

ESSO THAILAND

THAILAND / OIL & GAS

ESSO TB

BUY

FROM HOLD

TARGET PRICE	THB12.90
CLOSE	THB8.20
UP/DOWNSIDE	+57.3%
PRIOR TP	THB8.90
CHANGE IN TP	+44.9%
TP vs CONSENSUS	+49.8%

The tiger is awakening

- We believe ESSO is now at an inflection point to see strong NP growth from its refinery and downstream oil station businesses.
- The GRM of Thai refinery companies has continued to rise, jumping by 2x from the USD6-8/bbl range in 4Q21 to Jan-22.
- Upgrade ESSO to BUY from Hold; raise TP to THB12.9.

The best of both worlds

After a series of poor net profits/losses in 2019-21, we believe ESSO is now standing at an inflection point to see strong net profit growth from its refinery and downstream oil station businesses. We expect the key drivers to come from 1) a significant rebound in the market gross refining margin (GRM) as a result of higher product margins, mainly for gasoline, diesel, and jet fuel; and 2) improving net profits from its oil stations driven by higher sales volumes and rising marketing margins on the back of the high demand growth outlook.

Limited impact from crude premium hike; enjoying GRM rise

Since Feb-22, the market GRM of Thai refinery companies has continued to rise, jumping by 2x from the USD6-8/bbl range in 4Q21 to Jan-22. As one of the most focused refiners in the domestic market, ESSO is poised to benefit from the domestic demand recovery and the wider margins of oil products over crude oil prices despite the sharp rise in the crude oil price. Meanwhile, on the cost side, higher crude premiums due to the sanctions by the US and its European allies in response to Russia's invasion of Ukraine should have a limited impact on ESSO's GRM thanks to its low consumption of crudes imported from the Middle East.

EPS revisions on higher GRMs

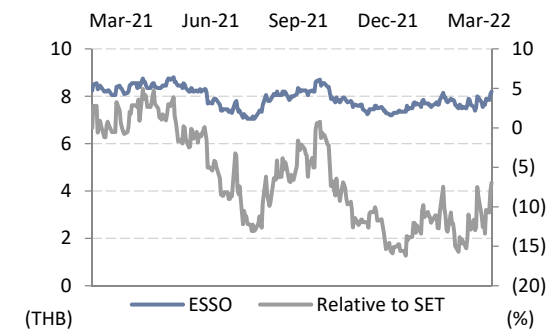
We raise our Dubai oil price assumptions in 2022-24 by 28.6-42.9% to USD100/90/90 per bbl to reflect the impact of the supply risk from the sanctions imposed on Russia. We also raise our GRM assumptions for ESSO by 13-21% to incorporate our higher oil product margin estimates following our more positive outlook on the margins of gasoline, diesel, and jet fuel due to the tighter supply and higher demand growth.

The best refinery play on the domestic demand recovery

We upgrade ESSO to BUY from Hold and raise our target price from THB8.9, previously based on 5.8x 2022E EV/EBITDA, to THB12.9, now based on 6.7x 2022E EV/EBITDA, to reflect ESSO's improving outlook on the GRM and earnings from its oil stations. We believe ESSO's earnings growth will be superior to its local peers in 2022 from its higher earnings leverage on domestic demand, as ESSO's refinery utilisation rates are directly linked to the oil demand for oil stations.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	172,878	225,628	221,483	223,143
Net profit	4,443	5,782	6,289	6,456
EPS (THB)	1.28	1.67	1.82	1.87
vs Consensus (%)	-	75.4	56.5	14.7
EBITDA	5,223	9,887	10,552	10,793
Core net profit	920	5,782	6,289	6,456
Core EPS (THB)	0.27	1.67	1.82	1.87
Chg. In EPS est. (%)	-	14.8	8.9	8.7
EPS growth (%)	nm	528.3	8.8	2.6
Core P/E (x)	30.8	4.9	4.5	4.4
Dividend yield (%)	6.1	6.1	6.1	6.1
EV/EBITDA (x)	9.6	5.1	4.6	4.3
Price/book (x)	1.5	1.3	1.0	0.9
Net debt/Equity (%)	112.9	96.7	73.7	56.7
ROE (%)	5.5	27.7	25.3	21.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.9	13.1	(1.8)
Relative to country (%)	6.9	10.4	(8.1)
Mkt cap (USD m)	843		
3m avg. daily turnover (USD m)	4.7		
Free float (%)	34		
Major shareholder	Exxonmobil Asia Holdings Pte. Ltd. (66%)		
12m high/low (THB)	8.90/7.00		
Issued shares (m)	3,460.86		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

