

STAR PETROLEUM REFINING

THAILAND / OIL & GAS

SPRC TB

BUY

Lower gasoline yield was key in 2Q22

- SPRC's 2Q22 core NP was THB5.5b (+158% q-q, +23x y-y), while NP was THB7.2b (+35% q-q, +825% y-y).
- The key drivers were 1) an estimated pre-tax inventory gain of THB2b due to the higher oil price; and 2) a forex loss of THB0.6b.
- We maintain BUY and our TP of THB14.6

| | |
|-----------------|----------|
| TARGET PRICE | THB14.60 |
| CLOSE | THB11.30 |
| UP/DOWNSIDE | +29.2% |
| TP vs CONSENSUS | +4.8% |

Lower-than-expected 2Q22 net profit on lower gasoline yield

SPRC's 2Q22 core net profit (NP) was THB5.5b, up 158% q-q and 23x y-y. 2Q22 NP was THB7.2b, up 35% q-q and 825% y-y, driven by an estimated pre-tax inventory gain of THB2b, or USD4/bbl, due to the higher oil price and a forex loss of THB0.6b. The NP of THB7.2b beat Bloomberg's consensus estimate by 15% but missed our estimate by 25%. The main reason was the lower-than-expected market gross refining margin (GRM) which jumped to USD18.9/bbl (+124% q-q, +614% y-y) on higher product margins but was offset by the higher crude premium and lower-than-expected utilisation rate at 89% or 156kbpd.

High jet yield but lower gasoline yield in 2Q22

In 2Q22, SPRC continued to optimise its crude mix by using Middle East crude at a proportion of over 80%. It raised jet fuel production to 7% in 2Q22, up from 3% in 1Q22, at the expense of a lower gasoline yield at 24%, down from 27% in 1Q22. Diesel yield rose to 39% in 2Q22, up from 38% in 1Q22. Its 2Q22 utilisation rate was higher at 89%, up from 86% in 1Q22 and 77% in 2Q21, but still lower than our projection of 92%, due to the lower gasoline yield – the product with the highest margin in 2Q22.

Softer q-q earnings expected in 3Q22 before rebounding in 4Q22

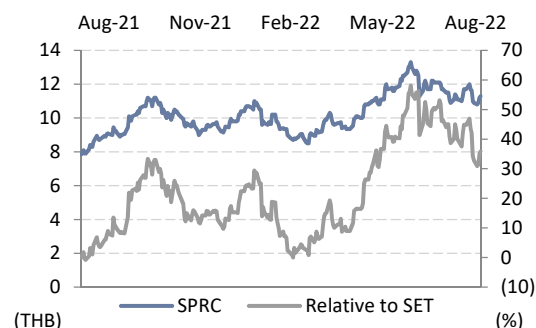
We think SPRC's NP will soften q-q in 3Q22 before rebounding again in 4Q22, driven by a q-q lower market GRM on the q-q weaker product margins. As of 11 Aug-22, the margins of diesel, jet fuel, and gasoline-Dubai have plunged sharply due to weaker demand, resulting in a q-q lower GRM by USD10-15/bbl, on market concerns about potentially weaker demand due to the looming recession, particularly in the US market, following the Fed's rate hike to curb inflation.

An attractive refinery play

We maintain BUY and our TP of THB14.6, based on 2.4x 2022E EV/EBITDA. We think SPRC's share price is poised to re-rate further on the back of its strong GRM and higher demand, which should boost its refinery utilisation rate to above 90% in 2Q22 onward. SPRC is one of the most attractive Thai refiners for its low-cost structure amid the rising demand for oil products. Plus, SPRC should pay a dividend of THB0.174 in 2022 after its retained earnings turn positive, based on our estimate.

