

# Thailand Refinery

## Cabinet takes aim at refinery and GSP profits

- Faced with an oil fund deficit of over THB100b, the cabinet will ask oil stations, refiners, and PTT to subsidise diesel and gasoline prices.
- We expect negative reactions for the share prices of oil stations, refiners and PTT.
- We expect 5-10% downsides to the share prices for Thai refiners; from the highest to lowest: TOP, IRPC, BCP, PTTGC, SPRC, and ESSO.

### 'Heavy' impact expected from the government's fuel subsidy mandate

On 16 Jun-22, according to the Daily News, the government's economic team proposed measures for the cabinet's approval next week that aim to alleviate the cost of living and reduce fuel prices. The cabinet will ask oil stations, refiners, and PTT to subsidise diesel and gasoline prices, as it struggles with a ballooning oil fund deficit of over THB100b as of 16 Jun-22. The measures include 1) maintaining the marketing margin (MM) for oil stations at THB1.4/litre; 2) initiating a temporary profit-sharing scheme for refiners for three months in Jul-Sep 2022, which includes a diesel subsidy of THB6b per month and a gasoline subsidy of THB1/litre; and 3) profit sharing in excess of 50% from the gas separation plants (GSPs) owned by PTT that will go into the oil fund, estimated at THB1.5b a month.

### Earnings downsides are largest for refiners, followed by GSPs and oil stations

We expect negative reactions for the share prices of oil stations, refiners and PTT, for four reasons. First, the THB1.4/litre cap on MM should have a limited impact on oil stations. Second, the effect of the diesel subsidy of USD15/bbl (THB3/litre), which amounts to a THB6b monthly subsidy for the 60m litres per day (mlpd) of diesel consumed in Thailand. Third, we project a USD5/bbl (THB1/litre) subsidy for gasoline with an aggregate cost of THB0.7b per month based on the country's 20mlpd monthly gasoline consumption. Fourth, the monthly subsidy burden on GSPs would be THB1.5b for PTT, based on its projected profit in excess of 50% of net profit, mainly generated from the ethane, propane, NGLs, and LPG used by PTTGC to produce PE and PP. We estimate that LPG, the only product classified as petroleum produced by GSPs, accounts for around 20-30% of their production.

### Hefty downsides for government-owned refiners (TOP, IRPC, BCP, PTTGC)

Based on the total monthly subsidy cost of THB8.2b (THB6b for diesel, THB0.7b for gasoline, and THB1.5b for GSPs), we estimate that the four government-owned refiners whose earnings would be most impacted, from highest to lowest, will be TOP, IRPC, BCP, and PTTGC, as they must comply with the government's demands, in the range of THB0.5-2b monthly for each refiner. As SPRC and ESSO are both owned by US companies, they are less likely to see an impact as they did not comply to the government's requests even in 2008 when three refiners TOP (THB0.9b), BCP (THB0.4b), and IRPC (THB0.5b) voluntarily subsidised the fuel price. However, if SPRC and ESSO are forced to comply, we estimate that SPRC and ESSO will see a THB1-2b lower net profit in 3Q22.

### 5-10% share price correction should provide good re-entry points

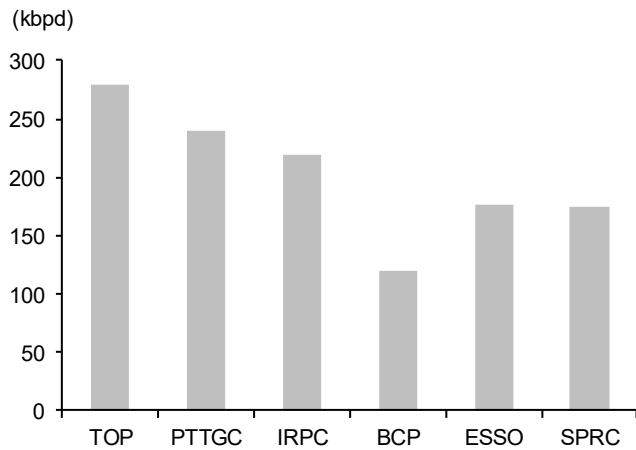
We expect 5-10% downsides to the share prices of Thai refiners, from the highest to lowest: TOP, IRPC, BCP, PTTGC, SPRC, and ESSO, as the true impact of the subsidies remains unclear, and whether the three-month initiative will be extended if high oil prices continue.



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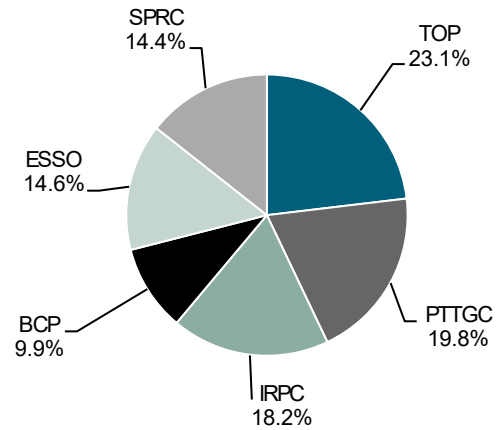
**Siriluck Pinthusoonthorn**  
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 +66 2611 3562

**Exhibit 1: Thailand's refinery capacity by company (1.2mbpd)**



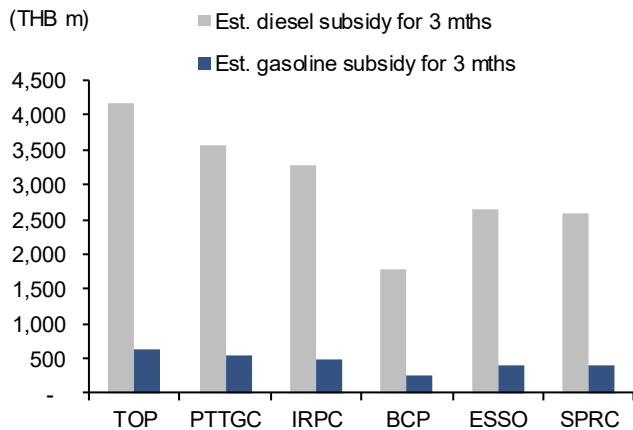
Source: Energy Planning and Policy Office (EPPO)

