

# IRPC PCL

# IRPC TB

THAILAND / OIL & GAS

## HOLD

FROM REDUCE

TARGET PRICE	THB3.20
CLOSE	THB3.32
UP/DOWNSIDE	-3.6%
PRIOR TP	THB3.00
CHANGE IN TP	+6.7%
TP vs CONSENSUS	-13.7%

## Hedging loss to eclipse solid GRM

- We think IRPC's NP growth will be mostly offset by non-operating items, including large hedging losses.
- IRPC's earnings remain highly risky in 2022-23, given the continued oversupply of olefins and aromatics.
- Upgrade IRPC to HOLD from Reduce with a new TP of THB3.2.

### Strong operating margins to be wiped out by large hedging loss

Although IRPC should enjoy a strong market gross refining margin (GRM) to boost its core net profit growth significantly in 2022 due to the sharp spike in product margins, we think IRPC's net profit growth will be mostly offset by non-operating items, including large hedging losses that would be offset by inventory gains. This, in our view, reflects IRPC's weak business model and continued high cost structure, plus the highly volatile product margins of refinery, petrochemicals, and lube, despite the higher sales volume proportion generated from specialty products.

### Margin trends remain challenging for chemical products

With over two-thirds of its EBITDA generated from chemical products in the olefins and aromatics segment, IRPC's earnings remain highly risky in 2022-23, given the continued oversupply in the olefins and aromatics chains, mainly from the new supply influx from China, the Middle East, and North America. Hence, we project IRPC's gross integrated margin (GIM) from its chemical unit to remain weak at USD3-4/bbl in 2022-23 vs the USD6-8/bbl level seen in 2019-21.

### Refinery margin strength offset by high hedging loss

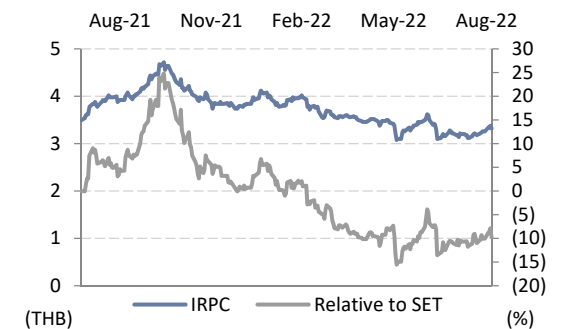
In 2Q22, while we project IRPC's GRM to spike to USD17/bbl, the net impact on its refinery unit should be mostly diluted by a large hedging loss of USD13/bbl, which in turn would lead to an operating loss after netting the total cost of USD10/bbl. Only an inventory gain could turn IRPC's reported net profit into the black from the red, in our view, indicating IRPC's ineffective internal hedging management strategy.

### EPS revisions and TP lifted to THB3.2

We upgrade IRPC to HOLD from Reduce with a new TP of THB3.2, based on 5.0x 2023E EV/EBITDA. We revise up our EPS forecasts in 2022-24 by 4.4-56.1%, mainly due to the expectation of a rising GRM and large inventory gains to help offset large hedging losses. We increase our oil price assumptions by 20-22% to USD120/bbl in 2022 and USD110/bbl in 2023-24 as we expect the oil price to remain high above USD100/bbl on average, supported by the tight supply and rising demand. In the Thai petrochemical sector, we prefer IVL as our top pick for its strong and visible earnings growth in 2022-24.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	255,115	369,141	344,400	343,273
Net profit	14,505	7,301	13,273	12,467
EPS (THB)	0.71	0.36	0.65	0.61
vs Consensus (%)	-	24.6	137.2	91.8
EBITDA	26,935	27,124	24,364	23,668
Core net profit	16,447	7,301	13,273	12,467
Core EPS (THB)	0.80	0.36	0.65	0.61
Chg. In EPS est. (%)	-	56.1	31.4	4.4
EPS growth (%)	nm	(55.6)	81.8	(6.1)
Core P/E (x)	4.1	9.3	5.1	5.4
Dividend yield (%)	9.9	5.4	9.8	9.2
EV/EBITDA (x)	4.4	4.8	5.1	5.2
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	56.8	70.6	59.2	55.5
ROE (%)	20.2	8.4	14.6	12.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.4	(5.1)	(7.8)
Relative to country (%)	0.7	(2.5)	(11.9)
Mkt cap (USD m)	1,885		
3m avg. daily turnover (USD m)	15.0		
Free float (%)	52		
Major shareholder	PTT Plc. (48%)		
12m high/low (THB)	4.76/3.06		
Issued shares (m)	20,434.42		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

We are bearish on IRPC's net profit growth outlook in 2022-23. Our bearish convictions include the weaker-than-expected margins of its aromatics and olefins products due to the industry oversupply, the sustained high naphtha cost, the poor margin outlook for lube as a result of the rising supply, and its mediocre GRM outlook due to the high crude premium cost despite our projections for strong product margins over the Dubai crude oil price.

