

8 NOVEMBER 2021

THAILAND / OIL &amp; GAS

# PTT OIL AND RETAIL BUSINESS

## BUY

UNCHANGED

## OR TB

TARGET PRICE	THB36.00
CLOSE	THB26.25
UP/DOWNSIDE	+37.1%
PRIOR TP	THB36.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+23.6%

## Out of the Amazon woods soon

### A victim of Covid and price cap policy in the short term

Since its initial public offering a year ago, OR has continued to face industry challenges like lockdowns on air and land transportation both locally and overseas due to the Covid-19 pandemic. OR's quarterly net profits have been lacklustre, and its EBITDA margins and sales volumes for both oil and non-oil have remained weak despite the expansion of its Café Amazon outlets in Thailand and overseas.

### Sales volume recovery is highly visible on resilient demand

Starting in 4Q21 into 2022, we believe OR will see an improvement in its net profit growth momentum from THB0.2b-0.3b a quarter in 2021 to THB0.3b-0.4b a quarter in 2022. Thanks to Thailand's highly resilient oil demand, particularly for gasoline and diesel, we are confident that the sales volumes of OR's retail oil stations, commercial segment (including jet fuel, gasoline and diesel for exports), and LPG for cooking gas should recover swiftly in 4Q21. Gasoline and diesel sales volumes may even surpass their pre-Covid levels when the country reopens its economic activities following a decline in new Covid cases and death rates.

### Non-oil EBITDA should return to pre-Covid levels by end-2022

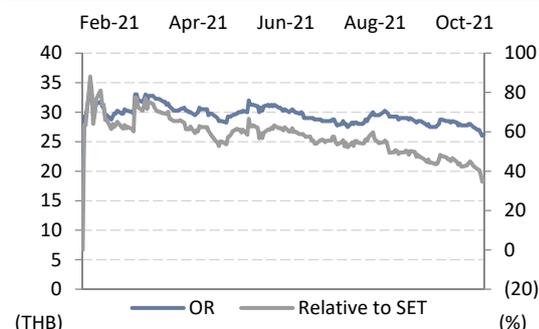
We believe OR will see a significant improvement in non-oil revenue, driven by a higher number of cups sold and the accelerating expansion of its new Café Amazon outlets. The EBITDA margin should return to the 27-30% level by 2Q22, up from 24% in 3Q21, as we think that rising sales volumes and higher sales per billing per customer for Café Amazon and OR's other food and beverage stores should further enhance its non-oil EBITDA margin to reach 30% in 2023. We think the economic benefits from OR's new distribution centre, bakery plant, and dry mixed plant should further enhance the revenue intensity to timely monetise OR's expanding number of Café Amazon outlets in 2022 onward.

### Headwinds are disappearing while tailwinds are emerging

We maintain BUY and our SOTP target price of THB36. We believe OR's 3Q21 net profit should mark the bottom quarter and it should see higher q-q sales volumes across all products for both oil and non-oil, domestically and internationally, driving its revenue and margins higher in 4Q21 onward. The negative impact from the diesel price cap is likely to disappear piecemeal over the next two quarters, as we project the global crude oil price to subside from the current USD80-85/bbl level down to USD70-75/bbl, effectively resulting in sub-THB30/litre diesel prices.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	428,804	586,684	601,119	610,426
Net profit	9,963	9,365	11,515	13,920
EPS (THB)	1.11	0.78	0.96	1.16
vs Consensus (%)	-	(17.8)	(13.3)	(8.4)
EBITDA	13,064	12,934	16,836	21,160
Core net profit	9,963	9,365	11,515	13,920
Core EPS (THB)	1.11	0.78	0.96	1.16
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(8.6)	(29.5)	23.0	20.9
Core P/E (x)	23.7	33.6	27.4	22.6
Dividend yield (%)	1.9	1.5	1.7	1.9
EV/EBITDA (x)	20.5	22.4	16.5	13.0
Price/book (x)	6.2	3.3	3.1	2.8
Net debt/Equity (%)	83.9	(26.6)	(36.9)	(36.3)
ROE (%)	26.2	13.9	11.5	13.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.4)	(6.3)	n/a
Relative to country (%)	(5.5)	(11.9)	n/a
Mkt cap (USD m)	9,459		
3m avg. daily turnover (USD m)	24.0		
Free float (%)	62		
Major shareholder	PTT (75%)		
12m high/low (THB)	36.50/22.10		
Issued shares (m)	9,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

In 2020, OR's net profit weakened due to the coronavirus impact, resulting in a lower demand for both oil and non-oil products at its retail and wholesale channels. We project OR's net profit to grow at a 21.8% CAGR in 2020-23, driven by its three growth strategies: 1) the expansion of its fuel stations in Thailand; 2) growth in its non-oil food and beverage (F&B) businesses, particularly its Café Amazon outlets and the number of convenience store (CVS) outlets; and 3) the expansion of its overseas presence in new and existing markets to leverage OR's core business value of being a one-stop shop with a "Living Community" concept.

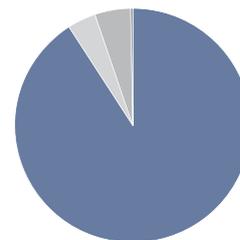
## Company profile

OR is Thailand's leading gas station operator with its station network located mostly in Thailand and overseas. OR's non-oil business has increasingly contributed higher net profits led by its in-house coffee brand, Café Amazon. It also sells jet fuel, lube, asphalt and other petroleum products.

[www.pttor.com](http://www.pttor.com)

## Principal activities (revenue, 2020)

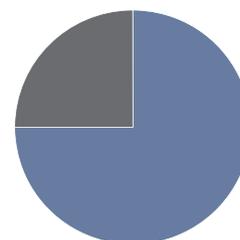
- Oil business - 90.9 %
- Non-oil business - 3.9 %
- International business - 4.9 %
- Others - 0.3 %



Source: PTT Oil and Retail Business

## Major shareholders

- PTT - 75.0 %
- Others - 25.0 %



Source: PTT Oil and Retail Business

## Catalysts

Key potential net profit catalysts include 1) higher sales volumes; 2) a higher marketing margin; and 3) improving EBITDA from non-oil businesses, such as the convenience store and food & beverage segments.

## Risks to our call

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.