**Exhibit 2: Thailand's refinery capacity by company (%)**



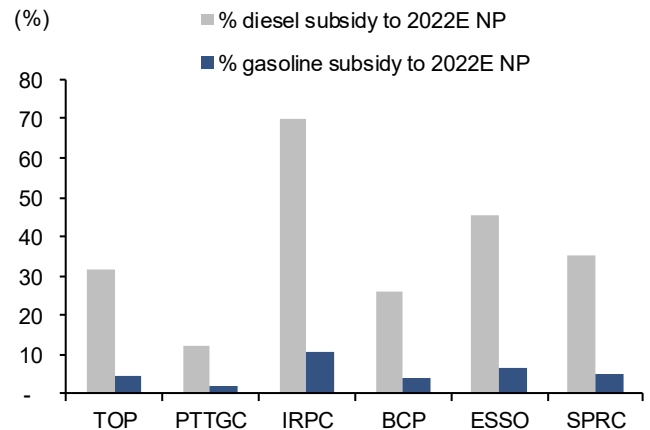
Source: EPPO

**Exhibit 3: Subsidies for gasoline and diesel**



Sources: Companies; FSSIA estimates

**Exhibit 4: Subsidies for gasoline and diesel (% of FSSIA's 2022E core net profit)**



Sources: Companies; FSSIA estimates

**Exhibit 5: Three-month subsidy for Thai refiners**

Refinery	Capacity (kbpd)	% capacity (%)	2022E core net profit (THB m)	Est. diesel subsidy (THB m)	% diesel subsidy to 2022E NP (%)	Est. gasoline subsidy (THB m)	% gasoline subsidy to 2022E NP (%)	Total subsidy (THB m)	% total subsidy to 2022E NP (%)
TOP	280	23.1	13,228	4,162	31	624	5	4,786	36.18
PTTGC	240	19.8	29,027	3,567	12	535	2	4,102	14
IRPC	220	18.2	4,676	3,270	70	491	10	3,761	80
BCP	120	9.9	6,830	1,784	26	268	4	2,051	30
ESSO	177	14.6	5,782	2,631	46	395	7	3,026	52
SPRC	174	14.4	7,375	2,586	35	388	5	2,974	40
<b>Total</b>	<b>1,211</b>	<b>100</b>	<b>66,918</b>	<b>18,000</b>	<b>220</b>	<b>2,700</b>	<b>33</b>	<b>20,700</b>	<b>253</b>

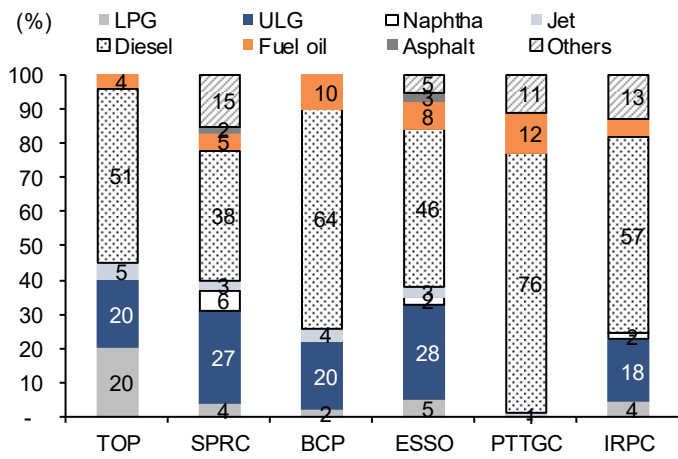
Sources: Companies; FSSIA estimates

**Exhibit 6: Government’s subsidies for fuel prices of diesel, gasoline, and LPG for three months (Jul-Sep 2022) for refiners and PTT (LPG)**

	Consumption (mlpd)/(mtpa)	Monthly subsidy (THB m)	Subsidy per litre (THB/litre)/(THB/kg)	Subsidy period (month)	Total subsidy (THB m)
Diesel	75	6,000	2.7	3	18,000
Gasoline	30	900	1.0	3	2,700
LPG	2.1	1,500	8.6	3	4,500