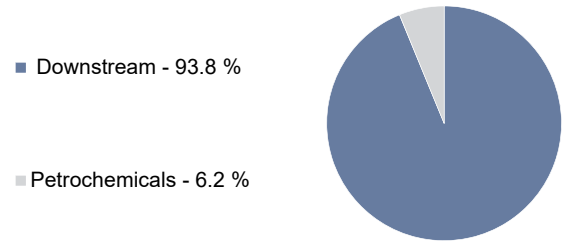
We believe ESSO will be one of the key refiners in Asia to capture the projected widening diesel-fuel oil spreads. ESSO's earnings growth started to improve from 2017, with 30% of its earnings being derived from non-refinery businesses, including aromatics (10%) and fuel stations (20%). We believe that ESSO's recent change in growth strategy to increase the number of its fuel stations will allow it to not only improve its overall profitability but also position it to benefit from a USD2-4/bbl higher market GRM from a widening diesel-Dubai spread. We believe that higher refined oil demand from its expanded fuel station business will lead to rising refinery utilisation rates of 60-69% in 2022-23. We expect the aromatics margin, mainly the PX-naphtha spread, to remain weak in 2022 due to new PX supplies coming on-stream and driving down ESSO's PX earnings.

Company profile

Owned 66% by ExxonMobil, ESSO is one of Thailand's leading refiners with a 174kbpd refinery capacity and 500ktpa paraxylene (PX) production capacity. ESSO also operates a downstream oil station business.

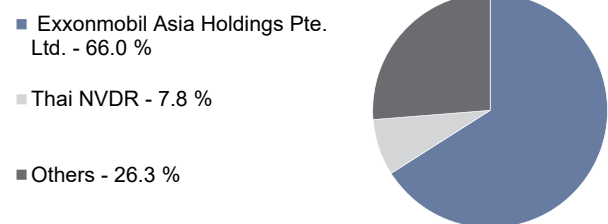
www.esso.co.th

Principal activities (revenue, 2021)



Source: Esso Thailand

Major shareholders



Source: Esso Thailand

Catalysts

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

Risks to our call

The downside risks to our SoTP-based TP on ESSO include 1) lower-than-expected demand for petroleum products; 2) a higher crude premium; and 3) unplanned shutdowns of its refinery and petrochemical plants.

Event calendar

Date	Event
May 2022	1Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Utilisation rate (%)	80	80	80
GRM (USD/bbl)	7.37	7.25	7.25
Dubai crude oil price (USD/bbl)	100.0	90.0	90.0
Gasoline-Dubai (USD/bbl)	20.0	18.0	16.0
Jet-Dubai (USD/bbl)	23.0	22.0	20.0
Diesel-Dubai (USD/bbl)	24.0	22.0	20.0
HSFO-Dubai (USD/bbl)	(15.0)	(12.0)	(12.0)
PX-naphtha margin (USD/tonne)	416	486	486

