

11 NOVEMBER 2021

THAILAND / OIL &amp; GAS

# ESSO THAILAND ESSO TB

## HOLD

UNCHANGED

TARGET PRICE	THB8.90
CLOSE	THB7.90
UP/DOWNSIDE	+12.7%
TP vs CONSENSUS	+10.1%

## The tiger is hibernating

### An in-black 3Q21 rescued by an inventory gain

ESSO posted a 3Q21 net profit (NP) of THB46m, down 95% q-q and 90% y-y, boosted by an estimated THB0.6b inventory gain to offset the operating loss from the poor gross refining margin (GRM). The result was 15% below BBG consensus and 2% below our expectation. We estimate that the market GRM dropped to USD1.8/bbl in 3Q21, down from USD4.0/bbl in 2Q21 due to the rising crude premiums. ESSO's 3Q21 core net loss (NL) was THB584m. Including an inventory gain of cUSD2.1/bbl, the accounting GRM was USD4.0/bbl in 3Q21, down 43% q-q and 33% y-y. The 3Q21 utilisation rate was 68%, or 113kbpd, down from 71% in 2Q21, due to lower domestic demand. We estimate that ESSO had a THB0.2b NP from its oil stations and an NL of THB0.3b from its refinery unit in 3Q21, with a q-q narrower NL of THB30m from its aromatics unit, up from an NL of THB483m in 2Q21.

### PX plant shutdown reduced net loss by THB0.45b in 3Q21

Besides the estimated inventory gain of THB0.6b from the refinery unit, the margins of most products over Dubai crude oil price improved q-q in 3Q21, including diesel, gasoline and jet fuel, to timely offset the significantly higher crude premiums that rose by USD1.7/bbl q-q. While the paraxylene (PX)-gasoline spread continued to decline in 3Q21 due to the weaker demand and oversupply, ESSO incurred an NL of only THB30m, with no PX production, down from 47ktpa in 3Q20 prior to the temporary shutdown of its PX unit since Jun-21 onward.

### Gasoline remains a key driver for GRM

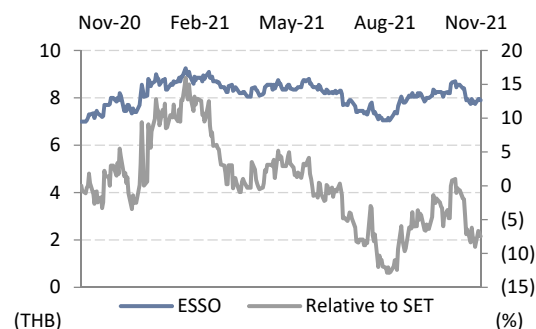
In 3Q21, ESSO sold its refinery products via its own downstream oil stations at 40% of the total production volume, down from 47% in 3Q20, with 7% via exports to optimise its profitability. ESSO produced a 4% jet fuel proportion in 3Q21, up from 3.5% in 2Q21, given the improving jet-crude margin. ESSO increased its 3Q21 gasoline yield to 29% vs 27% in 2Q21, but reduced its diesel yield slightly q-q to 46% in 3Q21 vs 47% in 2Q21, to optimise its profitability.

### Maintain HOLD; prefer SPRC and TOP over ESSO

We maintain BUY and our SoTP-TP of THB8.9. We think ESSO has less resilient earnings than its peers for the GRM uptrend due to its higher cost structure and limited marketing channels for export as a result of its group's policy to use Exxon's other refiners to serve the export market.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	126,672	134,970	133,441	142,511
Net profit	(7,911)	4,446	5,093	5,730
EPS (THB)	(2.29)	1.28	1.47	1.66
vs Consensus (%)	-	15.6	41.8	45.4
EBITDA	2,367	7,635	8,581	9,311
Core net profit	1,212	4,446	5,093	5,730
Core EPS (THB)	0.35	1.28	1.47	1.66
EPS growth (%)	nm	266.9	14.5	12.5
Core P/E (x)	22.6	6.1	5.4	4.8
Dividend yield (%)	-	1.3	6.3	6.3
EV/EBITDA (x)	21.2	5.9	4.8	4.1
Price/book (x)	1.9	1.5	1.2	1.0
Net debt/Equity (%)	158.6	94.9	62.3	39.5
ROE (%)	6.6	26.8	24.5	23.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.7)	9.0	11.3
Relative to country (%)	(3.1)	3.1	(8.5)
Mkt cap (USD m)	835		
3m avg. daily turnover (USD m)	4.5		
Free float (%)	34		
Major shareholder	Exxonmobil Asia Holdings Pte. Ltd. (66%)		
12m high/low (THB)	9.40/6.70		
Issued shares (m)	3,460.86		