We project IRPC's GIM to remain weak at USD11-13/bbl in 2022-23, slightly above its cost of USD11/bbl. The sustained high oil price and crude premium should continue to pressure IRPC's GIM thanks to IRPC's high cost structure and fuel loss at 8%. In 2022, we project IRPC's lube margin to remain weak at USD1/bbl, down from USD3-4/bbl in 2021, due to the higher supply.

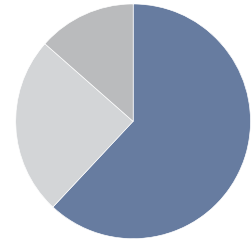
## Company profile

IRPC is a fully integrated refinery and naphtha-based petrochemical producer. The company was founded in 1978 and listed in 1995.

[www.irpc.co.th](http://www.irpc.co.th)

## Principal activities (revenue, 2021)

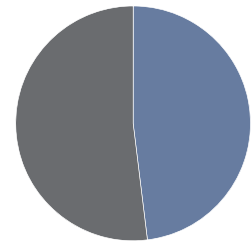
- Petroleum products - 84.9 %
- Petrochemical products - 33.6 %
- Other business - 18.5 %



Source: IRPC PCL

## Major shareholders

- PTT Plc. - 48.1 %
- Others - 52.0 %



Source: IRPC PCL

## Catalysts

Strong GRMs to help offset the weaker-than-expected oil product demand growth and lower-than-expected PP-naphtha and SM-benzene margins are key catalysts that could drive IRPC's share price toward our TP.

## Risks to our call

Key upside risks to our neutral view and EV/EBITDA-based target price are rising margins of PP-naphtha, SM and ABS-benzene, and a higher market GRM, while downside risks are weak demand for refinery and petrochemical products and a higher naphtha price.

## Event calendar

Date	Event
Aug 2022	2Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
Oil price (USD/bbl)	120	110	110
Olefin utilisation rate (%)	94	95	96
Refinery utilisation rate (%)	96	98	98
Market GRM (USD/bbl)	6.5	5.3	4.0
Market GIM (USD/bbl)	12.2	13.2	13.9
HDPE-naphtha (USD/t)	475	583	583
PP-naphtha (USD/t)	575	683	683

Source: FSSIA estimates

## Earnings sensitivity

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

Source: FSSIA estimates

**Exhibit 1: Key changes in assumptions and EPS revisions**

	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	369,141	344,400	343,273	314,834	294,743	294,269	17.2	16.8	16.7
Gross profit	36,943	34,007	33,279	22,253	28,968	31,302	66.0	17.4	6.3
Operating profit	18,286	15,110	14,086	5,039	11,462	13,482	262.9	31.8	4.5
Core net profit	7,301	13,273	12,467	4,676	10,098	11,940	56.1	31.4	4.4
EPS (THB/shr)	0.4	0.6	0.6	0.2	0.5	0.6	56.1	31.4	4.4
<b>Key assumptions</b>									
Oil price (USD/bbl)	120	110	110	100	90	90	20.0	22.2	22.2
Olefin utilisation rate (%)	94	95	96	94	95	96	0.0	0.0	0.0
Refinery utilisation rate (%)	96	98	98	96	98	98	0.0	0.0	0.0
Market GRM (USD/bbl)	6.5	5.3	4.0	5.5	5.6	4.6	19.1	(5.6)	(13.7)
Market GIM (USD/BBL)	12.2	13.2	13.9	10.5	13.2	14.1	16.4	0.1	(1.6)
HDPE-naphtha (USD/t)	475	583	583	455	563	563	4.4	3.6	3.6
PP-naphtha (USD/t)	575	683	683	555	563	563	3.6	21.3	21.3