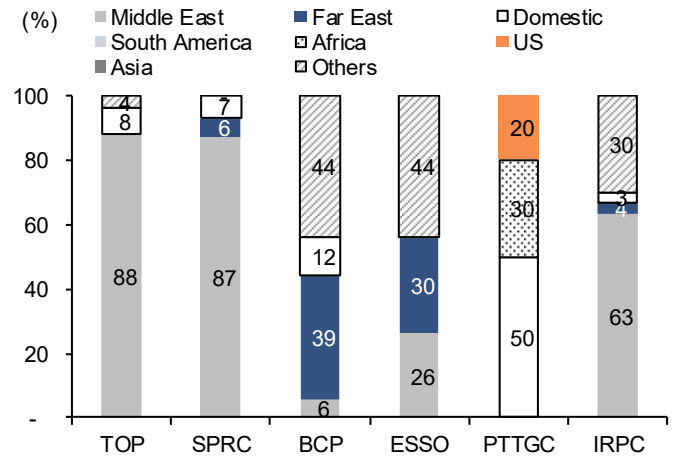
Sources: Bloomberg

**Exhibit 7: Product yield breakdown as of 1Q22**



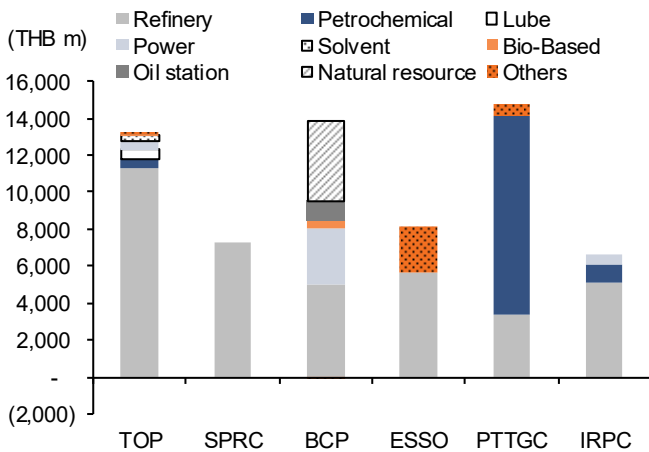
Source: Companies; FSSIA estimates

**Exhibit 8: Crude mix breakdown as of 1Q22**



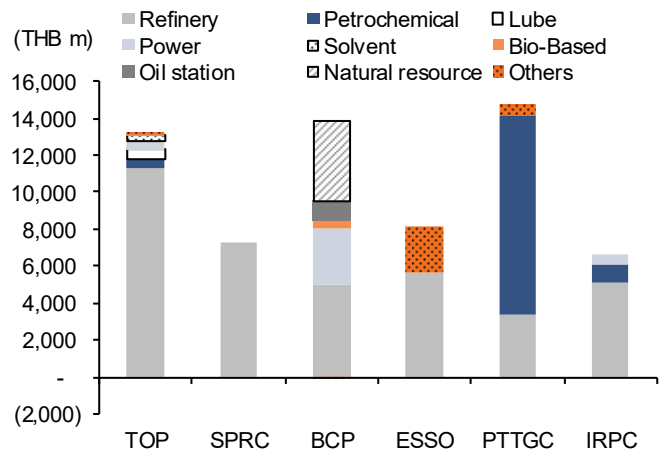
Source: Companies; FSSIA estimates

**Exhibit 9: EBITDA breakdown as of 1Q22**



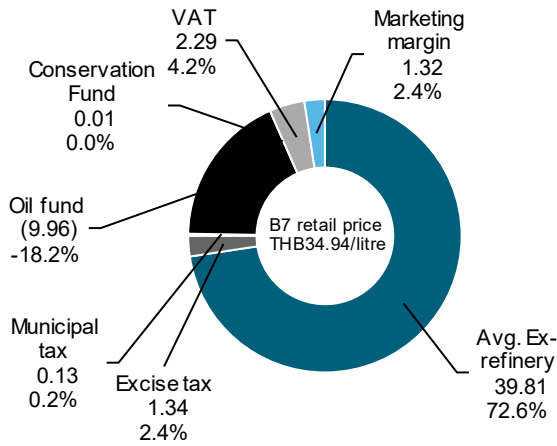
Sources: Companies; FSSIA estimates

**Exhibit 10: EBITDA breakdown as of 1Q22 (%)**



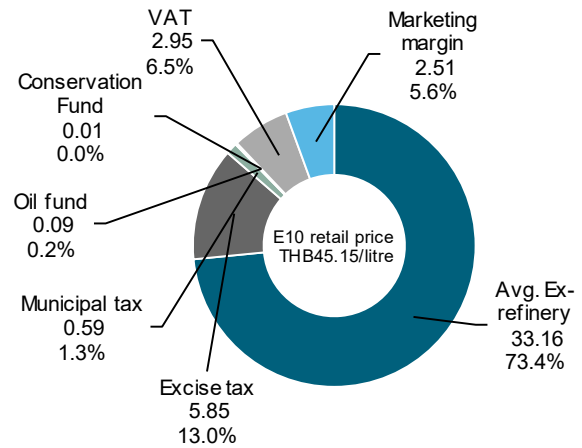
Sources: Companies; FSSIA estimates

**Exhibit 11: Biodiesel B7 retail price structure as of 16 Jun-22 (THB34.94/litre)**



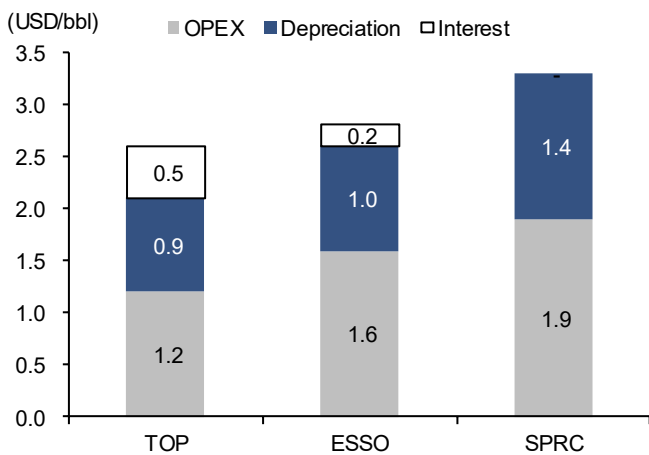