## Event calendar

Date	Event
Nov 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
Brent oil price (USD/bbl)	65	60	60
Sales volume - retail (m litres)	11,952	12,244	12,455
Sales volume - commercial (m litres)	14,398	14,257	14,256
Sales volume - international (m litres)	1,738	1,999	2,299
Sales volume - domestic (m litres)	26,350	26,501	26,711
Oil stations (stations)	2,413	2,523	2,674
Amazon cups sold (m cups)	335	397	449
Revenue per ticket (THB/ticket)	62	63	64

Source: FSSIA estimates

## Earnings sensitivity

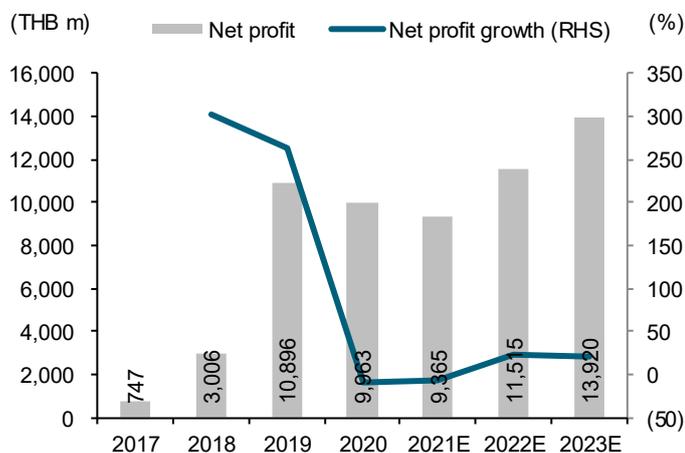
- For every 1% increase in marketing margin, we estimate 2021 earnings would rise by 4.3%, and vice versa, all else being equal.
- For every 1% increase in number of cups sold for Café Amazon, we estimate 2021 earnings would rise by 2.1%, and vice versa, all else being equal.

Source: FSSIA estimates

## Pandemic and government policy impacts should end soon

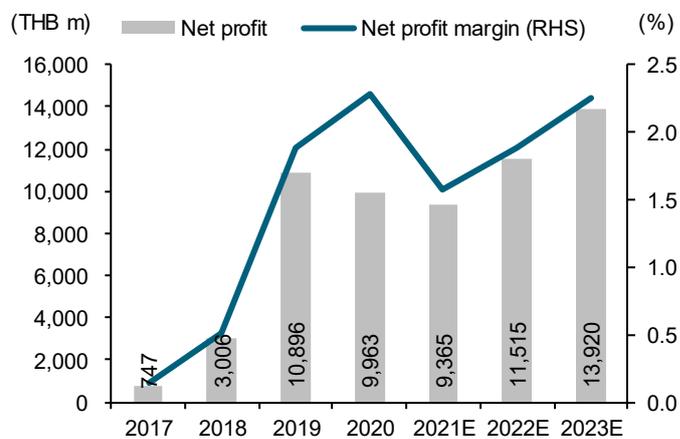
Since its initial public offering a year ago, OR has continued to face industry challenges like lockdowns intermittent lockdowns on air and land transportation due to the Covid-19 pandemic, the Thai government’s intervention to cap the price of biodiesel used for Thailand’s logistics, and the economic lockdowns in Cambodia, Laos, Myanmar, and the Philippines due to the pandemic.

**Exhibit 1: Net profit and net profit growth**



Sources: OR; FSSIA estimates

**Exhibit 2: Net profit and net profit margin**

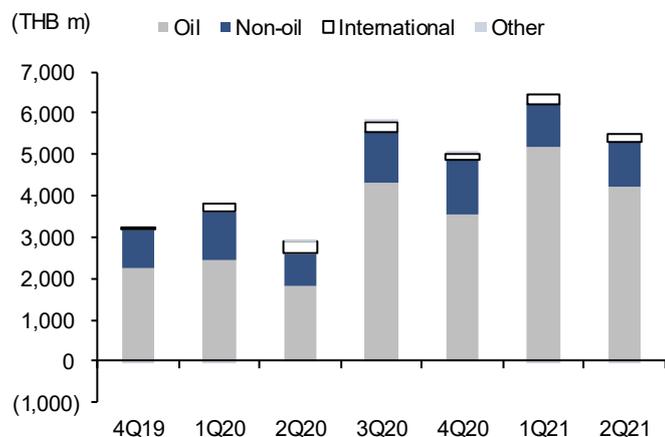


Sources: OR; FSSIA estimates

**A victim of Covid-19 on lockdowns and demand weakness.** As a result, OR’s quarterly net profits have been lacklustre, caused by the lower-than-expected net profits from both the oil and non-oil segments. EBITDA generated from oil has been driven by large inventory gains to offset the weak operating EBITDA from the oil sales volume, while EBITDA from non-oil has remained stagnant at sub-THB1b per quarter, despite the expansion of its Café Amazon outlets in Thailand and overseas.

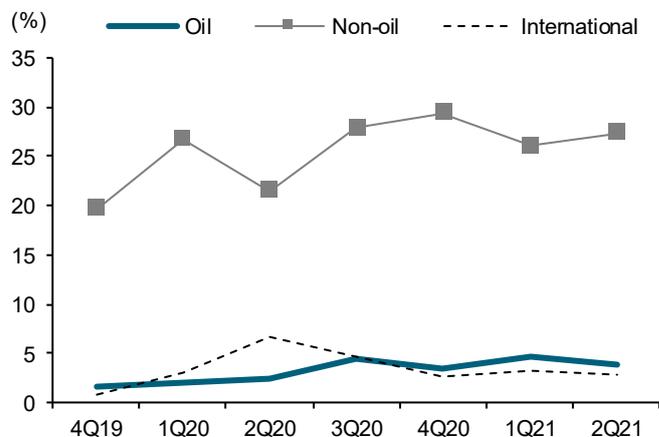
EBITDA margins for all three segments – oil, non-oil, and international – have remained range-bound despite the addition of new products and branches, improving operational efficiency, and M&A, due to the chronic impacts of the lockdowns and supply chain disruptions. Those impacts led to demand weakness and the restricted ability to expand new outlets and stations.