Note: Change of items in percentage terms are represented in ppt change

Sources: IRPC; FSSIA estimates

## Financial Statements

### IRPC PCL

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	174,463	255,115	369,141	344,400	343,273
Cost of goods sold	(165,539)	(220,402)	(332,197)	(310,394)	(309,993)
<b>Gross profit</b>	<b>8,924</b>	<b>34,712</b>	<b>36,943</b>	<b>34,007</b>	<b>33,279</b>
Other operating income	-	-	-	-	-
Operating costs	(7,093)	(7,778)	(9,819)	(9,643)	(9,612)
<b>Operating EBITDA</b>	<b>1,831</b>	<b>26,935</b>	<b>27,124</b>	<b>24,364</b>	<b>23,668</b>
Depreciation	(8,952)	(8,587)	(8,839)	(9,254)	(9,581)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>(7,121)</b>	<b>18,348</b>	<b>18,286</b>	<b>15,110</b>	<b>14,086</b>
Net financing costs	(1,902)	(1,743)	(1,961)	(2,152)	(2,055)
Associates	333	713	713	713	713
Recurring non-operating income	1,339	2,221	(8,009)	2,221	2,221
Non-recurring items	0	(1,942)	0	0	0
<b>Profit before tax</b>	<b>(7,684)</b>	<b>16,884</b>	<b>8,316</b>	<b>15,179</b>	<b>14,252</b>
Tax	1,554	(2,351)	(987)	(1,878)	(1,758)
<b>Profit after tax</b>	<b>(6,130)</b>	<b>14,533</b>	<b>7,329</b>	<b>13,301</b>	<b>12,495</b>
Minority interests	(22)	(28)	(28)	(28)	(28)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(6,152)</b>	<b>14,505</b>	<b>7,301</b>	<b>13,273</b>	<b>12,467</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>1,942</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(6,152)</b>	<b>16,447</b>	<b>7,301</b>	<b>13,273</b>	<b>12,467</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.30)	0.80	0.36	0.65	0.61
Reported EPS	(0.30)	0.71	0.36	0.65	0.61
DPS	0.06	0.33	0.18	0.32	0.31
Diluted shares (used to calculate per share data)	20,434	20,434	20,434	20,434	20,434
<b>Growth</b>					
Revenue (%)	(27.1)	46.2	44.7	(6.7)	(0.3)
Operating EBITDA (%)	(56.7)	1,371.2	0.7	(10.2)	(2.9)
Operating EBIT (%)	nm	nm	(0.3)	(17.4)	(6.8)
Recurring EPS (%)	nm	nm	(55.6)	81.8	(6.1)
Reported EPS (%)	nm	nm	(49.7)	81.8	(6.1)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	0.0	10.2	7.6	7.2	6.9
Gross margin of key business (%)	0.0	10.2	7.6	7.2	6.9
Operating EBITDA margin (%)	1.0	10.6	7.3	7.1	6.9
Operating EBIT margin (%)	(4.1)	7.2	5.0	4.4	4.1
Net margin (%)	(3.5)	6.4	2.0	3.9	3.6
Effective tax rate (%)	19.4	13.0	13.0	13.0	13.0
Dividend payout on recurring profit (%)	(19.9)	41.0	50.0	50.0	50.0
Interest cover (X)	(3.0)	11.8	5.2	8.1	7.9
Inventory days	52.0	45.5	46.5	57.9	56.0
Debtor days	20.6	16.7	16.6	24.0	30.0
Creditor days	53.9	43.6	39.5	49.1	47.5
Operating ROIC (%)	(4.6)	11.9	11.0	8.6	7.9
ROIC (%)	(3.3)	11.9	5.6	9.0	8.3
ROE (%)	(7.7)	20.2	8.4	14.6	12.9
ROA (%)	(2.6)	9.8	4.4	7.1	6.6

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
Petroleum products	145,248	216,711	344,978	315,081	311,274
Petrochemical products	47,726	85,695	99,097	97,843	99,741
Other business	(18,511)	(47,292)	(74,934)	(68,523)	(67,742)

Sources: IRPC PCL; FSSIA estimates

## Financial Statements

### IRPC PCL

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(6,152)	16,447	7,301	13,273	12,467
Depreciation	8,952	8,587	8,839	9,254	9,581
Associates & minorities	333	713	713	713	713
Other non-cash items	-	-	-	-	-
Change in working capital	6,198	(15,210)	(8,659)	(5,099)	(5,587)
<b>Cash flow from operations</b>	<b>9,331</b>	<b>10,536</b>	<b>8,192</b>	<b>18,140</b>	<b>17,173</b>
Capex - maintenance	(4,672)	(4,697)	(4,835)	(5,062)	(5,241)
Capex - new investment	(2,994)	(2,350)	(5,602)	(1,695)	(1,520)
Net acquisitions & disposals	1,241	(610)	0	0	0
Other investments (net)	(2,920)	(1,721)	(11,705)	(1,523)	(1,523)
<b>Cash flow from investing</b>	<b>(9,345)</b>	<b>(9,378)</b>	<b>(22,142)</b>	<b>(8,280)</b>	<b>(8,284)</b>
Dividends paid	(2,043)	(1,226)	(6,743)	(3,650)	(6,636)
Equity finance	0	0	0	0	0
Debt finance	2,960	(852)	2,000	0	(5,000)
Other financing cash flows	4,913	3,305	9,108	(1,095)	(1,091)
<b>Cash flow from financing</b>	<b>5,829</b>	<b>1,227</b>	<b>4,365</b>	<b>(4,745)</b>	<b>(12,727)</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>5,815</b>	<b>2,384</b>	<b>(9,584)</b>	<b>5,115</b>	<b>(3,838)</b>
Free cash flow to firm (FCFF)	1,887.39	2,900.20	(11,988.60)	12,012.44	10,944.32
Free cash flow to equity (FCFE)	7,858.38	3,610.44	(2,841.07)	8,765.72	2,798.47