Source: EPPO

**Exhibit 12: Gasoline E10 retail price structure as of 16 Jun-22 (THB45.15/litre)**



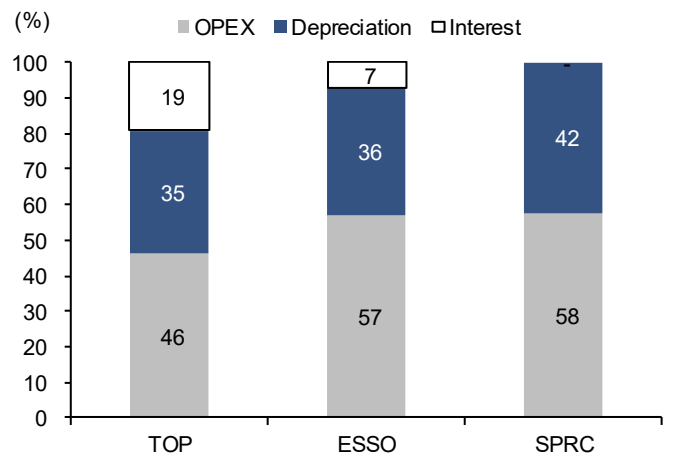
Source: EPPO

**Exhibit 13: Cost structures of three major Thai refiners**



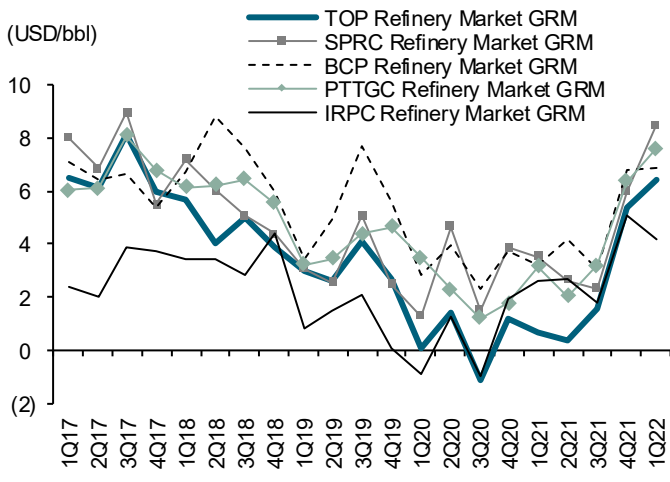
Sources: Companies; FSSIA estimates

**Exhibit 14: Cost structures (%) of three major Thai refiners**



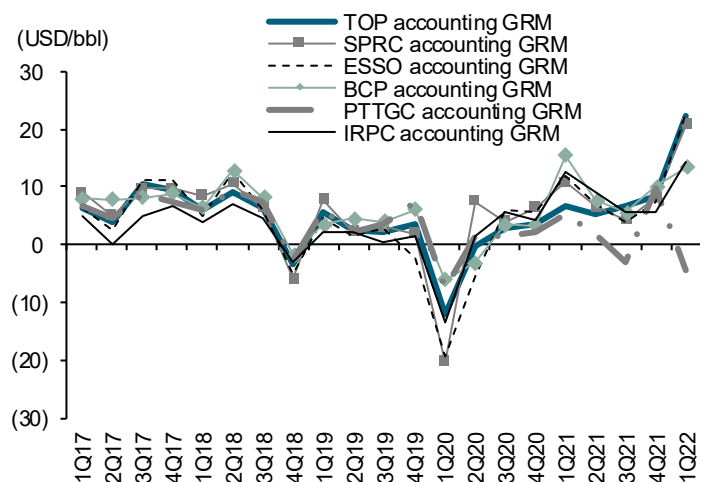
Sources: Companies; FSSIA estimates

**Exhibit 15: Thailand refiners' market GRMs**



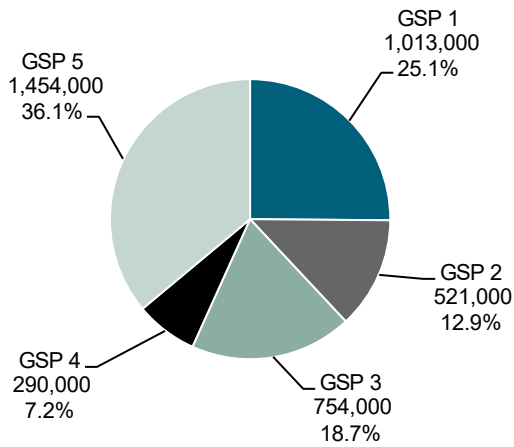
Source: Company data

**Exhibit 16: Thailand refiners' accounting GRMs**



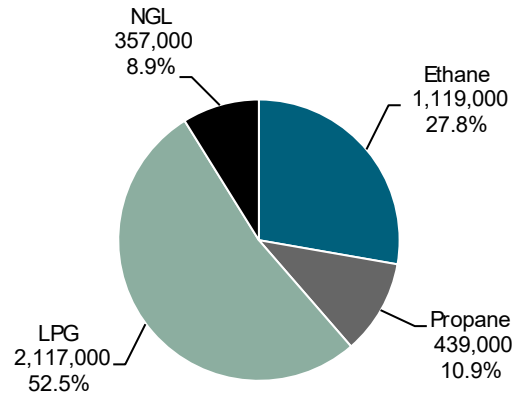
Source: Company data