**Exhibit 3: EBITDA breakdown by business**



Source: OR

**Exhibit 4: EBITDA margin breakdown by business**



Source: OR

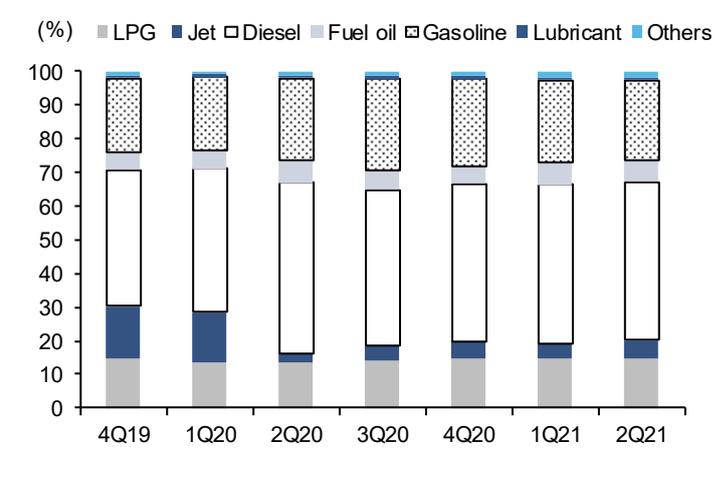
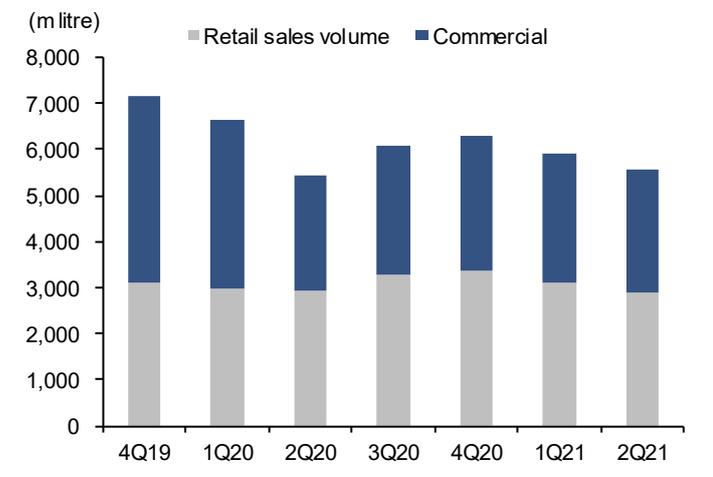
**Oil segment witnessed poor demand and low margins.** The oil sales volumes for both retail oil stations (on the lockdowns) and the commercial segment (on lockdowns, lower exports, and shrinking sales volumes of jet fuel, LPG, diesel, and gasoline) have declined in 2021.

In addition, the EBITDA margins for retail oil stations have been pressured by the weak demand for oil in the domestic market and the government’s recent policy to reduce the price of biodiesel used for Thailand’s logistics transportation.

OR’s marketing margin (MM) has also started to feel the pinch from the rising oil price, as the Thai government enforced a mandatory price cap on biodiesel at THB30/litre during 5-31 Oct 2021. While the price cap policy officially finished on 31 Oct 2021, OR, along with other oil station operators in Thailand, has not been able to increase the price of the oil sold at its stations in tandem with the rise in the oil cost, resulting in an MM squeeze by THB0.1-0.3/litre to THB1.1/litre in 3Q21 and THB1.0/litre in 4Q21, based on our estimate.

**Exhibit 5: Sales volume breakdown by channel**

**Exhibit 6: Sales volume by product (%)**



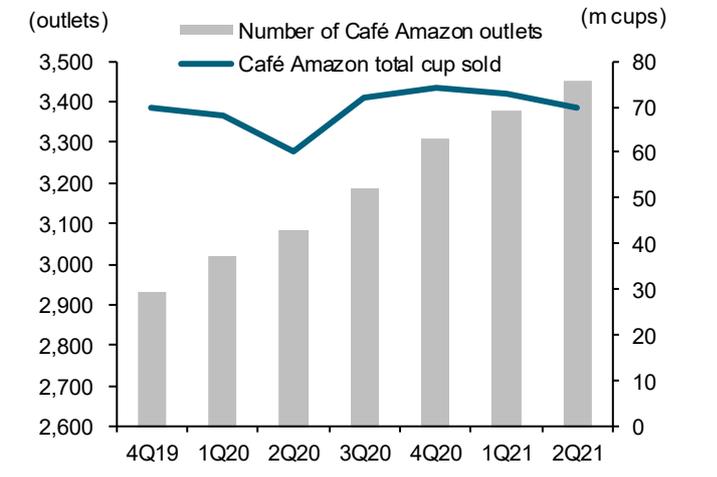
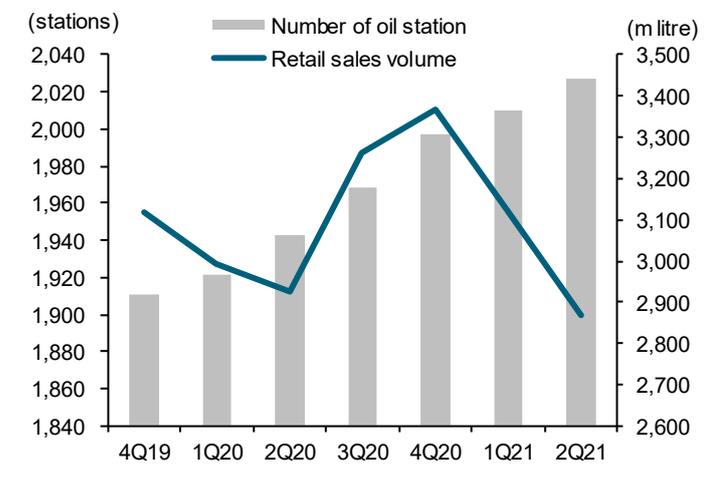
Source: OR

Source: OR

**Non-oil segment suffered from multiple lockdowns and government’s price cap policy.** OR has continued to suffer from the poor demand for food and beverages, with the sales volumes of its coffee and other drinks declining in the past two years. The number of cups sold has decreased from 74m in 4Q20 when Thailand reopened its economic activities down to 68m cups in 3Q21, based on our estimate, when the tight lockdown was reintroduced in Jul-Aug 2021. Its new oil station and Café Amazon outlet expansions were also interrupted by the lockdowns, leading to a lower-than-expected number of new stations and outlets in 9M21.