Sources: Bloomberg consensus; FSSIA estimates



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## Exhibit 1: Summary of 3Q21/9M21 operations

	3Q20	2Q21	3Q21			9M20	9M21	Chg.	2021E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
<b>Revenue</b>	<b>30,465</b>	<b>41,129</b>	<b>40,292</b>	<b>(2.0)</b>	<b>32.3</b>	<b>94,472</b>	<b>120,758</b>	<b>27.8</b>	<b>134,970</b>
Operating costs	(29,095)	(39,350)	(39,513)	0.4	35.8	(102,944)	(114,041)	10.8	(127,335)
<b>EBITDA</b>	<b>1,370</b>	<b>1,779</b>	<b>779</b>	<b>(56.2)</b>	<b>(43.1)</b>	<b>(8,472)</b>	<b>6,717</b>	<b>nm</b>	<b>7,635</b>
EBITDA margin (%)	4.5	4.3	1.9	nm	nm	(9.0)	5.6	nm	5.7
Depreciation & amort.	(662)	(696)	(720)	3.5	8.9	(1,925)	(2,108)	9.5	(2,169)
EBIT	708	1,083	59	(94.6)	(91.7)	(10,397)	4,609	nm	5,465
Interest expense	(96)	(76)	(77)	0.9	(20.2)	(269)	(235)	(12.7)	(375)
Interest & invt inc	6	3	10	188.0	58.0	64	23	(64.7)	3
Associates' contrib	67	56	43	(23.4)	(36.6)	216	168	(22.2)	346
Exceptional	(122)	(8)	8	nm	nm	(121)	(0)	(99.8)	70
<b>Pre-tax profit</b>	<b>564</b>	<b>1,058</b>	<b>43</b>	<b>(95.9)</b>	<b>(92.3)</b>	<b>(10,507)</b>	<b>4,565</b>	<b>nm</b>	<b>5,510</b>
Tax	(97)	(199)	3	nm	nm	2,163	(872)	nm	(1,063)
Tax rate (%)	17.3	18.8	(7.1)	nm	nm	20.6	19.1	(7.3)	19.3
Minority interests	0	0	0	nm	nm	0	0	nm	(1)
<b>Net profit</b>	<b>467</b>	<b>858</b>	<b>46</b>	<b>(94.6)</b>	<b>(90.1)</b>	<b>(8,344)</b>	<b>3,693</b>	<b>nm</b>	<b>4,446</b>
Non-recurring	147	520	630	21.2	328.6	(7,523)	2,920	nm	0
<b>Core profit</b>	<b>320</b>	<b>338</b>	<b>(584)</b>	<b>nm</b>	<b>nm</b>	<b>(821)</b>	<b>773</b>	<b>nm</b>	<b>4,446</b>
EPS (THB)	0.13	0.25	0.01	(94.6)	(90.1)	(2.41)	1.07	nm	1.28
Core EPS (THB)	0.09	0.10	(0.17)	nm	nm	(0.24)	0.22	nm	1.28