**Exhibit 17: GSP's capacity breakdown by plant**



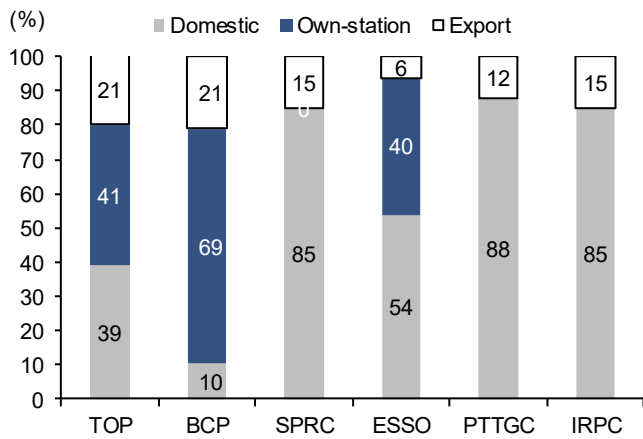
Source: PTT

**Exhibit 18: Production breakdown of PTT's GSPs by products**



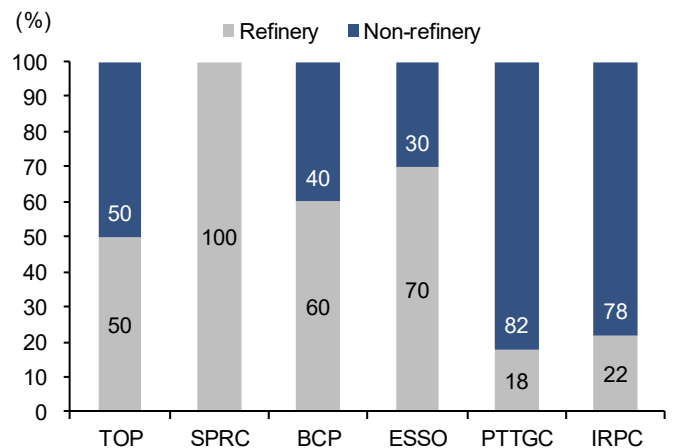
Source: PTT

**Exhibit 19: Sales volumes by channel (2021)**



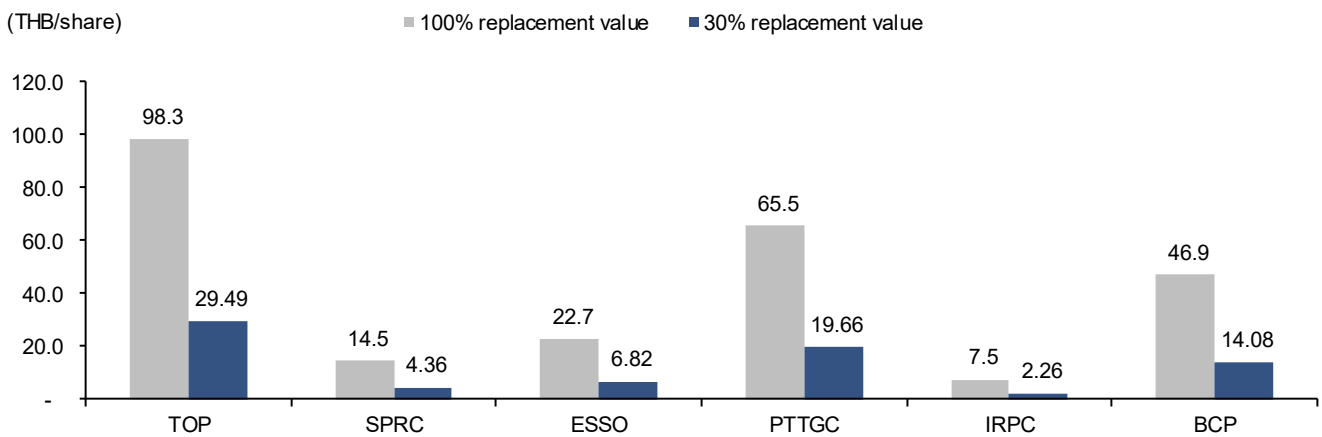
Source: EPPO

**Exhibit 20: Net profit breakdown (2021)**



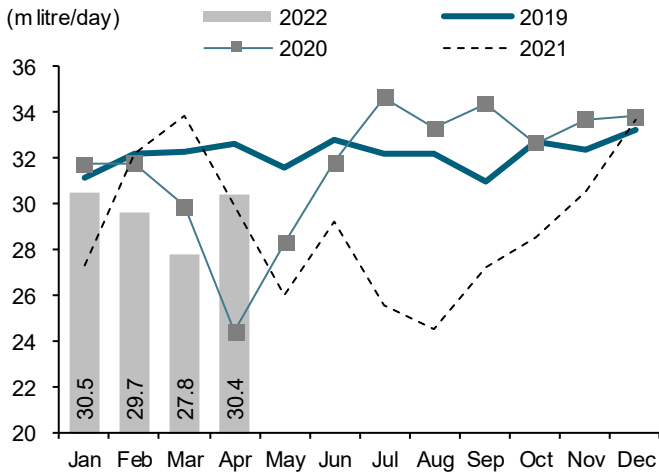
Source: Companies

**Exhibit 21: Replacement value per share as of 2021**



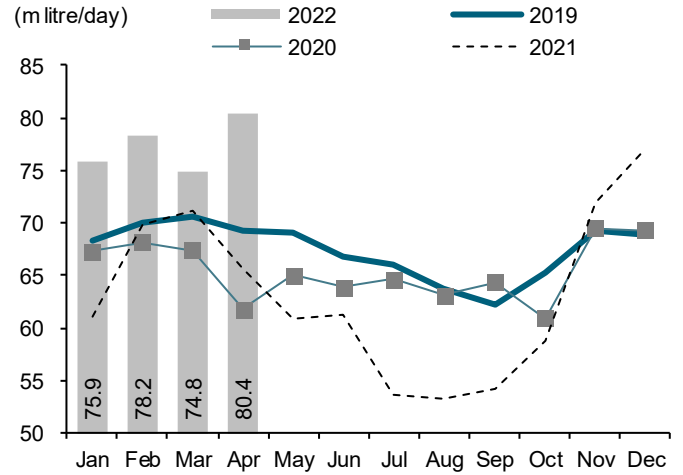
Sources: Companies; FSSIA estimates

**Exhibit 22: Thailand's gasoline consumption**



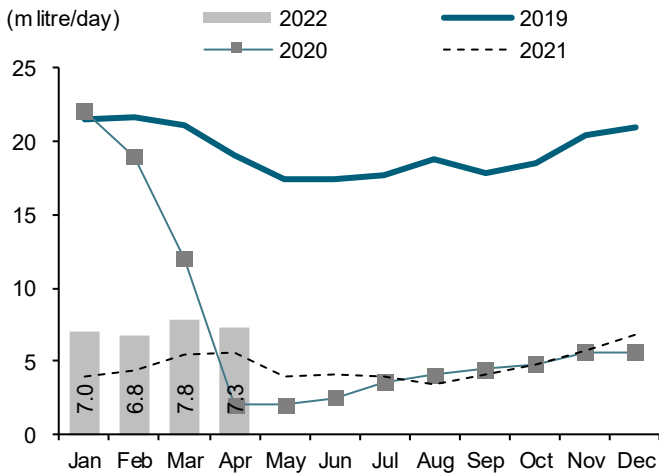
Source: Department of Energy Business (DOEB)