**Exhibit 7: Number of oil stations vs retail sales volume**

**Exhibit 8: Number of Café Amazon outlets vs total cups sold**



Source: OR

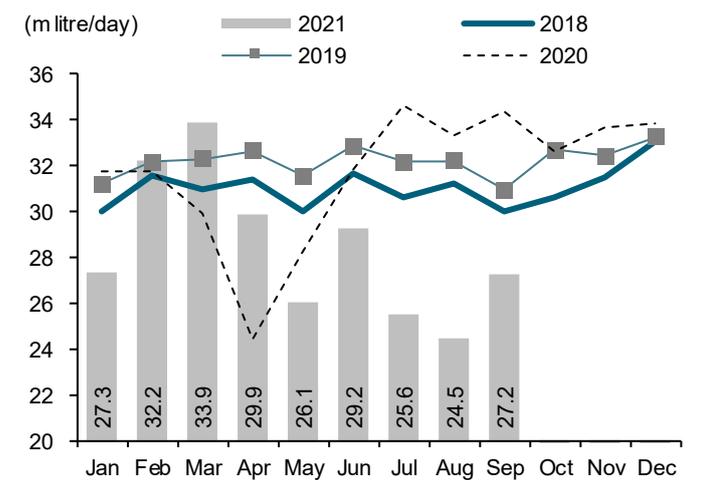
Source: OR

## A “slow but sure recovery” for oil sales volumes starting in 4Q21

However, we believe that starting in 4Q21 into 2022, OR will see an improvement in its net profit growth momentum from THB0.2b-0.3b a quarter in 2021 to THB0.3b-0.4b a quarter in 2022.

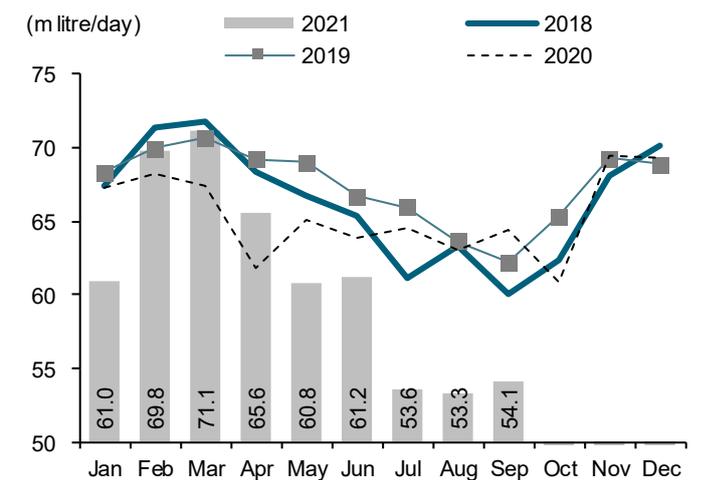
According to the Department of Energy Business (DOEB), the demand for fuels in Thailand had rebounded markedly in 1Q21 when the country reopened its economic activities after the significant decline in new Covid cases and the diminished death rate from the first wave. The demand for gasoline and diesel, the two key fuels for transportation and logistics in Thailand, had recovered to even surpass the pre-Covid level for gasoline and was on par with the pre-Covid level for diesel in Feb-Mar 2021.

**Exhibit 9: Thailand’s retail gasoline consumption**



Source: [DOEB](#)

**Exhibit 10: Thailand’s retail diesel consumption**



Source: [DOEB](#)

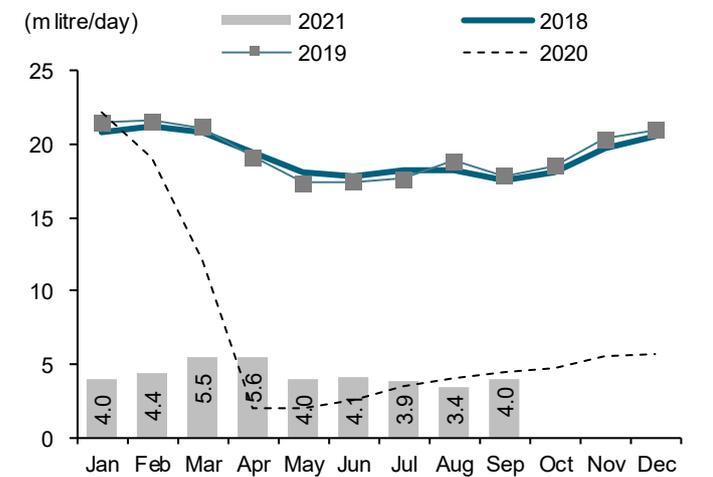
However, after the lockdowns began again in May-Aug 2021, the demand for gasoline and diesel had weakened again. It has since recuperated in Sep 2021 for gasoline but not for diesel due to the greater restrictions placed on travel and logistics activities across provincial borders.

After the full easing of the lockdowns and the reopening of tourism to over 60 countries, effective since 1 Nov 2021, we expect the demand for gasoline (for domestic transportation for consumers), diesel (for land and sea logistics), jet fuel (for domestic and international travel), and LPG (for cooking gas and public taxi transportation), to rebound to their pre-Covid levels by 1Q22 for gasoline and diesel, by 3Q22 for LPG, and by 4Q22 for jet fuel.

We believe the key drivers for OR’s net profit growth recovery in 4Q21 into 2022 will be higher oil sales volumes at its oil stations following a marked rise in the economic activities in Thailand and an improving MM to THB1.1-1.3/litre, as the impact of the price mismatch between the selling price at oil stations and the oil cost should significantly narrow over time based on our projected lower crude oil price from the current USD80-85/bbl for Brent down toward USD70-75/bbl by end-2022.

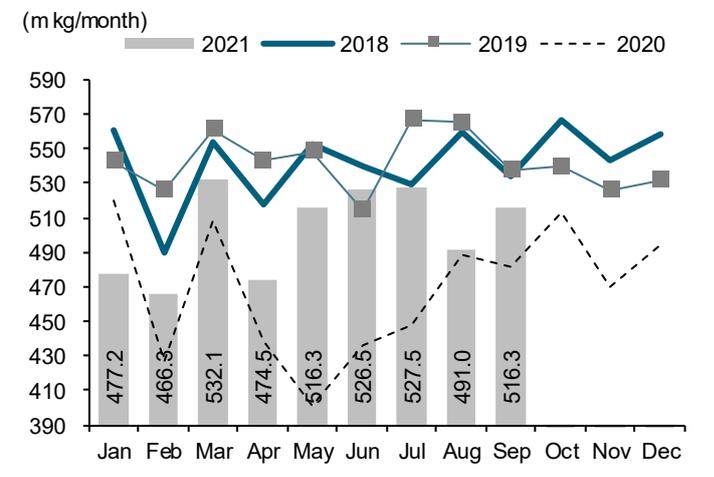
**Jet fuel demand should rebound gradually toward the pre-Covid level of 1b litres per quarter by 4Q22-1H23.** In the commercial segment, we expect the sales volumes of high-margin jet fuel to rise. We project volumes to increase from 242m litres in 3Q21 to 300m litres in 4Q21, further rising to 500m litres in 1H21 before eventually reaching 1,000 litres per quarter by end-2022 when we project Thailand’s domestic activities and international and domestic air travel to return to their pre-Covid levels.

