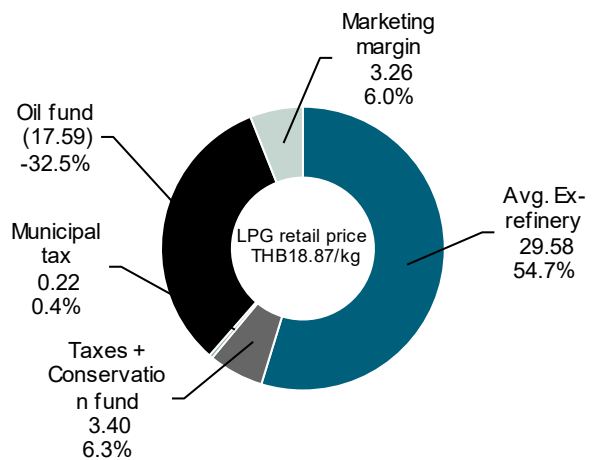
We believe the price of retail LPG in Thailand should be relatively stable in the range of THB18-20/kg in 2021-23, given the Thai government's intervention to regulate the LPG retail price via its price cap and subsidy policy. As of 2 November 2021, the retail LPG price in Thailand was at THB18.87/kg, comprising THB29.58/kg for the ex-refinery price, THB3.62/kg for multiple taxes, THB3.26/kg for the marketing margin for retail sellers, and THB17.59/kg for the subsidy from the oil fund.

Exhibit 37: Retail price structure breakdown



Prices as of 2 Nov 2021
Source: EPPO

Exhibit 38: LPG retail price breakdown (THB/kg)



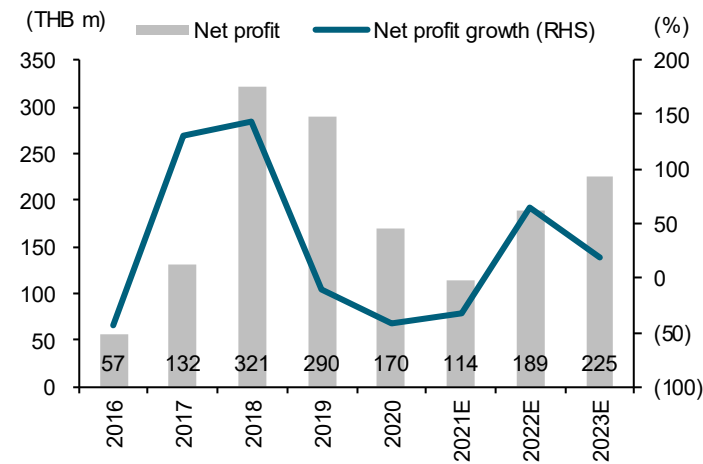
Prices as of 2 Nov 2021
Source: EPPO

Financials

Net profit growth roadmap. After seeing poor net profit growth in 2018-21 due to the impact of the government’s LPG policy for the automotive segment (2018-19) and Covid-19 (2020-21), we project WP’s net profit to grow by 65%y-y in 2022 and 19% y-y in 2023, driven by a demand recovery after the full economic reopening that we expect in 2022 and an increase in the sales volume of its high-margin LPG sales to the commercial, industrial, and cooking gas segments.

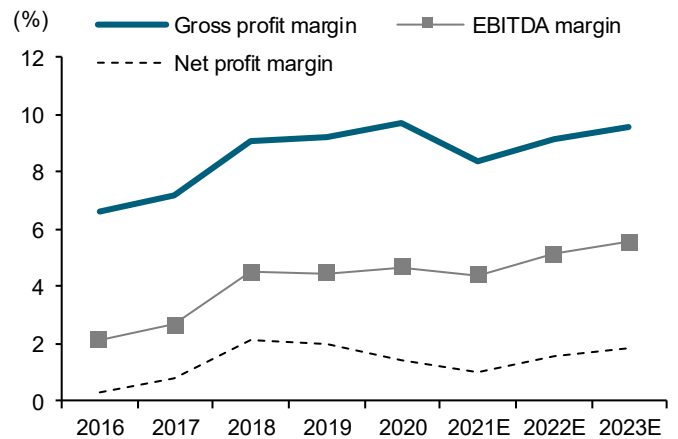
Margin improvement ahead. We expect WP’s operating margins to improve across the board in 2022-23, driven by higher sales volumes from the high-margin LPG segments and rising average selling prices. We project WP’s gross margin to soften from 9.7% in 2020 to 8.4% in 2021 before strengthening to 9.1% in 2022 and 9.5% in 2023. We think its net margin is likely to jump from 1.0% in 2021 to 1.9% in 2023.