Sources: ESSO; FSSIA estimates

## Exhibit 2: 3Q21/9M21 key quarterly performance

	3Q20	2Q21	3Q21	Change		9M20	9M21	Change
				(q-q %)	(y-y %)			(y-y %)
Crude intake (kbpd)	108	124	113	(8.9)	4.6	114	122	7.0
Paraxylene production ('000 tonnes)	47	13	0	nm	nm	139	53	(61.9)
Average FX (THB/USD)	31.3	31.4	32.9	4.8	5.1	31.5	31.5	-
Gross refining margin (USD/bbl)	6.00	7.00	4.00	(42.9)	(33.3)	(6.70)	7.60	(213.4)
EBITDA (THB m)	1,370	1,779	779	(56.2)	(43.1)	(8,472)	6,717	(179.3)
Profit (loss) for the period (THB m)	467	859	46	(94.6)	(90.1)	(8,343)	3,694	(144.3)
Earnings per share (THB)	0.13	0.25	0.01	(96.0)	(92.3)	(2.41)	1.07	(144.4)
<b>Crude oil and refined petroleum products (USD/bbl)</b>								
Gasoline - Dubai	4.5	9.9	11.7	18.2	160.0	4.6	9.6	108.7
Jet fuel - Dubai	(0.7)	4.5	5.3	17.8	nm	2.6	4.4	69.2
Diesel - Dubai	4.9	6.7	7.7	14.9	57.1	7.9	6.7	(15.2)
Fuel oil - Dubai	(3.4)	(7.2)	(5.0)	(30.6)	47.1	(4.7)	(5.7)	21.3
LPG - Dubai	(11.9)	(21.5)	(14.7)	(31.6)	23.5	(6.7)	(15.1)	125.4
<b>Refinery production* (%)</b>								
Light products	28.1	32.2	35.2	3.0	7.1	28.5	32.3	3.8
Middle distillates	43.0	46.3	46.7	0.4	3.7	43.5	45.0	1.5
Heavy products	11.3	11.7	12.5	0.8	1.2	10.6	11.8	1.2
Feedstock and others	17.6	9.8	5.6	(4.2)	(12.0)	17.4	10.8	(6.6)

\*Note that refinery production change is in percentage change

Sources: ESSO; FSSIA estimates

## Financial Statements

Esso Thailand

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

Sources: Esso Thailand; FSSIA estimates

## Financial Statements

Esso Thailand

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(3,066)	1,212	4,446	5,093	5,730
Depreciation	3,198	3,197	2,169	2,215	2,261
Associates & minorities	82	67	70	74	78
Other non-cash items	-	-	-	-	-
Change in working capital	(7,442)	10,787	(306)	(1,289)	(1,262)
<b>Cash flow from operations</b>	<b>(7,228)</b>	<b>15,263</b>	<b>6,380</b>	<b>6,093</b>	<b>6,807</b>
Capex - maintenance	(4,819)	(4,911)	(4,911)	(4,911)	(4,911)
Capex - new investment	(2,187)	(2,728)	(3,664)	(3,629)	(3,629)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	111	1,420	0	0	0
<b>Cash flow from investing</b>	<b>(6,895)</b>	<b>(6,219)</b>	<b>(8,575)</b>	<b>(8,540)</b>	<b>(8,540)</b>
Dividends paid	(692)	(346)	0	(1,038)	(1,730)
Equity finance	0	0	0	0	0
Debt finance	12,198	(807)	(1,000)	(3,000)	(3,000)
Other financing cash flows	2,411	(7,905)	7,127	7,088	7,085
<b>Cash flow from financing</b>	<b>13,917</b>	<b>(9,058)</b>	<b>6,127</b>	<b>3,050</b>	<b>2,355</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>(206)</b>	<b>(15)</b>	<b>3,933</b>	<b>603</b>	<b>622</b>
Free cash flow to firm (FCFF)	(13,801.38)	9,403.75	(1,819.55)	(2,082.50)	(1,435.41)
Free cash flow to equity (FCFE)	486.52	331.16	3,932.67	1,641.00	2,352.43
<b>Per share (THB)</b>					
FCFF per share	(3.99)	2.72	(0.53)	(0.60)	(0.41)
FCFE per share	0.14	0.10	1.14	0.47	0.68
Recurring cash flow per share	0.06	1.29	1.93	2.13	2.33
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	68,899	69,994	71,372	72,750	74,129
Less: Accumulated depreciation	(43,300)	(45,244)	(47,413)	(49,628)	(51,889)
<b>Tangible fixed assets (net)</b>	<b>25,599</b>	<b>24,750</b>	<b>23,959</b>	<b>23,122</b>	<b>22,240</b>
<b>Intangible fixed assets (net)</b>	<b>181</b>	<b>181</b>	<b>181</b>	<b>181</b>	<b>181</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,557	2,137	2,137	2,137	2,137
Cash & equivalents	277	262	4,194	4,797	5,419
A/C receivable	6,464	5,083	6,433	7,767	9,192
Inventories	19,085	13,144	12,543	12,295	13,115
Other current assets	6,152	4,432	4,722	4,669	4,986
<b>Current assets</b>	<b>31,978</b>	<b>22,921</b>	<b>27,892</b>	<b>29,528</b>	<b>32,713</b>
Other assets	4,927	11,388	11,388	11,388	11,388
<b>Total assets</b>	<b>66,242</b>	<b>61,378</b>	<b>65,558</b>	<b>66,357</b>	<b>68,659</b>
Common equity	22,110	14,352	18,799	22,854	26,853
Minorities etc.	7	7	8	9	10
<b>Total shareholders' equity</b>	<b>22,118</b>	<b>14,360</b>	<b>18,807</b>	<b>22,862</b>	<b>26,863</b>
Long term debt	4,167	6,333	6,333	6,333	6,333
Other long-term liabilities	3,281	5,239	5,239	5,239	5,239
<b>Long-term liabilities</b>	<b>7,448</b>	<b>11,573</b>	<b>11,573</b>	<b>11,573</b>	<b>11,573</b>
A/C payable	5,020	4,452	4,248	4,164	4,442
Short term debt	19,677	16,703	15,703	12,703	9,703
Other current liabilities	11,979	14,291	15,228	15,055	16,078
<b>Current liabilities</b>	<b>36,676</b>	<b>35,446</b>	<b>35,178</b>	<b>31,922</b>	<b>30,223</b>
<b>Total liabilities and shareholders' equity</b>	<b>66,242</b>	<b>61,378</b>	<b>65,558</b>	<b>66,357</b>	<b>68,659</b>
Net working capital	14,702	3,916	4,222	5,511	6,773
Invested capital	48,966	42,373	41,888	42,340	42,719
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	6.39	4.15	5.43	6.60	7.76
Tangible book value per share	6.34	4.09	5.38	6.55	7.71
<b>Financial strength</b>					
Net debt/equity (%)	106.6	158.6	94.9	62.3	39.5
Net debt/total assets (%)	35.6	37.1	27.2	21.5	15.5
Current ratio (x)	0.9	0.6	0.8	0.9	1.1
CF interest cover (x)	9.5	9.6	21.4	17.5	25.3
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>(8.9)</b>	<b>22.6</b>	<b>6.1</b>	<b>5.4</b>	<b>4.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(10.0)</b>	<b>25.4</b>	<b>6.9</b>	<b>6.0</b>	<b>5.4</b>
Reported P/E (x)	(8.9)	(3.5)	6.1	5.4	4.8
Dividend yield (%)	1.3	-	1.3	6.3	6.3
Price/book (x)	1.2	1.9	1.5	1.2	1.0
Price/tangible book (x)	1.2	1.9	1.5	1.2	1.0
EV/EBITDA (x) **	(56.1)	21.2	5.9	4.8	4.1
EV/EBITDA @ target price (x) **	(59.9)	22.6	6.4	5.3	4.4
EV/invested capital (x)	1.0	1.2	1.1	1.0	0.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Esso Thailand; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	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