**Exhibit 11: Thailand’s jet fuel consumption**



Source: [DOEB](#)

**Exhibit 12: Thailand’s LPG consumption**



Source: [DOEB](#)

**Non-oil EBITDA should return to pre-Covid levels by end-2022.** We believe OR will see a significant improvement in non-oil revenue, driven by a higher number of cups sold and the accelerating expansion of its new Café Amazon outlets. The EBITDA margin should return to the 27-30% level by 2Q22, up from 24% in 3Q21, as we think that rising sales volumes and higher sales per billing per customer for Café Amazon and OR’s other food and beverage stores should further enhance its non-oil EBITDA margin to reach 30% in 2023.

The economic benefits from OR’s new distribution centre for the products marketed at Café Amazon and the in-house produced bakery and dairy products available at Café Amazon outlets should simultaneously increase OR’s non-oil EBITDA margin and sales volumes in 2022 onward, based on our projection.

**Exhibit 13: Organic expansion via new bakery plant, dry mixed plant, and distribution centre**

**Bakery Plant**

- Fresh bakery
- Baked bakery

Start up: Q2/21  
Area: 7,400 sq. m  
Capacity: 1,000 ton dough/year

**Dry Mixed Plant**

- Cocoa mixed powder
- Mixed powder for coffee beverage
- Mixed powder for milk green tea
- White & Brown sugar
- Creamer

Start up: Q2/21  
Area: 6,100 sq. m  
Capacity: 19,247 tons/year

**Distribution Center**

- Ambient goods
- Temperature controlled goods

Start up: Q2/21  
Area: 24,000 sq. m  
Capacity: 24,480 pallet location

Source: OR

## Strategic growth roadmap in F&B, energy, and technology

Since its IPO in Oct 2021, OR has completed a number of acquisitions in many business lines, aiming to strengthen its value proposition of being a 'mini community mall' with more varied and diversified yet related and integrated ventures within its existing consumer-centric fuel service stations.

During Oct 2020 to Oct 2021, OR has spent an aggregate THB21b for eight M&A, comprising businesses in 1) the food and beverage (F&B) segment in the coffee chain (Peaberry Thai), organic food chain (Pluk Phak Praw Rak Mae), and Japanese restaurants (Imsub Global Cuisine Company Limited); 2) logistics (Flash Express); 3) a JV with an aviation refuelling service (Bangkok Aviation Fuel Services (BAFS TB, BUY, TP THB40)); 4) digital ventures (Bluebik); 5) an online automotive service platform; and 6) venture capital as a key arm for seeding investments in start-ups seeking new S-curve growth ventures.

We believe OR's strategic move to acquire proven businesses in the F&B value chain will solidify its fully integrated energy-turned-consumer service platform, leveraging OR's oil station strength (#1 market share in Thailand with a presence overseas), F&B (Café Amazon), and its highly recognised 'mini community mall' concept applied to both its in-station and outdoor formats.

In 2022-23, we believe OR should emerge to be a company with high growth and sustainability. OR's key competitiveness embraces its well-diversified business portfolio, the synergy created among all business units, and the growth opportunities in the future businesses of healthy F&B, logistics, technology, and energy, riding the consumer and industry growth potential in the period of transition into greener, healthier, and more ecosystem-based consumer markets.

### Exhibit 14: OR's acquisitions and JVs in 2020-9M21

	Acquisition date	Company acquired / Partnership / Investment	Business	Stake acquired (%)	Acquisition value (THB m)	Acquisition value (USD m)
1	12 October 2020	Flash Express	<b>A leading e-commerce logistics company</b> in Thailand with a unique on-site pick-up service as a key differentiating service from its arch-rival	8.88	6.2b (USD200m)	
2	1 December 2020	Peaberry Thai	<b>A fully integrated operator in the coffee value chain</b> as a supplier, manufacturer, and distributor of coffee beans and equipment, with the coffee shop brand 'Pacamara'	65	172	
3	26 February 2021	Pluk Phak Praw Rak Mae	<b>Thailand's leading healthy organic food restaurant chain</b> under the brand 'Ohkajhu'	20	400	
4	17 May 2021	Bluebik	<b>Digital venture:</b> JV under ORBIT Digital to enhance technological and innovative capabilities, competitiveness, and increase value through digital business development	40	20	
5	2 July 2021	Bangkok Aviation Fuel Services Public Company Limited (BAFS)	<b>Aviation refuelling service:</b> JV under Global Aero Associates Company Limited to provide aviation fuel services at U-Tapao International Airport	45	545	
6	21 July 2021	Online automotive service	<b>Online automotive service:</b> A new subsidiary to operate business related to online automotive services	100	106	
7	5 October 2021	500 Startups Group (500 Startups)	<b>A venture capital</b> under the name ORZON Ventures to invest in high-potential start-up companies in Thailand and Southeast Asia, to seek new opportunities in building new S-Curve ventures	99		25
8	27 October 2021	Imsub Global Cuisine Company Limited (ISGC)	<b>Japanese restaurant:</b> Operates Kouen, a Japanese restaurant, along with other brands	25	192	

Sources: OR; FSSIA's compilation

## Weak 3Q21E results hurt by lockdown impact

We estimate that OR will post a weak 3Q21 net profit of THB2.1b, down 34% q-q and 38% y-y. We expect the key culprits to be:

### Drop in oil sales volumes and margins.

- We expect a lower marketing margin to THB1.1/litre in 3Q21, down from THB1.23/litre in 2Q21, due to a lower sales volume of high-margin oil products and the lockdown impact.
- A 6% q-q decline in the overall oil sales volume to 5.2b litres, comprising 2.5b litres for the retail oil sales volume (-12% q-q) and 2.7b litres for the commercial segment (-6% q-q) as a result of the lockdowns in Thailand (Jul-Aug) and the absence of oil sales volumes in the Philippines (-30% q-q).
- The 6% q-q drop in the commercial sales volume that we estimate in 3Q21 should mainly come from jet fuel due to the restrictions on air travel for domestic flights in Jul-Aug. The jet fuel sales volume dipped to 242m litres in 3Q21, down from 302m litres in 2Q21 and 300m litres in 2H20, and is still far below OR's normal jet fuel sales volume of 1b litres per quarter in the pre-Covid period.
- OR added 12 new oil stations in 3Q21, bringing its total number of new oil stations to 42 in 9M21, still lower than OR's revised target of 95 new stations in 2021. We think OR will once more revise down its new oil station target for 2021.