#### Per share (THB)

FCFF per share	0.09	0.14	(0.59)	0.59	0.54
FCFE per share	0.38	0.18	(0.14)	0.43	0.14
Recurring cash flow per share	0.15	1.26	0.82	1.14	1.11

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	204,132	206,824	217,822	224,989	232,156
Less: Accumulated depreciation	(89,581)	(97,757)	(106,595)	(115,849)	(125,430)
<b>Tangible fixed assets (net)</b>	<b>114,551</b>	<b>109,067</b>	<b>111,227</b>	<b>109,140</b>	<b>106,726</b>
<b>Intangible fixed assets (net)</b>	<b>774</b>	<b>761</b>	<b>761</b>	<b>761</b>	<b>761</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	8,684	9,294	9,294	9,294	9,294
Cash & equivalents	8,851	11,236	1,652	6,767	2,930
A/C receivable	9,626	13,785	19,804	25,419	31,016
Inventories	21,169	33,766	50,893	47,553	47,492
Other current assets	3,725	8,413	12,173	11,357	11,320
<b>Current assets</b>	<b>43,371</b>	<b>67,200</b>	<b>84,522</b>	<b>91,096</b>	<b>92,757</b>
Other assets	6,111	4,170	4,170	4,170	4,170
<b>Total assets</b>	<b>173,491</b>	<b>190,492</b>	<b>209,973</b>	<b>214,461</b>	<b>213,708</b>
Common equity	75,526	87,496	86,702	94,802	99,109
Minorities etc.	140	217	245	273	301
<b>Total shareholders' equity</b>	<b>75,666</b>	<b>87,712</b>	<b>86,947</b>	<b>95,075</b>	<b>99,410</b>
Long term debt	48,597	50,494	45,494	45,494	40,494
Other long-term liabilities	5,169	4,743	4,743	4,743	4,743
<b>Long-term liabilities</b>	<b>53,766</b>	<b>55,237</b>	<b>50,237</b>	<b>50,237</b>	<b>45,237</b>
A/C payable	23,983	28,671	43,214	40,378	40,326
Short term debt	13,335	10,585	17,585	17,585	17,585
Other current liabilities	6,741	8,287	11,991	11,187	11,150
<b>Current liabilities</b>	<b>44,059</b>	<b>47,543</b>	<b>72,789</b>	<b>69,149</b>	<b>69,061</b>
<b>Total liabilities and shareholders' equity</b>	<b>173,491</b>	<b>190,492</b>	<b>209,973</b>	<b>214,461</b>	<b>213,708</b>
Net working capital	3,796	19,006	27,666	32,765	38,352
Invested capital	133,916	142,298	153,117	156,129	159,302

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

#### Per share (THB)

Book value per share	3.70	4.28	4.24	4.64	4.85
Tangible book value per share	3.66	4.24	4.21	4.60	4.81

#### Financial strength

Net debt/equity (%)	70.2	56.8	70.6	59.2	55.5
Net debt/total assets (%)	30.6	26.2	29.3	26.3	25.8
Current ratio (x)	1.0	1.4	1.2	1.3	1.3
CF interest cover (x)	6.7	4.4	2.4	5.9	3.1

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>(11.0)</b>	<b>4.1</b>	<b>9.3</b>	<b>5.1</b>	<b>5.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(10.6)</b>	<b>4.0</b>	<b>9.0</b>	<b>4.9</b>	<b>5.2</b>
Reported P/E (x)	(11.0)	4.7	9.3	5.1	5.4
Dividend yield (%)	1.8	9.9	5.4	9.8	9.2
Price/book (x)	0.9	0.8	0.8	0.7	0.7
Price/tangible book (x)	0.9	0.8	0.8	0.7	0.7
EV/EBITDA (x) **	66.1	4.4	4.8	5.1	5.2
EV/EBITDA @ target price (x) **	64.8	4.3	4.7	5.0	5.1
EV/invested capital (x)	0.9	0.8	0.8	0.8	0.8