**Exhibit 23: Thailand's diesel consumption**



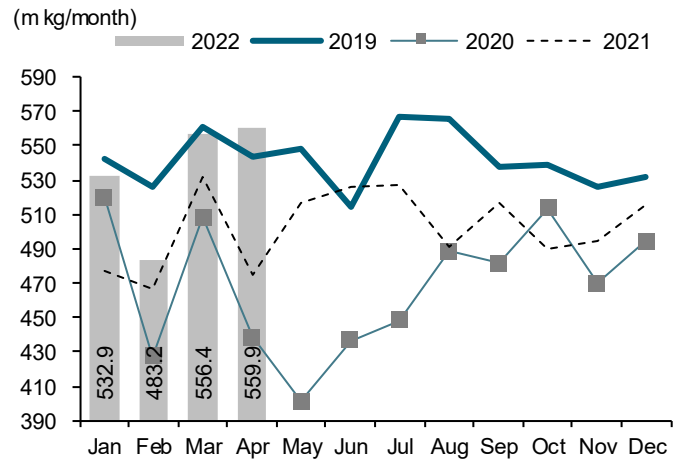
Source: DOEB

**Exhibit 24: Thailand's jet fuel consumption**



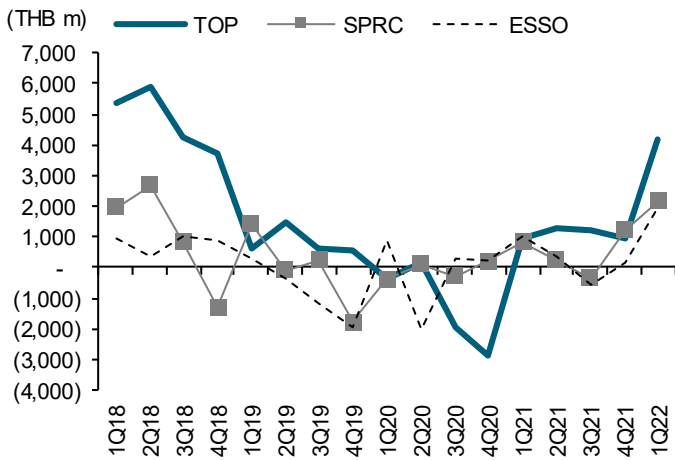
Source: DOEB

**Exhibit 25: Thailand's LPG consumption**



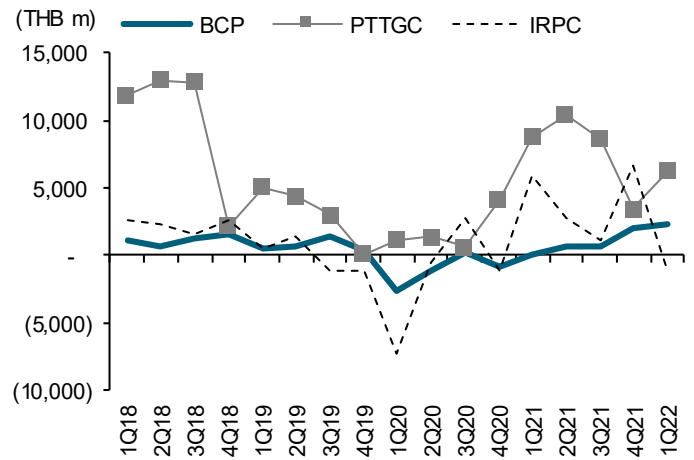
Source: DOEB

**Exhibit 26: Quarterly core net profits of TOP, SPRC, and ESSO**



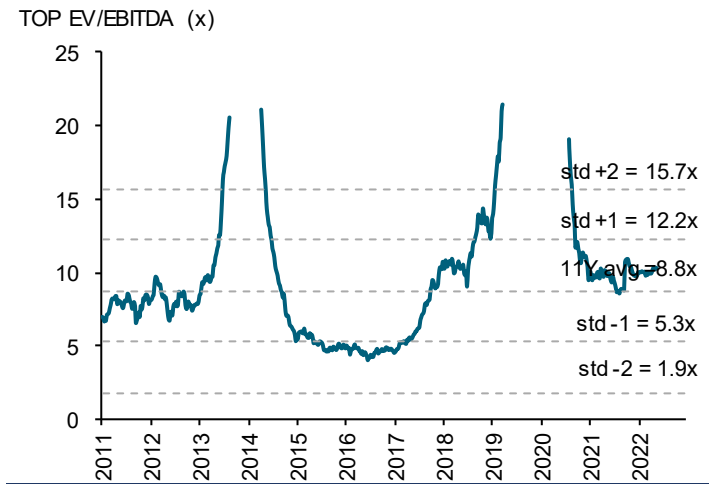
Sources: Companies; FSSIA estimates

**Exhibit 27: Quarterly core net profits of BCP, PTTGC, and IRPC**



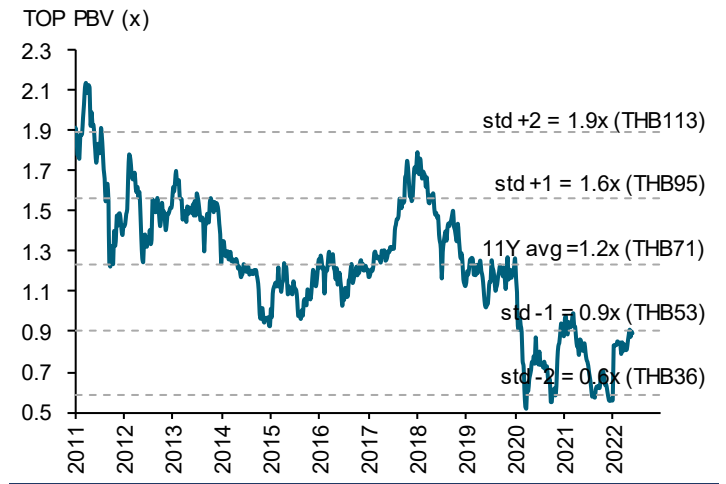
Sources: Companies; FSSIA estimates

**Exhibit 28: TOP's prospective EV/EBITDA band**



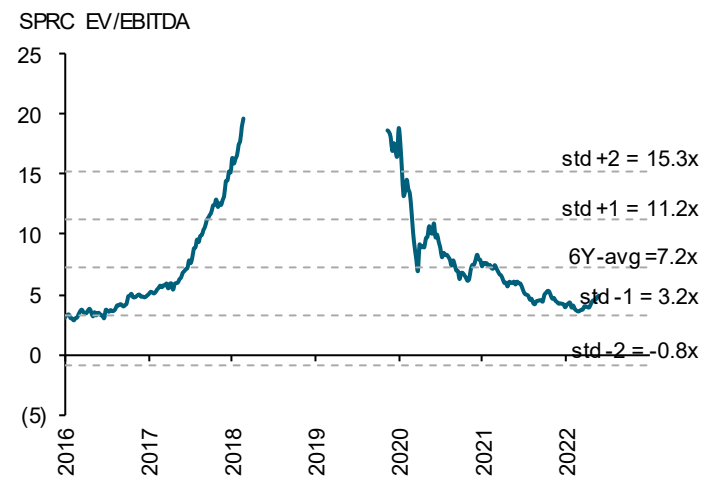
Sources: TOP; Bloomberg; FSSIA estimates