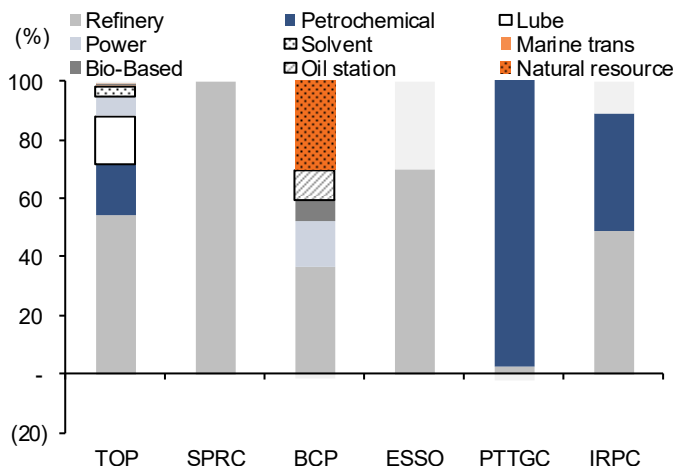
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in average Dubai oil price, we project 2022 earnings to rise by 1.2%, and vice versa, all else being equal.
- For every 1% rise in market GRM, we project 2022 earnings to rise by 1.4%, and vice versa, all else being equal.
- Stability in crude oil prices, rising diesel cracks and low crude premiums are key for its earnings growth.