### Shrinking margins and sales volumes due to the lockdown.

- We estimate a lower total number of cups sold by 2m to 68m in 3Q21 for Café Amazon as a result of the lockdown, despite OR's efforts to increase its delivery service to partly offset the drop in its in-store sales volume.
- We project the EBITDA margin for its non-oil businesses to weaken q-q to 24% in 3Q21, down from 27% in 2Q21 and OR's normal level of 30-35% in the pre-Covid period, given the high fixed cost of depreciation.
- OR opened 60 new Café Amazon outlets in 3Q21, bringing the total number of outlets to 3,512 at end-3Q21. In 9M21, OR opened a total of 202 outlets, which is lower than its target of 420 new outlets in 2021. However, unlike its oil stations, management is maintaining the 420 target for new Café Amazon outlets in 2021, implying that OR will have to open 218 new outlets in 4Q21.

## Exhibit 15: 3Q21E/9M21E results preview

	3Q20	2Q21	3Q21E			9M20	9M21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
<b>Revenue</b>	<b>104,854</b>	<b>118,708</b>	<b>105,475</b>	<b>(11.1)</b>	<b>0.6</b>	<b>319,308</b>	<b>342,643</b>	<b>7.3</b>	<b>586,684</b>
Operating costs	(99,072)	(113,251)	(101,160)	(10.7)	2.1	(305,495)	(326,461)	6.9	(573,750)
<b>EBITDA</b>	<b>5,782</b>	<b>5,457</b>	<b>4,315</b>	<b>(20.9)</b>	<b>(25.4)</b>	<b>13,813</b>	<b>16,182</b>	<b>17.2</b>	<b>12,934</b>
<i>EBITDA margin (%)</i>	5.5	4.6	4.1	<i>nm</i>	<i>nm</i>	4.3	4.7	<i>nm</i>	2.2
Depn & amort.	(1,320)	(1,499)	(1,485)	(0.9)	12.5	(3,759)	(4,404)	17.1	(6,030)
EBIT	4,462	3,958	2,830	(28.5)	(36.6)	10,054	11,778	17.2	6,904
Interest expense	(347)	(325)	(320)	(1.7)	(7.7)	(1,104)	(980)	(11.2)	(774)
Interest & invt inc	962	802	560	(30.1)	(41.8)	3,100	2,204	(28.9)	4,247
Associates' contrib	125	81	50	(38.3)	(59.9)	411	257	(37.5)	750
Exceptionals	16	(478)	(450)	<i>nm</i>	<i>nm</i>	(4,369)	(1,601)	<i>nm</i>	0
<b>Pretax profit</b>	<b>5,218</b>	<b>4,037</b>	<b>2,670</b>	<b>(33.9)</b>	<b>(48.8)</b>	<b>8,092</b>	<b>11,657</b>	<b>44.1</b>	<b>11,127</b>
Tax	(803)	(812)	(547)	(32.6)	(31.9)	(1,258)	(2,306)	83.3	(1,762)
<i>Tax rate (%)</i>	15.4	20.1	20.5	1.9	33.1	15.5	19.8	27.2	15.8
Minority interests	0	3	2	(39.2)	<i>nm</i>	0	7	<i>nm</i>	0
<b>Net profit</b>	<b>3,450</b>	<b>3,225</b>	<b>2,125</b>	<b>(34.1)</b>	<b>(38.4)</b>	<b>5,868</b>	<b>9,353</b>	<b>59.4</b>	<b>9,365</b>
Non-recurring	(14)	(2,020)	(1,095)	(45.8)	<i>nm</i>	1,004	(5,798)	<i>nm</i>	0
<b>Core profit</b>	<b>3,436</b>	<b>1,205</b>	<b>1,030</b>	<b>(14.5)</b>	<b>(70.0)</b>	<b>6,872</b>	<b>3,555</b>	<b>(48.3)</b>	<b>9,365</b>
EPS (THB)	0.29	0.27	0.18	(34.1)	(38.4)	0.49	0.78	59.4	0.78
Core EPS (THB)	0.29	0.10	0.09	(14.5)	(70.0)	0.57	0.30	(48.3)	0.78

Sources: OR; FSSIA estimates

## Soon to be free of the lockdown siege and price cap policy

We maintain BUY and our SOTP target price of THB36. We believe OR's 3Q21 net profit should mark the bottom quarter and it should see higher q-q sales volumes across all products for both oil and non-oil and domestically and internationally, driving its revenue and margins higher in 4Q21 onward.

The negative impact from the diesel price cap is likely to disappear piecemeal over the next two quarters, as we project the global crude oil price to subside from the current USD80-85/bbl level down to USD70-75/bbl, effectively resulting in sub-THB30/litre diesel prices without any negative impact to OR.

We project OR to see THB2b-3b quarterly net profits in 4Q21-2023 in the post-Covid era, which should lead its share price to rerate after being stuck in the doldrums on the weak product demand and margin outlook in 2020-9M21 caused by the Covid-19 pandemic.

### Exhibit 16: SOTP valuation target price

SoTP valuation	EBITDA (THB m)	EBITDA margin (%)	EV/EBITDA (X)	Valuation (THB m)	THB/shr	Comments
Oil business	13,308	2.3	10.4	138,135	15.3	
Retail	6,122	1.8	12.0	73,464	8.2	At 12x FY22E EV/EBITDA
Commercial	7,186	3.0	9.0	64,671	7.2	At 9x FY22E EV/EBITDA
Non-oil	6,917	27.4	20.6	142,808	15.9	
Food & Beverage	4,475	28.3	21.0	93,974	10.4	At 21x FY22E EV/EBITDA
Others	2,442	26.0	20.0	48,834	5.4	At 20x FY22E EV/EBITDA
International	1,525	3.5	11.0	16,780	1.9	At 11x FY22E EV/EBITDA
Others	93	11.8	8.0	740	0.1	At 8.0x FY21E EV/EBITDA
<b>Total</b>	<b>21,842</b>		<b>13.7</b>	<b>298,462</b>	<b>33.2</b>	<b>At 12.6x FY21E EV/EBITDA</b>
Net debt	25,734	nm	nm	25,734	2.9	FY22E net debt
<b>Total value</b>	<b>47,576</b>		<b>6.8</b>	<b>324,196</b>	<b>36.0</b>	