**Exhibit 29: TOP's prospective P/BV band**



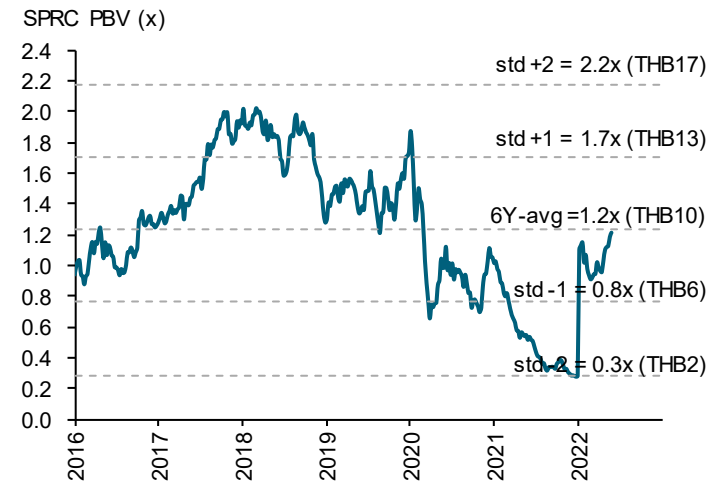
Sources: TOP; Bloomberg; FSSIA estimates

**Exhibit 30: SPRC's prospective EV/EBITDA band**



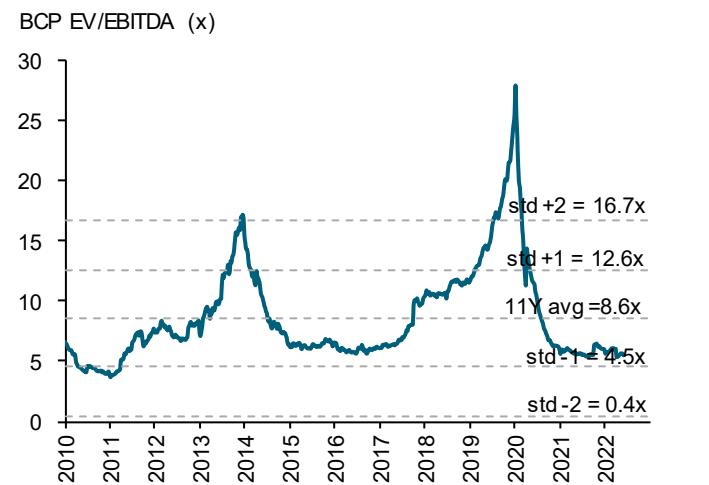
Sources: SPRC; Bloomberg; FSSIA estimates

**Exhibit 31: SPRC's prospective P/BV band**



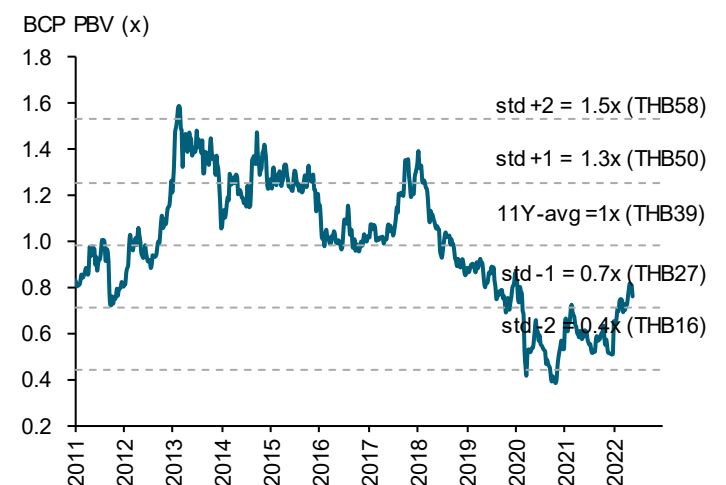
Sources: SPRC; Bloomberg; FSSIA estimates

**Exhibit 32: BCP's prospective EV/EBITDA band**



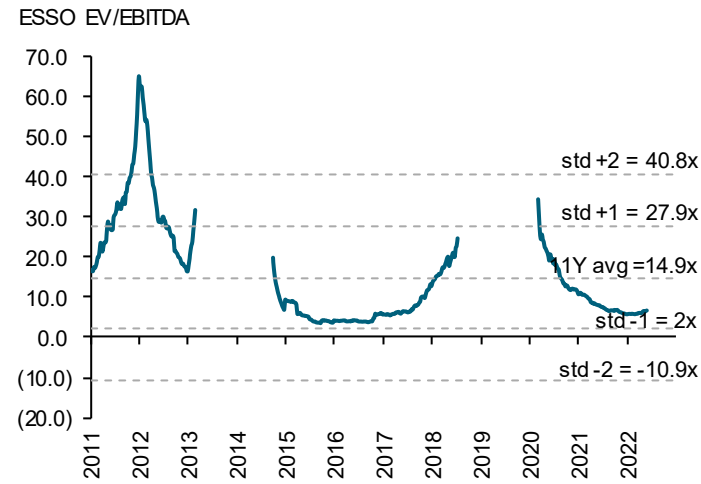
Sources: BCP; Bloomberg; FSSIA estimates