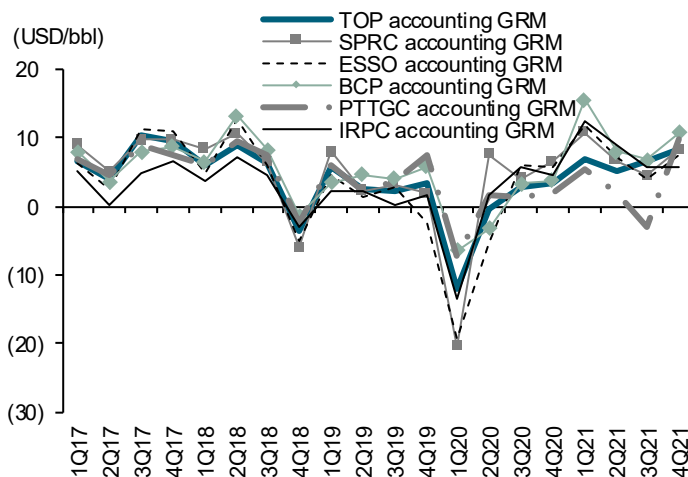
Source: FSSIA estimates

Exhibit 1: EBITDA breakdown of Thai refiners (%) as of 2021



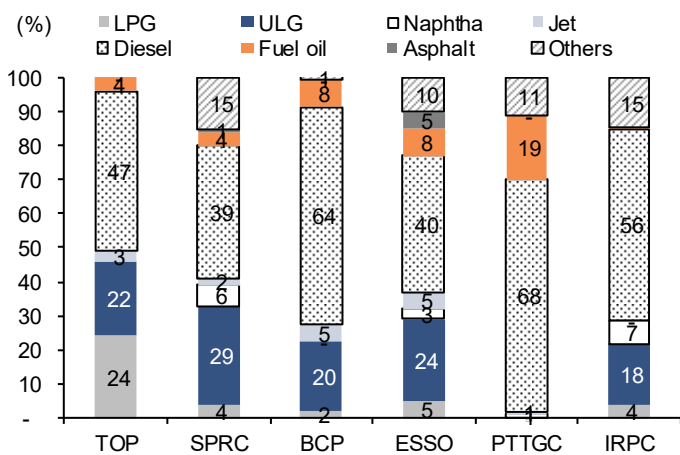
Source: Companies

Exhibit 2: Accounting GRM



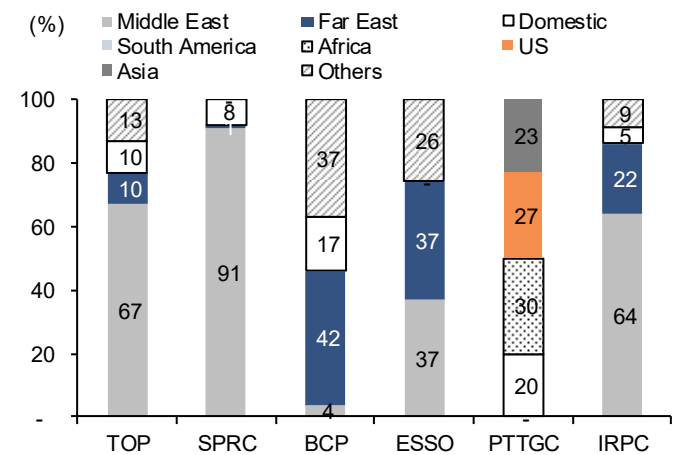
Source: Companies

Exhibit 3: Production yields of Thai refiners as of 2021



Source: Companies

Exhibit 4: Crude mix breakdown of Thai refiners as of 2021



Source: Companies

Exhibit 5: Key changes in assumptions

	Current			Previous			Change		
	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (%)	2023E (%)	2024E (%)
Revenue	225,628	221,483	223,143	171,430	183,020	184,680	31.6	21.0	20.8
Gross profit	16,501	17,045	17,334	13,982	15,256	15,546	18.0	11.7	11.5
Operating profit	7,228	7,828	8,005	6,297	7,167	7,344	14.8	9.2	9.0
Core net profit	5,782	6,289	6,456	5,037	5,777	5,942	14.8	8.9	8.7
Core EPS (THB/share)	1.67	1.82	1.87	1.46	1.67	1.72	14.8	8.9	8.7
Key assumptions									
Utilisation rate (%)	80	80	80	80.0	80	80	-	-	-
GRM (USD/bbl)	7.37	7.25	7.25	6.16	6.40	6.00	19.7	13.3	20.9
Dubai crude oil price (USD/bbl)	100.0	90.0	90.0	70.0	70.0	70.0	42.9	28.6	28.6
Gasoline-Dubai (USD/bbl)	20.0	18.0	16.0	14.0	14.0	14.0	42.9	28.6	14.3
Jet-Dubai (USD/bbl)	23.0	22.0	20.0	12.0	12.0	12.0	91.7	83.3	66.7
Diesel-Dubai (USD/bbl)	24.0	22.0	20.0	12.0	12.0	12.0	100.0	83.3	66.7
HSFO-Dubai (USD/bbl)	(15.0)	(12.0)	(12.0)	(7.0)	(7.0)	(7.0)	114.3	71.4	71.4
PX-naphtha margin (USD/tonne)	416	486	486	456	490	490	(8.8)	(0.8)	(0.8)

Note: Change of items in percentage terms are represented in ppt change
Sources: ESSO; FSSIA estimates

Financial Statements

Esso Thailand

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	126,672	172,878	225,628	221,483	223,143
Cost of goods sold	(120,888)	(162,588)	(209,127)	(204,439)	(205,809)
Gross profit	5,784	10,291	16,501	17,045	17,334
Other operating income	-	-	-	-	-
Operating costs	(5,217)	(5,068)	(6,614)	(6,493)	(6,541)
Operating EBITDA	567	5,223	9,887	10,552	10,793
Depreciation	(3,197)	(3,196)	(2,660)	(2,724)	(2,789)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	(2,630)	2,027	7,228	7,828	8,005
Net financing costs	(358)	(308)	(322)	(330)	(300)
Associates	285	227	233	265	265
Recurring non-operating income	352	252	260	293	295
Non-recurring items	(7,323)	3,523	0	0	0
Profit before tax	(9,958)	5,495	7,166	7,792	7,999
Tax	2,048	(1,051)	(1,383)	(1,501)	(1,543)
Profit after tax	(7,910)	4,444	5,783	6,290	6,456
Minority interests	(1)	(1)	(1)	(1)	(1)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	(7,911)	4,443	5,782	6,289	6,456
Non-recurring items & goodwill (net)	7,323	(3,523)	0	0	0
Recurring net profit	(588)	920	5,782	6,289	6,456
Per share (THB)					
Recurring EPS *	(0.17)	0.27	1.67	1.82	1.87
Reported EPS	(2.29)	1.28	1.67	1.82	1.87
DPS	0.00	0.50	0.50	0.50	0.50
Diluted shares (used to calculate per share data)	3,461	3,461	3,461	3,461	3,461
Growth					
Revenue (%)	(25.2)	36.5	30.5	(1.8)	0.7
Operating EBITDA (%)	nm	820.6	89.3	6.7	2.3
Operating EBIT (%)	nm	nm	256.6	8.3	2.3
Recurring EPS (%)	nm	nm	528.3	8.8	2.6
Reported EPS (%)	nm	nm	30.1	8.8	2.6
Operating performance					
Gross margin inc. depreciation (%)	2.0	4.1	6.1	6.5	6.5
Gross margin of key business (%)	(3.7)	6.1	6.1	6.5	6.5
Operating EBITDA margin (%)	0.4	3.0	4.4	4.8	4.8
Operating EBIT margin (%)	(2.1)	1.2	3.2	3.5	3.6
Net margin (%)	(0.5)	0.5	2.6	2.8	2.9
Effective tax rate (%)	20.0	19.9	19.9	19.9	19.9
Dividend payout on recurring profit (%)	-	188.0	29.9	27.5	26.8
Interest cover (X)	(6.4)	7.4	23.3	24.6	27.6
Inventory days	48.7	35.8	37.9	43.6	43.0
Debtor days	16.6	14.0	16.5	23.4	29.7
Creditor days	14.3	10.7	10.3	11.9	11.7
Operating ROIC (%)	(5.3)	(2.0)	(6.2)	(6.2)	(5.9)
ROIC (%)	(3.5)	(1.6)	(4.7)	(4.8)	(4.7)
ROE (%)	(3.2)	5.5	27.7	25.3	21.9
ROA (%)	(0.5)	1.3	7.5	7.6	7.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Downstream	119,542	162,153	215,398	210,593	212,253
Petrochemicals	7,129	10,725	10,230	10,890	10,890