Exhibit 39: Net profit vs net profit growth



Sources: WP; FSSIA estimates

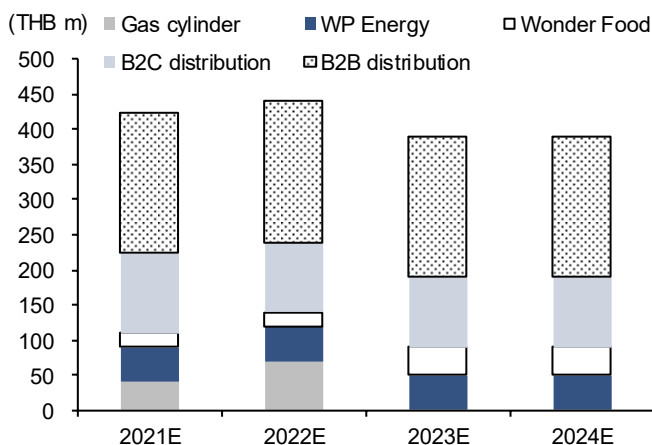
Exhibit 40: Gross profit margin vs EBITDA margin vs net profit margin



Sources: WP; FSSIA estimates

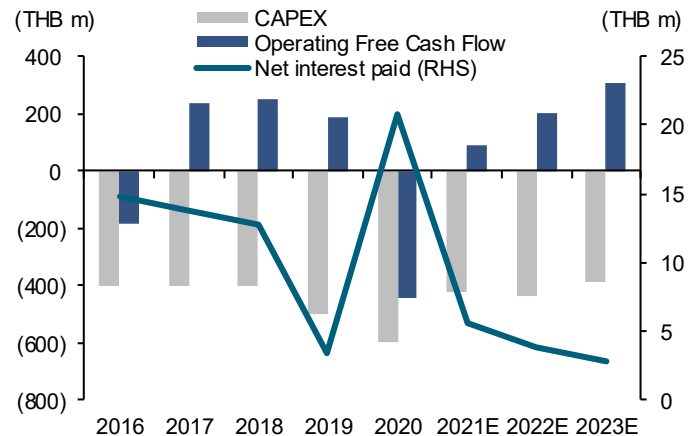
High CAPEX should be sufficiently funded in 2021-24. According to WP’s business plan, its CAPEX will peak in 2022 at THB439m before declining to THB389m in 2023-24. Of the total 2021-24E CAPEX, over 50% would be for the expansion of its LPG business, including the expansion of its B2C and B2B distribution network, LPG cylinder manufacturing and repair factory, and commercial marketing network. 10% of its CAPEX will be earmarked for the expansion of its food business.

Exhibit 41: CAPEX plan



Sources: WP; FSSIA estimates

Exhibit 42: CAPEX, operating cash flow, free cash flow

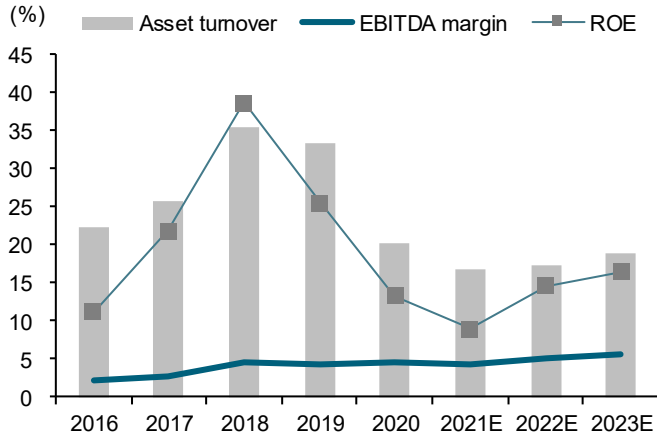


Sources: WP; FSSIA estimates

Even based on its high CAPEX plan, we project the total interest-bearing debt to significantly drop from THB164m in 2020 to only THB70m in 2022-23, thanks to the higher operating cash flow to repay debt.