Sources: OR; FSSIA estimates

## Financial Statements

### PTT Oil and Retail Business

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	577,134	428,804	586,684	601,119	610,426
Cost of goods sold	(539,465)	(390,479)	(550,282)	(560,239)	(564,849)
<b>Gross profit</b>	<b>37,669</b>	<b>38,325</b>	<b>36,402</b>	<b>40,880</b>	<b>45,577</b>
Other operating income	0	0	0	0	0
Operating costs	(26,481)	(25,261)	(23,467)	(24,045)	(24,417)
<b>Operating EBITDA</b>	<b>11,188</b>	<b>13,064</b>	<b>12,934</b>	<b>16,836</b>	<b>21,160</b>
Depreciation	(3,602)	(5,203)	(6,030)	(8,267)	(10,016)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>7,586</b>	<b>7,861</b>	<b>6,904</b>	<b>8,569</b>	<b>11,144</b>
Net financing costs	4,699	3,343	3,473	4,308	4,531
Associates	744	535	750	825	908
Recurring non-operating income	744	535	750	825	908
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>13,028</b>	<b>11,739</b>	<b>11,127</b>	<b>13,702</b>	<b>16,582</b>
Tax	(2,132)	(1,776)	(1,762)	(2,187)	(2,662)
<b>Profit after tax</b>	<b>10,896</b>	<b>9,963</b>	<b>9,365</b>	<b>11,515</b>	<b>13,920</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>10,896</b>	<b>9,963</b>	<b>9,365</b>	<b>11,515</b>	<b>13,920</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>10,896</b>	<b>9,963</b>	<b>9,365</b>	<b>11,515</b>	<b>13,920</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.21	1.11	0.78	0.96	1.16
Reported EPS	1.21	1.11	0.78	0.96	1.16
DPS	0.00	0.50	0.40	0.45	0.50
Diluted shares (used to calculate per share data)	9,000	9,000	12,000	12,000	12,000
<b>Growth</b>					
Revenue (%)	(2.9)	(25.7)	36.8	2.5	1.5
Operating EBITDA (%)	8.2	16.8	(1.0)	30.2	25.7
Operating EBIT (%)	14.4	3.6	(12.2)	24.1	30.1
Recurring EPS (%)	262.5	(8.6)	(29.5)	23.0	20.9
Reported EPS (%)	262.5	(8.6)	(29.5)	23.0	20.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	5.9	7.7	5.2	5.4	5.8
Gross margin of key business (%)	5.9	7.7	5.2	5.4	5.8
Operating EBITDA margin (%)	1.9	3.0	2.2	2.8	3.5
Operating EBIT margin (%)	1.3	1.8	1.2	1.4	1.8
Net margin (%)	1.9	2.3	1.6	1.9	2.3
Effective tax rate (%)	17.6	17.0	17.0	17.0	17.0
Dividend payout on recurring profit (%)	-	45.2	51.3	46.9	43.1
Interest cover (X)	(1.8)	(2.5)	(2.2)	(2.2)	(2.7)
Inventory days	16.4	19.1	15.2	17.6	17.7
Debtor days	27.8	29.2	14.4	6.0	2.0
Creditor days	28.7	32.9	23.1	26.8	26.9
Operating ROIC (%)	9.8	10.6	9.1	11.7	15.3
ROIC (%)	7.7	7.6	6.4	8.1	10.4
ROE (%)	33.3	26.2	13.9	11.5	13.0
ROA (%)	4.8	4.9	4.2	4.6	5.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Oil business		389,783	540,678	545,621	546,604
Non-oil business		16,723	19,123	23,375	25,648
International business		21,011	25,169	30,273	36,274
Others		1,286	1,714	1,850	1,900

Sources: PTT Oil and Retail Business; FSSIA estimates

## Financial Statements

### PTT Oil and Retail Business

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	10,896	9,963	9,365	11,515	13,920
Depreciation	3,602	5,203	6,030	8,267	10,016
Associates & minorities	6,075	4,045	4,247	4,459	4,682
Other non-cash items	-	-	-	-	-
Change in working capital	13,027	493	17,504	13,572	146
<b>Cash flow from operations</b>	<b>33,599</b>	<b>19,703</b>	<b>37,146</b>	<b>37,814</b>	<b>28,765</b>
Capex - maintenance	(2,856)	(3,191)	(4,217)	(5,781)	(7,004)
Capex - new investment	(10,200)	(10,200)	(24,767)	(15,902)	(15,902)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(7,796)	(5,987)	(20,550)	(10,121)	(8,898)
<b>Cash flow from investing</b>	<b>(20,853)</b>	<b>(19,378)</b>	<b>(49,533)</b>	<b>(31,804)</b>	<b>(31,804)</b>
Dividends paid	0	(4,500)	(4,800)	(5,400)	(6,000)
Equity finance	0	0	54,000	0	0
Debt finance	3,616	3,608	45,303	0	0
Other financing cash flows	(552)	(6,729)	(69,886)	11,642	11,420
<b>Cash flow from financing</b>	<b>3,064</b>	<b>(7,621)</b>	<b>24,617</b>	<b>6,242</b>	<b>5,420</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>15,810</b>	<b>(7,296)</b>	<b>12,230</b>	<b>12,252</b>	<b>2,382</b>
Free cash flow to firm (FCFF)	14,306.58	1,772.23	(11,612.29)	6,161.31	(2,887.04)
Free cash flow to equity (FCFE)	15,810.19	(2,796.04)	(36,970.16)	17,652.01	8,381.66
<b>Per share (THB)</b>					
FCFF per share	1.59	0.20	(1.29)	0.68	(0.32)
FCFE per share	1.76	(0.31)	(4.11)	1.96	0.93
Recurring cash flow per share	2.29	2.13	1.64	2.02	2.38
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	41,600	43,498	68,265	84,167	100,068
Less: Accumulated depreciation	(1,502)	(1,502)	(7,532)	(15,799)	(25,816)
<b>Tangible fixed assets (net)</b>	<b>40,098</b>	<b>41,996</b>	<b>60,732</b>	<b>68,367</b>	<b>74,253</b>
<b>Intangible fixed assets (net)</b>	<b>5,872</b>	<b>5,624</b>	<b>5,624</b>	<b>5,624</b>	<b>5,624</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	6,240	5,218	5,218	5,218	5,218
Cash & equivalents	26,300	19,004	31,234	43,487	45,868
A/C receivable	39,013	29,543	16,588	3,314	3,314
Inventories	21,856	19,021	26,805	27,290	27,514
Other current assets	716	1,027	1,405	1,439	1,461
<b>Current assets</b>	<b>87,885</b>	<b>68,594</b>	<b>76,031</b>	<b>75,529</b>	<b>78,157</b>
Other assets	12,082	23,547	23,547	23,547	23,547
<b>Total assets</b>	<b>152,176</b>	<b>144,979</b>	<b>171,152</b>	<b>178,285</b>	<b>186,799</b>
Common equity	38,295	37,823	96,588	102,903	111,024
Minorities etc.	412	93	93	93	93
<b>Total shareholders' equity</b>	<b>38,708</b>	<b>37,916</b>	<b>96,681</b>	<b>102,996</b>	<b>111,116</b>
Long term debt	50,335	41,634	5,000	5,000	5,000
Other long-term liabilities	16,257	24,961	24,961	24,961	24,961
<b>Long-term liabilities</b>	<b>66,592</b>	<b>66,595</b>	<b>29,961</b>	<b>29,961</b>	<b>29,961</b>
A/C payable	41,579	28,898	40,725	41,462	41,803
Short term debt	4,076	9,169	500	500	500
Other current liabilities	1,222	2,402	3,286	3,367	3,419
<b>Current liabilities</b>	<b>46,877</b>	<b>40,469</b>	<b>44,511</b>	<b>45,329</b>	<b>45,722</b>
<b>Total liabilities and shareholders' equity</b>	<b>152,176</b>	<b>144,979</b>	<b>171,152</b>	<b>178,285</b>	<b>186,799</b>
Net working capital	18,783	18,291	786	(12,786)	(12,933)
Invested capital	83,075	94,675	95,907	89,970	95,709
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	4.26	4.20	8.05	8.58	9.25
Tangible book value per share	3.60	3.58	7.58	8.11	8.78
<b>Financial strength</b>					
Net debt/equity (%)	72.6	83.9	(26.6)	(36.9)	(36.3)
Net debt/total assets (%)	18.5	21.9	(15.0)	(21.3)	(21.6)
Current ratio (x)	1.9	1.7	1.7	1.7	1.7
CF interest cover (x)	(4.5)	(1.2)	4.5	(6.8)	(4.4)
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>21.7</b>	<b>23.7</b>	<b>33.6</b>	<b>27.4</b>	<b>22.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>29.7</b>	<b>32.5</b>	<b>46.1</b>	<b>37.5</b>	<b>31.0</b>
Reported P/E (x)	21.7	23.7	33.6	27.4	22.6
Dividend yield (%)	-	1.9	1.5	1.7	1.9
Price/book (x)	6.2	6.2	3.3	3.1	2.8
Price/tangible book (x)	7.3	7.3	3.5	3.2	3.0
EV/EBITDA (x) **	23.7	20.5	22.4	16.5	13.0
EV/EBITDA @ target price (x) **	31.5	27.2	31.4	23.4	18.5
EV/invested capital (x)	3.2	2.8	3.0	3.1	2.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: PTT Oil and Retail Business; 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	SEOIL	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	MITISB	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

