

IRPC PCL IRPC TB  
THAILAND / OIL & GAS**HOLD**

FROM REDUCE

## ผลขาดทุนจากสัญญาป้องกันความเสี่ยงจะบดบังค่าการกลั่นที่ดีที่สุด

- เราคิดว่ากำไรสุทธิของ IRPC จะถูกหักกลับเป็นส่วนมากจากรายการพิเศษอันประกอบด้วยผลขาดทุนจากสัญญาป้องกันความเสี่ยงที่มีเป็นจำนวนมาก
- กำไรของ IRPC ยังมีความเสี่ยงสูงในปี 2022-23 จากอุปทานโอเลฟินส์และอะโรเมติกส์ที่เกินดุลอย่างต่อเนื่อง
- ปรับเพิ่มคำแนะนำ IRPC เป็นถือจากลดการลงทุนพร้อมราคาเป้าหมายใหม่ที่ 3.2 บาท

|                 |         |
|-----------------|---------|
| 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%  |

## 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    |

## อัตรากำไรจากการดำเนินงานที่อยู่ในระดับสูงจะถูกบดบังด้วยผลขาดทุนจากสัญญาป้องกันความเสี่ยงที่มีเป็นจำนวนมาก

แม้ว่า IRPC น่าจะรายงานค่าการกลั่นในระดับสูง ซึ่งจะกระตุ้นการเติบโตของกำไรสุทธิอย่างมีนัยสำคัญในปี 2022 จาก Product margin ที่ปรับขึ้นในระดับสูง เราคิดว่ากำไรสุทธิของกำไรสุทธิจะถูกหักกลับเป็นส่วนมากจากรายการพิเศษอันประกอบด้วยผลขาดทุนจากสัญญาป้องกันความเสี่ยงที่มีเป็นจำนวนมากซึ่งน่าจะชดเชยกับกำไรจากสินค้าคงคลัง เราเห็นว่าสถานการณ์ดังกล่าวสะท้อนรูปแบบธุรกิจที่อ่อนแอและโครงสร้างต้นทุนที่อยู่ในระดับสูงอย่างต่อเนื่องของ IRPC รวมถึง Product margin ที่มีความผันผวนสูงในธุรกิจโรงกลั่น ปีไตรมาสแรก และน้ำมันหล่อลื่น แม้ว่าจะมีสัดส่วนปริมาณขายผลิตภัณฑ์พิเศษเพิ่มขึ้น

## แนวโน้มอัตรากำไรผลิตภัณฑ์เคมียังท้าทาย

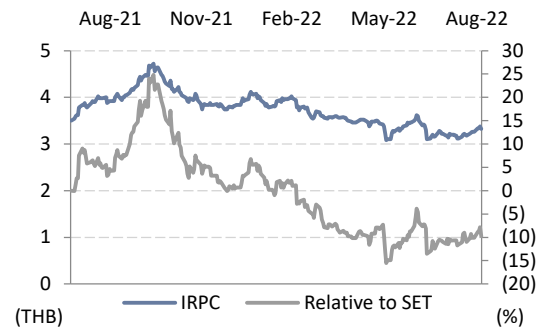
ด้วย EBITDA กว่า 2 ใน 3 จากผลิตภัณฑ์เคมีในกลุ่มโอเลฟินส์และอะโรเมติกส์ กำไรของ IRPC ยังมีความเสี่ยงสูงในปี 2022-23 จากอุปทานโอเลฟินส์และอะโรเมติกส์ที่เกินดุลอย่างต่อเนื่อง โดยส่วนมากมาจากการไหลบ่าของอุปทานใหม่จากจีน ตะวันออกกลางและอเมริกาเหนือ ด้วยเหตุดังกล่าวเราจึงคาดว่า Gross integrated margin (GIM) ของ IRPC จากรธุรกิจเคมีจะยังอ่อนแอที่ USD3-4/bbl ในปี 2022-23 เทียบกับระดับ USD6-8/bbl ในปี 2019-21

## Refinery margin ที่เพิ่มขึ้นจะหักกลับกับผลขาดทุนจากสัญญาป้องกันความเสี่ยงที่อยู่ในระดับสูง

ใน 2Q22 ในขณะที่เราคาดว่าค่าการกลั่นของ IRPC จะปรับขึ้นเป็น USD17/bbl ผลสุทธิที่มีต่อธุรกิจโรงกลั่นน่าจะถูกลบเป็นส่วนมากจากผลขาดทุนจากสัญญาป้องกันความเสี่ยงที่สูงถึง USD13/bbl ซึ่งน่าจะทำให้เกิดผลขาดทุนจากการดำเนินงานหลังหักต้นทุนรวมที่ USD10/bbl เราเห็นว่ายังมีเพียงแต่กำไรจากสินค้าคงคลังที่อาจสามารถพลิกกำไรสุทธิของ IRPC ให้เป็นบวกจากลบ ซึ่งบ่งชี้ถึงกลยุทธ์การบริหารการป้องกันความเสี่ยงภายในที่ไม่มีประสิทธิภาพของ IRPC