**Exhibit 33: BCP's prospective P/BV band**



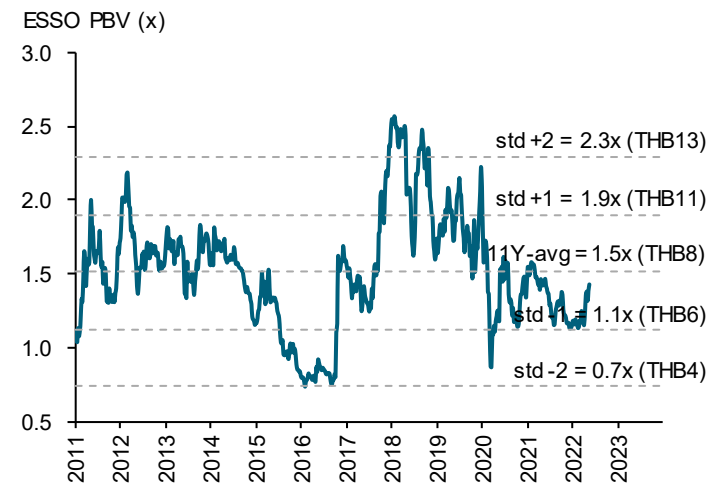
Sources: BCP; Bloomberg; FSSIA estimates

**Exhibit 34: ESSO's prospective EV/EBITDA band**



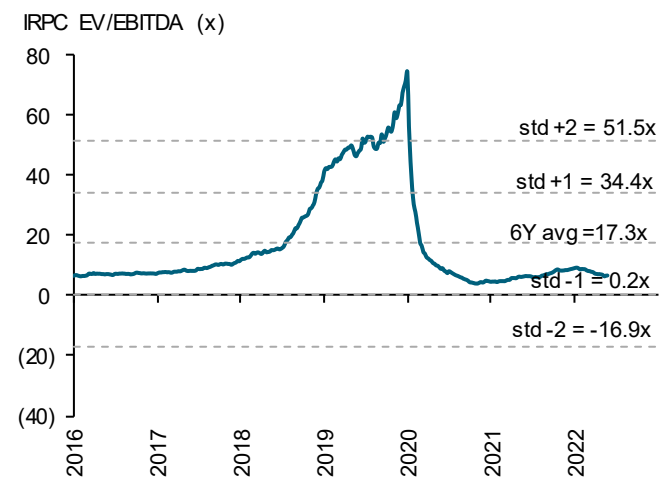
Sources: ESSO; Bloomberg; FSSIA estimates

**Exhibit 35: ESSO's prospective P/BV band**



Sources: ESSO; Bloomberg; FSSIA estimates

**Exhibit 36: IRPC's prospective EV/EBITDA band**



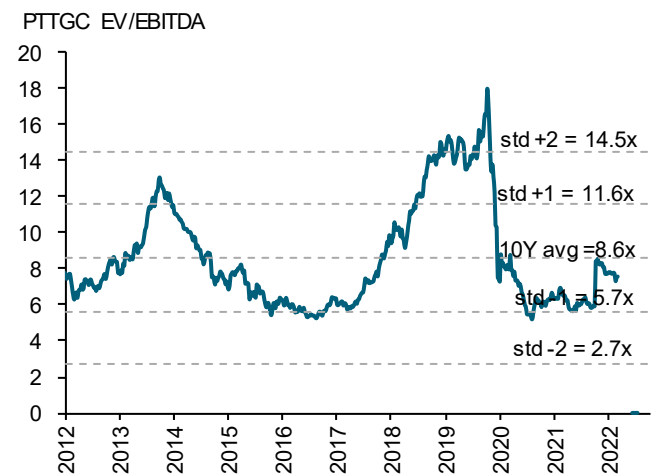
Sources: IRPC; Bloomberg; FSSIA estimates

**Exhibit 37: IRPC's prospective P/BV band**



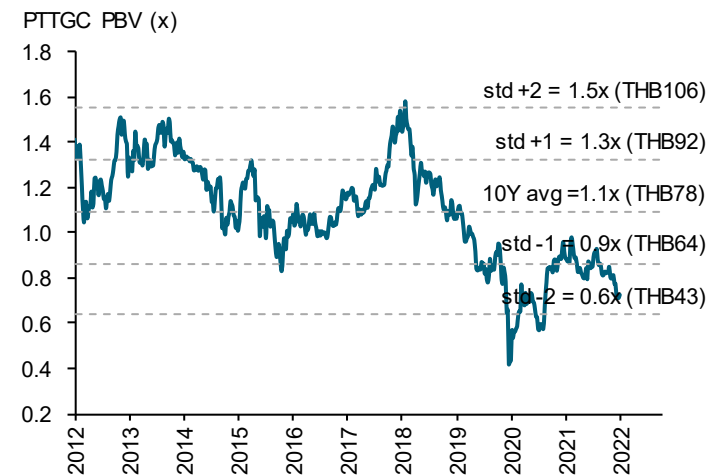
Sources: IRPC; Bloomberg; FSSIA estimates

**Exhibit 38: PTTGC's prospective EV/EBITDA band**



Sources: PTTGC; Bloomberg; FSSIA estimates

**Exhibit 39: PTTGC's prospective P/BV band**



Sources: PTTGC; Bloomberg; FSSIA estimates



## Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**Disclaimer:**

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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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIIK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

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### ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Thai Oil	TOP TB	THB 53.25	BUY	Downside risks to our EV/EBITDA-based TP are a sharp fall in oil price and weak demand for refined oil products.
Star Petroleum Refining	SPRC TB	THB 12.50	BUY	TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products.
Esso Thailand	ESSO TB	THB 11.80	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.
Bangchak Corp	BCP TB	THB 32.25	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of the company's refinery plants.
PTT Global Chemical	PTTGC TB	THB 45.25	REDUCE	The key upside risks to our EV/EBITDA-based TP are a stronger-than-expected HDPE price and HDPE-naphtha margin.
IRPC PCL	IRPC TB	THB 3.30	REDUCE	Key risks to our bearish view and EV/EBITDA-based target price are rising margins of PP-naphtha, SM and ABS-benzene, and a higher market GRM.
PTT PCL	PTT TB	THB 34.75	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downside from government intervention.

Source: FSSIA estimates

### Additional Disclosures

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

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All share prices are as at market close on 16-Jun-2022 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.