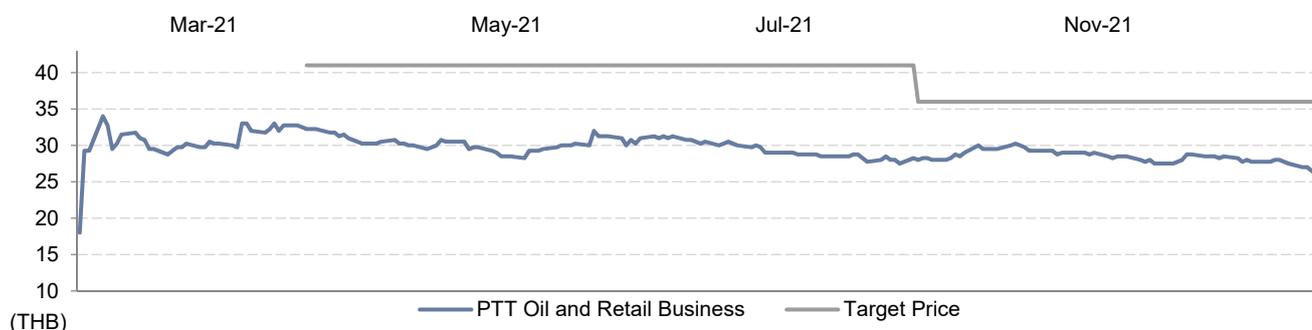
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

#### PTT Oil and Retail Business (OR TB)



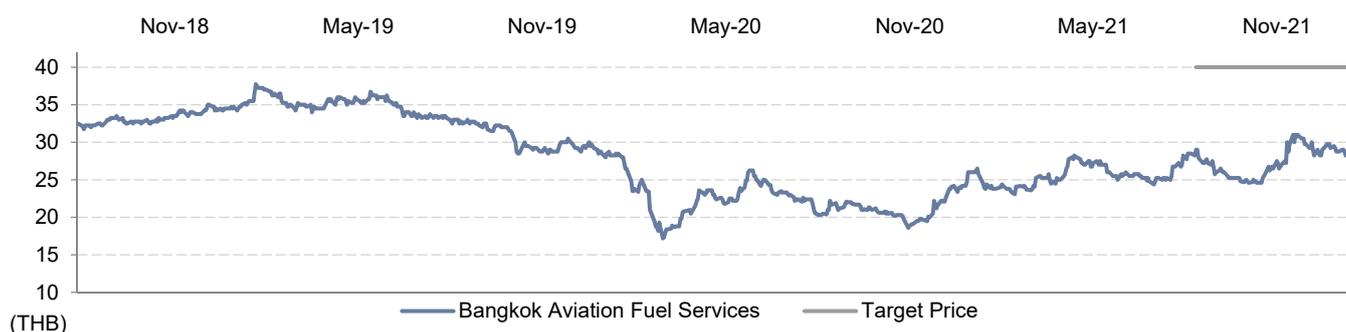
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Mar-2021	BUY	41.00	17-Jun-2021	BUY	41.00	09-Aug-2021	BUY	36.00

Suwat Sinsadok started covering this stock from 30-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

#### Bangkok Aviation Fuel Services (BAFS TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Jun-2021	BUY	40.00	-	-	-	-	-	-

Suwat Sinsadok started covering this stock from 21-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
PTT Oil and Retail Business	OR TB	THB 26.25	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.
Bangkok Aviation Fuel Services	BAFS TB	THB 27.75	BUY	Downside risks to our SoTP-based target price include a slower than expected vaccination rate, leading to slower demand in tourism activities, plus uncertainty in the fuel volume demand in the north which could lead to volatility in Fuel Pipeline Transportation Limited (FPT)'s income.

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 05-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.