## ปรับประมาณการกำไรต่อหุ้นและเพิ่มราคาเป้าหมายเป็น 3.2 บาท

เราปรับเพิ่มคำแนะนำสำหรับ IRPC เป็นถือจากลดการลงทุนพร้อมราคาเป้าหมายใหม่ที่ 3.2 บาท (5.0x ของค่า 2023E EV/EBITDA) เราปรับเพิ่มประมาณการกำไรต่อหุ้นในปี 2022-24 ขึ้น 4.4-56.1% ส่วนมากจากสมมติฐานค่าการกลั่นที่สูงขึ้นและกำไรจากสินค้าคงคลังจำนวนมากที่จะช่วยชดเชยผลขาดทุนจากสัญญาป้องกันความเสี่ยงที่อยู่ในระดับสูง เราปรับเพิ่มสมมติฐานราคาน้ำมันอีก 20-22% เป็น USD120/bbl ใน 2022 และ USD110/bbl ในปี 2023-24 เนื่องจากเราคาดว่าราคาน้ำมันจะยังอยู่ในระดับสูงเหนือ USD100/bbl โดยเฉลี่ยจากอุปทานที่ตึงตัวและความต้องการที่ปรับขึ้น ในกลุ่มปิโตรเคมีไทยเราเลือก IVL เป็นหุ้นเด่นจากการเติบโตของกำไรที่ชัดเจนและอยู่ในระดับสูงในปี 2022-24



| 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



Suwat Sinsadok, CFA, FRM, ERP

suwat.sin@fssia.com  
+66 2611 3558

Siriluck Pinthusoonthorn

siriluck.pin@fssia.com  
+66 2611 3562

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 สิงหาคม 2022

### 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.

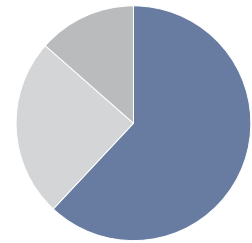
### Company profile

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)

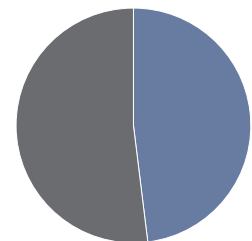
- Petroleum products - 84.9 %
- Petrochemical products - 33.6 %
- Other business - 18.5 %



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<br>(THB m) | 2023E<br>(THB m) | 2024E<br>(THB m) | 2022E<br>(THB m) | 2023E<br>(THB m) | 2024E<br>(THB m) | 2022E<br>(%) | 2023E<br>(%) | 2024E<br>(%) |
| 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 |                |               |               |               |               |
| <b>Revenue by Division (THB m)</b>                |                |               |               |               |               |
| 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>87,713</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    | DRS    | SCM    | SUSCO  | TOA   | VIH    |
| AMATAV                               | BTS    | DTAC   | HANA   | LHFG   | NVD    | PSL    | SDC    | SUTHA  | TOP   | WACOAL |
| ANAN                                 | BTW    | DUSIT  | HARN   | LIT    | NWR    | PTG    | SEAFCO | SVI    | TPBI  | WAVE   |
| AOT                                  | BWG    | EA     | HMPRO  | LPN    | NYT    | PTT    | SEAOL  | 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   | MITSIB | 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    | 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:**

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    | 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    | 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

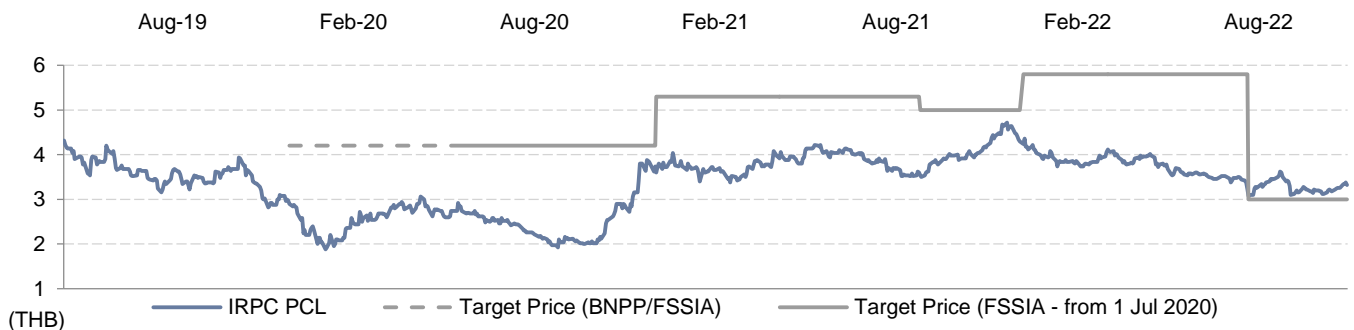
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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

**IRPC PCL (IRPC TB)**



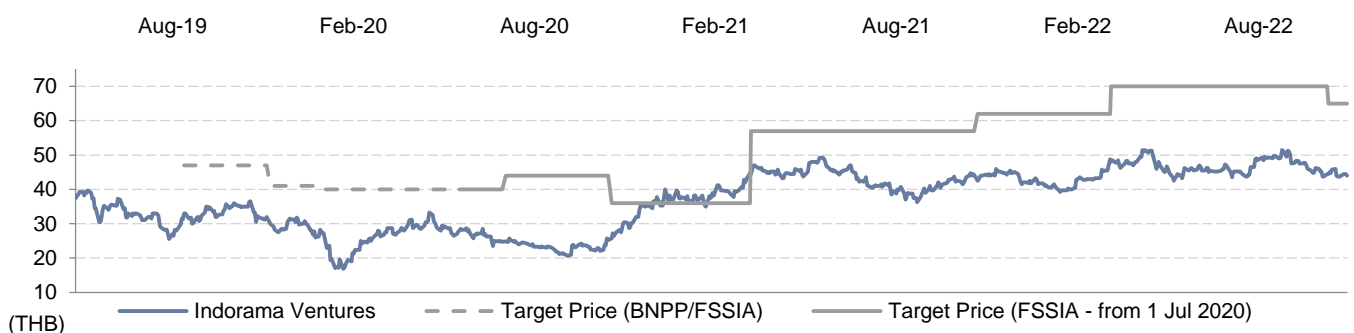
| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 14-Feb-2020 | BUY    | 4.20         | 04-Aug-2021 | BUY    | 5.00         | 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.