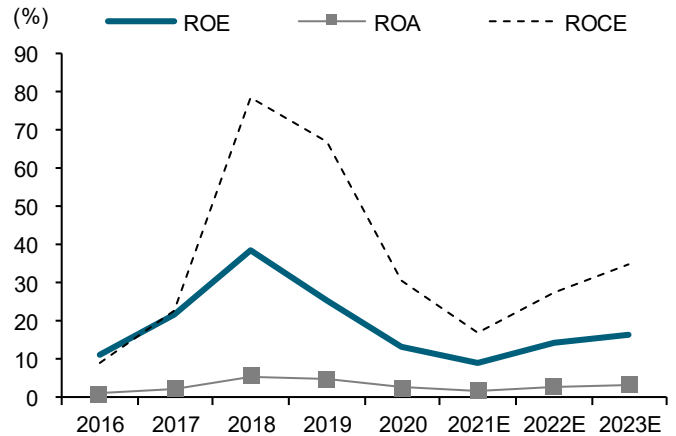
Rising ROE on high EBITDA margin. Based on our Dupont analysis, we expect WP's ROE to rise from 13.4% in 2020 to 14.7% in 2022 and 16.5% in 2023 – still lower than the 21.9% to 25.6% range during the pre-Covid levels in 2017-19 but almost doubling from the bottom at 9% in 2021. The key driver, in our view, would be its improving EBITDA margin and a higher asset turnover, as we project the LPG sales volumes for the high-margin segments – cooking gas, commercial (supply sales), and industrial clients – to increase to more than offset the impact of the structural decline in the low-margin automotive segment.

Exhibit 43: Dupont analysis



Sources: WP; FSSIA estimates

Exhibit 44: ROE, ROCE, ROA



Sources: WP; FSSIA estimates

Valuation

While WP is a small-cap energy trading company with an estimated market cap of USD84m as of 2 November 2021, we believe WP should trade at a slight premium valuation to its local energy trading peers, based on:

- 1) Its more stable gross margin than its peers, mainly from its superior business model of “volume-driven, fee-based” LPG trading for the cooking gas (THB1.0/kg), industrial (THB1.2/kg), and commercial (THB2/kg) segments;
- 2) As a net cash company with limited CAPEX and high free cash flows from operations, WP is able to pay an attractive, sustainable dividend yield of 4.9%, based on our estimate.

We use an SOTP valuation as the prime methodology to value WP in order to reflect its strong net cash position. We also employ P/E multiples as a key valuation methodology thanks to WP's high earnings predictability.

Exhibit 45: SOTP valuation

WP valuation	THB m	THB/shr	Comments
LPG business	2,491	4.90	At 13x 2022E P/E
Net cash	513	1.00	2022E net cash
Total value	3,005	5.90	

Source: FSSIA estimates

We initiate our coverage of WP with a BUY call and an SOTP-based target price of THB5.9, based on 13x 2022E P/E for its LPG business; a 10% premium to its local and regional peers' average due to its more sustainable earnings and strong balance sheet.

We think WP is an attractive play for its high-quality earnings from 1) sustainable sales volumes from its LPG business (cooking gas, commercial, and Industrial segments); 2) its value creation for shareholders reflected in its high ROE compared to local peers in the energy trading and oil station industry; and 3) a high 2021-23E dividend yield at 4.9%.

Exhibit 46: 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)
THAILAND															
PTT Oil and Retail	OR TB	BUY	26.50	36	36	9,546	1.6	34.0	27.6	13.9	11.5	3.3	3.1	22.6	16.6
Ptg Energy	PTG TB	BUY	14.40	20.8	44	722	6.4	12.7	12.0	22.5	21.0	2.7	2.4	5.4	4.9
Esso Thailand	ESSO TB	HOLD	7.80	8.9	14	810	67.8	6.1	5.3	26.8	24.5	1.4	1.2	5.9	4.8
Bangchak Corp	BCP TB	BUY	26.50	38	43	1,080	n/a	13.9	6.4	5.6	11.5	0.8	0.7	9.4	7.3
Susco	SUSCO TB	BUY	3.26	3.5	7	98	17.3	12.0	10.5	8.2	8.5	0.9	0.8	15.9	13.0
WP Energy	WP TB	BUY	5.15	5.9	15	79	9.7	23.4	14.1	9.0	14.7	2.1	2.0	4.6	3.6
Siamgas & Petro	SGP TB	NA	13.60	NA	NA	737	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Thailand avg						13,072	4.6	27.3	21.8	13.7	12.2	2.7	2.5	18.1	13.4
MALAYSIA															
Petronas Dagangan	PETD MK	NA	19.94	NA	NA	4,766	40.7	34.5	27.4	10.0	12.6	3.5	3.5	14.3	12.6
Malaysia avg						4,766	40.7	34.5	27.4	10.0	12.6	3.5	3.5	14.3	12.6
Average (all)						17,839	14.2	29.2	23.3	12.7	12.3	2.9	2.8	17.1	13.2