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

Sources: IRPC PCL; 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	PSH	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	SEOIL	SYMC	TQM	WHA
AP	CENEL	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	WIJK
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	UNIQU	
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	TIPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**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

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	SEA OIL	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	WIJK
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



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

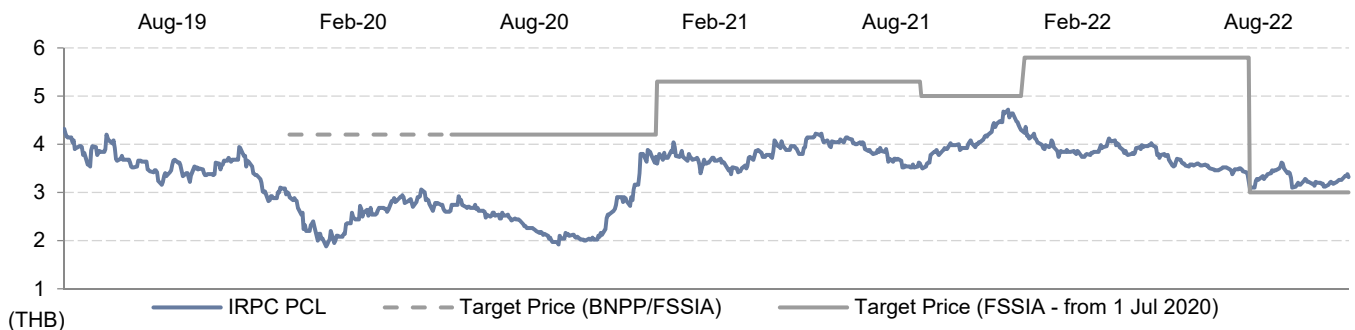
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

#### IRPC PCL (IRPC TB)



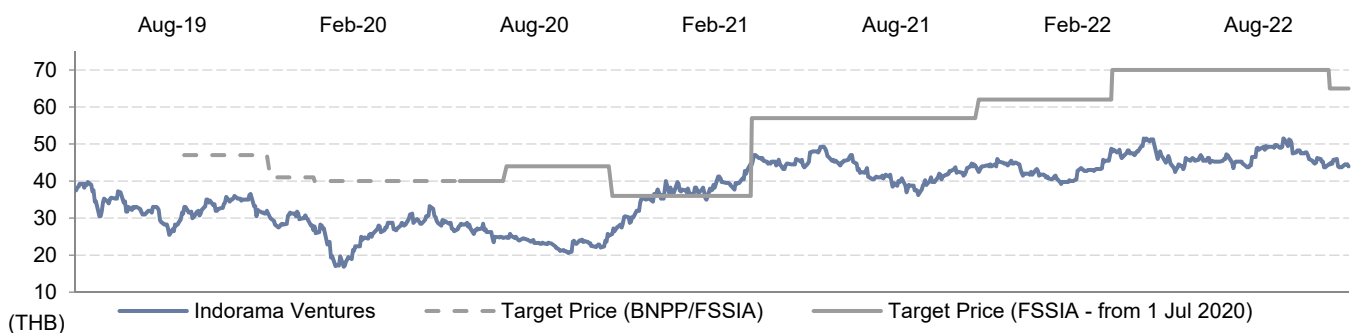
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
14-Feb-2020	BUY	4.20	04-Aug-2021	BUY	5.00	11-May-2022	REDUCE	3.00
22-Dec-2020	BUY	5.30	29-Oct-2021	BUY	5.80			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 08-May-2020

Price and TP are in local currency

Source: FSSIA estimates

#### Indorama Ventures (IVL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Nov-2019	BUY	47.00	07-Aug-2020	BUY	44.00	17-Sep-2021	BUY	62.00
20-Jan-2020	BUY	41.00	06-Nov-2020	BUY	36.00	12-Jan-2022	BUY	70.00
27-Feb-2020	BUY	40.00	08-Mar-2021	BUY	57.00	18-Jul-2022	BUY	65.00

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 09-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates



Company	Ticker	Price	Rating	Valuation & Risks
IRPC PCL	IRPC TB	THB 3.32	HOLD	Key upside risks to our neutral view and EV/EBITDA-based target price are rising margins of PP-naphtha, SM and ABS-benzene, and a higher market GRM, while downside risks are weak demand for refinery and petrochemical products and a higher naphtha price.
Indorama Ventures	IVL TB	THB 44.00	BUY	The key downside risks to our EV/EBITDA-based TP are weaker-than-expected margins for PX-PTA and PET-PTA, lower demand for polyester, and delays in IVL's projects.

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 04-Aug-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.