Sources: Esso Thailand; FSSIA estimates

Financial Statements

Esso Thailand

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(588)	920	5,782	6,289	6,456
Depreciation	3,197	3,196	2,660	2,724	2,789
Associates & minorities	67	26	27	28	30
Other non-cash items	-	-	-	-	-
Change in working capital	10,787	(5,547)	(4,556)	(3,850)	(3,985)
Cash flow from operations	13,463	(1,405)	3,913	5,192	5,289
Capex - maintenance	(4,911)	(4,998)	(4,998)	(4,998)	(4,998)
Capex - new investment	(2,728)	(3,012)	(3,531)	(3,504)	(3,504)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	1,420	42	0	0	0
Cash flow from investing	(6,219)	(7,968)	(8,529)	(8,502)	(8,502)
Dividends paid	(346)	0	(2,423)	(1,730)	(1,730)
Equity finance	0	0	0	0	0
Debt finance	(807)	(548)	0	(2,000)	(1,000)
Other financing cash flows	(6,105)	10,461	6,897	6,869	6,868
Cash flow from financing	(7,258)	9,913	4,474	3,139	4,138
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(15)	540	(142)	(172)	924
Free cash flow to firm (FCFF)	7,603.75	(9,062.22)	(4,284.28)	(2,973.09)	(2,907.27)
Free cash flow to equity (FCFE)	331.16	539.80	2,281.02	1,558.45	2,654.68

Per share (THB)

FCFF per share	2.20	(2.62)	(1.24)	(0.86)	(0.84)
FCFE per share	0.10	0.16	0.66	0.45	0.77
Recurring cash flow per share	0.77	1.20	2.45	2.61	2.68