Share price as of 3 November 2021

Sources: Bloomberg, FSSIA estimates

Corporate Governance - WP

Board structure

Number of Independent Directors (ID)	6/12
Percentage of IDs on the board	50% (vs SEC guideline of at least 1/3)
ID participation/attendance at board meetings	66% 1/12, 83% 1/12, 92% 1/12, 100% 3/12
ID participation in audit/remuneration committees	3/3 in audit committee, and 1/3 in remuneration committees
ID terms (years of service, re-election/replacement procedures)	NA

Source: WP

Additional comments: None

Audit Practices

Auditor	PricewaterhouseCoopers
Length of service	NA
Reporting incidents	None
Fee track record	THB5.275m Baht in 2020
Policy on change of audit firm	None

Source: WP

Additional comments: None

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	THB20.6m vs 2020 net profit of THB170m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Source: WP

Additional comments: None

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	Once a year within 4 months from the last day of the Company's fiscal year
Related party transactions	In accordance with SEC regulations
Voting issues - policies, incidents of rejected proposals	None

Source: WP

Additional comments: None

Financial Statements

WP Energy

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	14,466	12,072	11,279	11,785	12,094
Cost of goods sold	(13,137)	(10,904)	(10,333)	(10,708)	(10,940)
Gross profit	1,328	1,168	945	1,078	1,155
Other operating income	-	-	-	-	-
Operating costs	(684)	(601)	(451)	(471)	(484)
Operating EBITDA	645	566	494	606	671
Depreciation	(284)	(332)	(351)	(374)	(395)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	361	234	143	233	276
Net financing costs	(3)	(21)	(6)	(4)	(3)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	358	213	137	229	273
Tax	(69)	(47)	(26)	(43)	(52)
Profit after tax	289	167	111	185	221
Minority interests	1	3	3	3	3
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	290	170	114	189	225
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	290	170	114	189	225
Per share (THB)					
Recurring EPS *	0.56	0.33	0.22	0.36	0.43
Reported EPS	0.56	0.33	0.22	0.36	0.43
DPS	0.20	0.25	0.25	0.25	0.25
Diluted shares (used to calculate per share data)	519	519	519	519	519
Growth					
Revenue (%)	(3.4)	(16.5)	(6.6)	4.5	2.6
Operating EBITDA (%)	(4.5)	(12.2)	(12.8)	22.7	10.7
Operating EBIT (%)	(10.0)	(35.2)	(39.1)	63.2	18.7
Recurring EPS (%)	(9.6)	(41.5)	(32.8)	65.3	19.1
Reported EPS (%)	(9.6)	(41.5)	(32.8)	65.3	19.1
Operating performance					
Gross margin inc. depreciation (%)	7.2	6.9	5.3	6.0	6.3
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	4.5	4.7	4.4	5.1	5.5
Operating EBIT margin (%)	2.5	1.9	1.3	2.0	2.3
Net margin (%)	2.0	1.4	1.0	1.6	1.9
Effective tax rate (%)	19.2	21.8	19.0	19.0	19.0
Dividend payout on recurring profit (%)	35.7	76.2	113.5	68.7	57.7
Interest cover (X)	105.3	11.3	25.1	61.2	98.6
Inventory days	5.0	8.5	10.5	10.0	10.1
Debtor days	24.9	27.4	27.2	24.1	21.4
Creditor days	27.7	29.0	25.7	24.5	24.7
Operating ROIC (%)	10.5	6.0	3.3	5.4	6.5
ROIC (%)	7.8	4.3	2.4	3.9	4.7
ROE (%)	25.6	13.4	9.0	14.7	16.5
ROA (%)	5.0	3.0	1.9	3.0	3.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
LPG revenue	14,127	11,856	11,053	11,550	11,853
Others	338	216	226	236	242