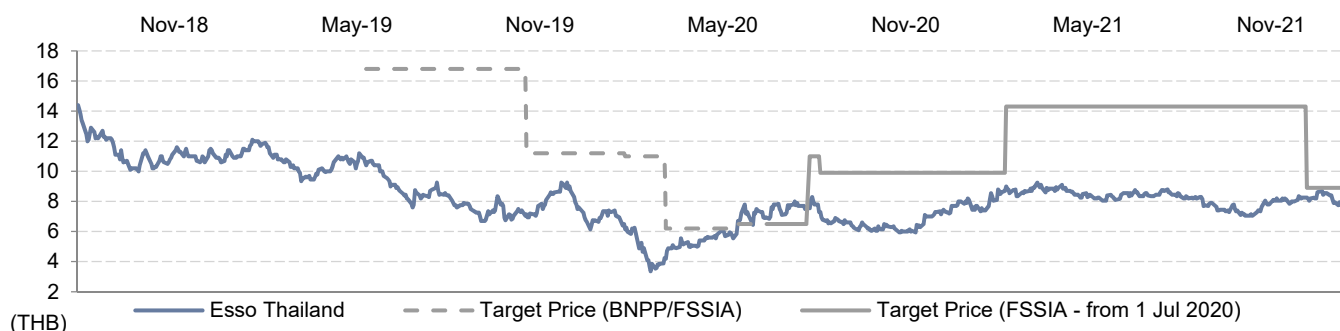
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