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	69,994	71,162	72,768	74,374	75,979
Less: Accumulated depreciation	(45,244)	(47,457)	(50,117)	(52,841)	(55,629)
Tangible fixed assets (net)	24,750	23,706	22,652	21,533	20,350
Intangible fixed assets (net)	181	153	153	153	153
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	2,137	2,095	2,095	2,095	2,095
Cash & equivalents	262	802	660	488	1,412
A/C receivable	5,083	8,171	12,202	16,158	20,144
Inventories	13,144	18,786	24,698	24,145	24,307
Other current assets	4,432	6,025	7,864	7,719	7,777
Current assets	22,921	33,784	45,424	48,510	53,640
Other assets	11,388	10,317	10,317	10,317	10,317
Total assets	61,378	70,055	80,640	82,608	86,555
Common equity	14,352	19,201	22,560	27,119	31,845
Minorities etc.	7	7	8	9	10
Total shareholders' equity	14,360	19,208	22,569	27,128	31,854
Long term debt	6,333	3,999	6,999	6,999	8,999
Other long-term liabilities	5,239	4,839	4,839	4,839	4,839
Long-term liabilities	11,573	8,839	11,839	11,839	13,839
A/C payable	4,452	5,117	6,728	6,577	6,621
Short term debt	16,703	18,488	15,488	13,488	10,488
Other current liabilities	14,291	18,402	24,017	23,576	23,752
Current liabilities	35,446	42,008	46,233	43,641	40,862
Total liabilities and shareholders' equity	61,378	70,055	80,640	82,608	86,555
Net working capital	3,916	9,463	14,019	17,869	21,854
Invested capital	42,373	45,734	49,235	51,967	54,769

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

Per share (THB)

Book value per share	4.15	5.55	6.52	7.84	9.20
Tangible book value per share	4.09	5.50	6.47	7.79	9.16

Financial strength

Net debt/equity (%)	158.6	112.9	96.7	73.7	56.7
Net debt/total assets (%)	37.1	31.0	27.1	24.2	20.9
Current ratio (x)	0.6	0.8	1.0	1.1	1.3
CF interest cover (x)	9.6	12.5	19.0	16.4	21.5

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(48.3)	30.8	4.9	4.5	4.4
Recurring P/E @ target price (x) *	(75.9)	48.5	7.7	7.1	6.9
Reported P/E (x)	(3.6)	6.4	4.9	4.5	4.4
Dividend yield (%)	-	6.1	6.1	6.1	6.1
Price/book (x)	2.0	1.5	1.3	1.0	0.9
Price/tangible book (x)	2.0	1.5	1.3	1.1	0.9
EV/EBITDA (x) **	90.2	9.6	5.1	4.6	4.3
EV/EBITDA @ target price (x) **	118.8	12.7	6.7	6.1	5.8
EV/invested capital (x)	1.2	1.1	1.0	0.9	0.8

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

Sources: Esso Thailand; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	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, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

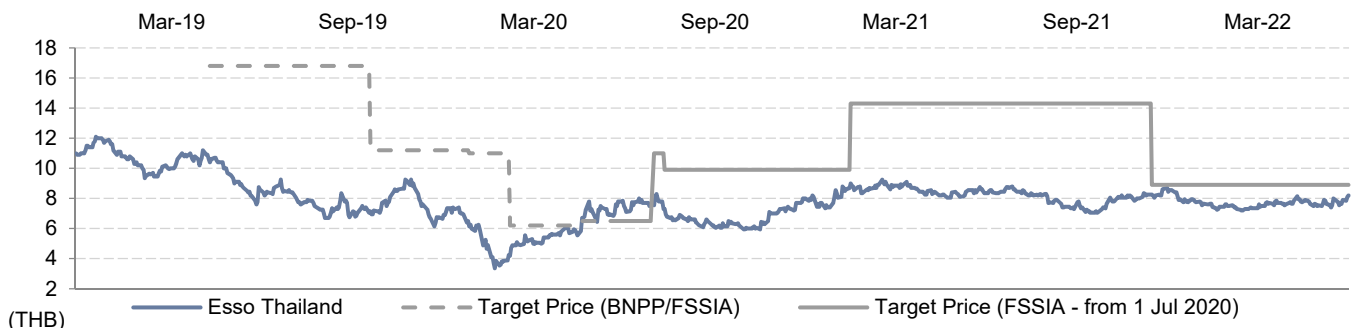
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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	01-Apr-2020	BUY	6.20	11-Aug-2020	BUY	9.90
03-Dec-2019	BUY	11.20	26-May-2020	BUY	6.50	18-Jan-2021	BUY	14.30
26-Feb-2020	BUY	11.00	31-Jul-2020	BUY	11.00	04-Oct-2021	HOLD	8.90

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 26-May-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Esso Thailand	ESSO TB	THB 8.20	BUY	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.

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 23-Mar-2022 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.