Sources: WP Energy; FSSIA estimates

Financial Statements

WP Energy

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	290	170	114	189	225
Depreciation	284	332	351	374	395
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	124	(449)	45	77	75
Cash flow from operations	698	53	511	640	694
Capex - maintenance	0	0	(274)	(291)	(308)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(511)	(507)	(149)	(146)	(80)
Cash flow from investing	(511)	(507)	(422)	(437)	(387)
Dividends paid	-	-	-	-	-
Equity finance	0	0	0	0	0
Debt finance	35	20	44	50	0
Other financing cash flows	(251)	12	(219)	(231)	(131)
Cash flow from financing	(216)	32	(175)	(181)	(131)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(28)	(422)	(87)	21	176
Free cash flow to firm (FCFF)	191.21	(433.08)	93.93	205.95	309.43
Free cash flow to equity (FCFE)	(28.18)	(422.20)	(86.96)	21.15	175.63

Per share (THB)

FCFF per share	0.17	(0.39)	0.09	0.19	0.28
FCFE per share	(0.03)	(0.38)	(0.08)	0.02	0.16
Recurring cash flow per share	1.11	0.97	0.90	1.08	1.19

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	7,716	8,153	8,576	9,013	9,401
Less: Accumulated depreciation	(4,965)	(5,228)	(5,579)	(5,953)	(6,348)
Tangible fixed assets (net)	2,751	2,926	2,997	3,060	3,053
Intangible fixed assets (net)	172	379	379	379	379
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	1,071	649	562	583	759
A/C receivable	940	873	810	744	677
Inventories	201	304	288	298	305
Other current assets	10	217	203	212	217
Current assets	2,222	2,042	1,863	1,838	1,958
Other assets	904	924	924	924	924
Total assets	6,049	6,271	6,163	6,201	6,314
Common equity	1,277	1,270	1,255	1,314	1,409
Minorities etc.	18	24	22	21	19
Total shareholders' equity	1,295	1,294	1,277	1,334	1,428
Long term debt	117	89	100	50	50
Other long-term liabilities	3,483	3,933	3,933	3,933	3,933
Long-term liabilities	3,600	4,022	4,033	3,983	3,983
A/C payable	990	746	707	733	749
Short term debt	67	75	20	20	20
Other current liabilities	98	134	126	131	135
Current liabilities	1,154	955	853	884	903
Total liabilities and shareholders' equity	6,049	6,271	6,163	6,201	6,314
Net working capital	64	513	468	390	316
Invested capital	3,890	4,742	4,768	4,754	4,672

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

Per share (THB)

Book value per share	2.46	2.45	2.42	2.53	2.72
Tangible book value per share	2.13	1.72	1.69	1.80	1.99

Financial strength

Net debt/equity (%)	(68.6)	(37.5)	(34.6)	(38.5)	(48.2)
Net debt/total assets (%)	(14.7)	(7.7)	(7.2)	(8.3)	(10.9)
Current ratio (x)	1.9	2.1	2.2	2.1	2.2
CF interest cover (x)	(7.2)	(19.4)	(14.3)	6.6	63.7

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	9.2	15.7	23.4	14.1	11.9
Recurring P/E @ target price (x) *	10.5	18.0	26.8	16.2	13.6
Reported P/E (x)	9.2	15.7	23.4	14.1	11.9
Dividend yield (%)	3.9	4.9	4.9	4.9	4.9
Price/book (x)	2.1	2.1	2.1	2.0	1.9
Price/tangible book (x)	2.4	3.0	3.1	2.9	2.6
EV/EBITDA (x) **	2.8	3.9	4.6	3.6	3.0
EV/EBITDA @ target price (x) **	3.4	4.6	5.3	4.2	3.6
EV/invested capital (x)	0.5	0.5	0.5	0.5	0.4

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

Sources: WP Energy; 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	ICHI	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.

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Company	Ticker	Price	Rating	Valuation & Risks
WP Energy	WP TB	THB 5.15	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for LPG gas; and 2) a lower marketing margin.
PTT PCL	PTT TB	THB 37.75	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downside from government intervention.
PTT Global Chemical	PTTGC TB	THB 61.50	BUY	The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin.
PTT Oil and Retail Business	OR TB	THB 26.50	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.
Thai Oil	TOP TB	THB 54.75	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.
Bangchak Corp	BCP TB	THB 26.50	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of the company's refinery plants.
IRPC PCL	IRPC TB	THB 4.18	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.
Esso Thailand	ESSO TB	THB 7.80	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.
PTG Energy	PTG TB	THB 14.40	BUY	The downside risks to our SoTP-based TP include 1) a government cap on oil prices; and 2) weaker demand for diesel and gasoline.
Susco	SUSCO TB	THB 3.26	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet fuel demand.

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

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All share prices are as at market close on 03-Nov-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.