#### Esso Thailand (ESSO TB)



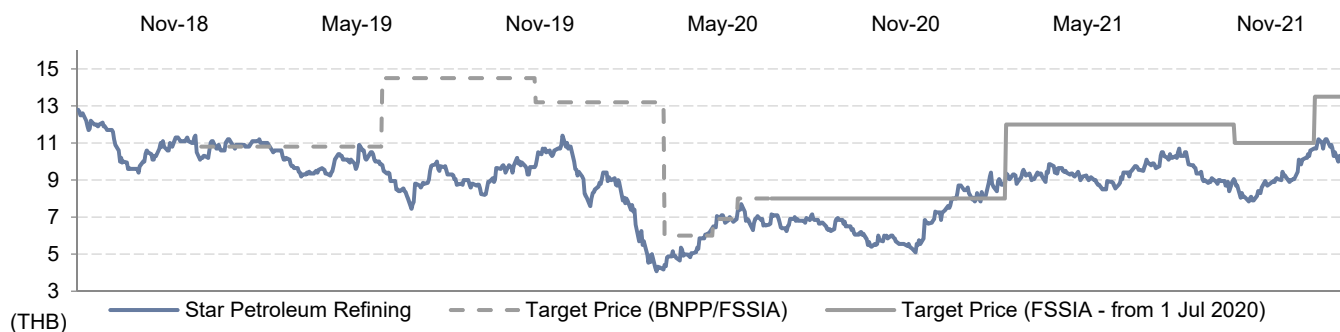
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jul-2019	BUY	16.80	26-May-2020	BUY	6.50	18-Jan-2021	BUY	14.30
03-Dec-2019	BUY	11.20	26-May-2020	BUY	6.50	22-Feb-2021	BUY	14.30
26-Feb-2020	BUY	11.00	31-Jul-2020	BUY	11.00	24-Feb-2021	BUY	14.30
01-Apr-2020	BUY	6.20	11-Aug-2020	BUY	9.90	04-Oct-2021	HOLD	8.90

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

Price and TP are in local currency

Source: FSSIA estimates

#### Star Petroleum Refining (SPRC TB)



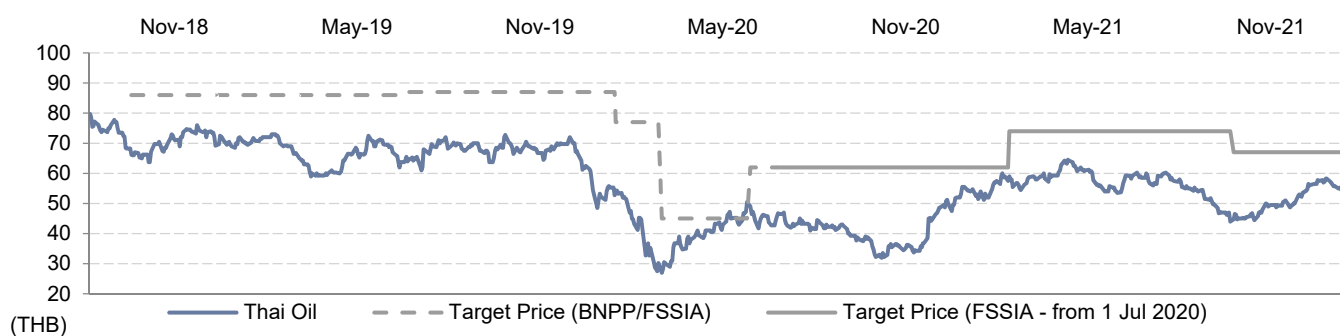
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Feb-2019	HOLD	10.80	02-Jun-2020	BUY	8.00	28-May-2021	BUY	12.00
01-Aug-2019	BUY	14.50	18-Jun-2020	BUY	8.00	03-Aug-2021	BUY	11.00
11-Dec-2019	BUY	13.20	30-Oct-2020	BUY	8.00	11-Oct-2021	BUY	13.50
31-Mar-2020	BUY	6.00	18-Jan-2021	BUY	12.00			
12-May-2020	BUY	6.90	22-Feb-2021	BUY	12.00			

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

Price and TP are in local currency

Source: FSSIA estimates

## Thai Oil (TOP TB)



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

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Esso Thailand	ESSO TB	THB 7.90	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.
Star Petroleum Refining	SPRC TB	THB 10.40	BUY	TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products.
Thai Oil	TOP TB	THB 55.25	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 10-Nov-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

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

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

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

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

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



## Industry Recommendations

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

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

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

## Country (Strategy) Recommendations

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

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

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