KEY STOCK DATA

| YE Dec (THB m) | 2021 | 2022E | 2023E | 2024E |
|---------------------|---------|---------|---------|---------|
| Revenue | 172,484 | 407,047 | 361,247 | 358,637 |
| Net profit | 4,746 | 15,451 | 6,881 | 9,538 |
| EPS (THB) | 1.09 | 3.56 | 1.59 | 2.20 |
| vs Consensus (%) | - | 15.4 | 9.5 | 32.9 |
| EBITDA | 5,972 | 22,248 | 11,678 | 14,876 |
| Core net profit | 1,937 | 15,451 | 6,881 | 9,538 |
| Core EPS (THB) | 0.45 | 3.56 | 1.59 | 2.20 |
| EPS growth (%) | (6.3) | 697.5 | (55.5) | 38.6 |
| Core P/E (x) | 25.3 | 3.2 | 7.1 | 5.1 |
| Dividend yield (%) | 1.6 | 3.5 | 3.5 | 3.5 |
| EV/EBITDA (x) | 9.1 | 1.8 | 2.9 | 1.7 |
| Price/book (x) | 1.4 | 1.0 | 0.9 | 0.8 |
| Net debt/Equity (%) | 14.9 | (18.3) | (28.3) | (39.0) |
| ROE (%) | 6.4 | 37.0 | 13.3 | 16.4 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|---|---------|------------|
| Absolute (%) | (1.7) | 4.6 | 39.5 |
| Relative to country (%) | (6.3) | 2.2 | 31.8 |
| Mkt cap (USD m) | | | 1,396 |
| 3m avg. daily turnover (USD m) | | | 10.2 |
| Free float (%) | | | 39 |
| Major shareholder | Chevron South Asia Holdings Pte Ltd (61%) | | |
| 12m high/low (THB) | | | 13.40/7.75 |
| Issued shares (m) | | | 4,335.90 |

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

Exhibit 1: Summary of 2Q22/6M22 operations

| | 2Q21 | 1Q22 | ----- 2Q22 ----- | | | 6M21 | 6M22 | Change | 2022E |
|--------------------------|---------------|---------------|------------------|--------------|----------------|---------------|----------------|--------------|----------------|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) | |
| Revenue | 41,545 | 65,404 | 78,008 | 19.3 | 87.8 | 78,489 | 143,412 | 82.7 | 407,047 |
| Operating costs | (39,787) | (58,410) | (67,762) | 16.0 | 70.3 | (73,450) | (126,172) | 71.8 | (384,798) |
| EBITDA | 1,758 | 6,994 | 10,246 | 46.5 | 482.9 | 5,039 | 17,241 | 242.1 | 22,248 |
| <i>EBITDA margin (%)</i> | 4.2 | 11 | 13.1 | <i>nm</i> | <i>nm</i> | 6.4 | 12 | <i>nm</i> | 5.5 |
| Deprn & amort. | (710) | (606) | (626) | 3.3 | (11.9) | (1,397) | (1,232) | (11.8) | (3,286) |
| EBIT | 1,048 | 6,388 | 9,621 | 50.6 | 818.2 | 3,642 | 16,009 | 339.5 | 18,962 |
| Interest expense | (53) | (41) | (58) | 42.2 | 8.7 | (106) | (98) | (7.3) | (261) |
| Interest & invt inc | 0 | 0 | 0 | <i>nm</i> | <i>nm</i> | 0 | 0 | <i>nm</i> | 0 |
| Other income | 13 | 16 | 14 | (11.2) | 6.2 | 26 | 30 | 13.5 | 253 |
| Associates' contrib | 0 | 0 | 0 | <i>nm</i> | <i>nm</i> | 0 | 0 | <i>nm</i> | 0 |
| Exceptional | (12) | 242 | (639) | <i>nm</i> | 5,209.6 | (60) | (397) | 567.0 | 0 |
| Pretax profit | 996 | 6,605 | 8,938 | 35.3 | 797.5 | 3,503 | 15,543 | 343.7 | 18,954 |
| Tax | (222) | (1,321) | (1,782) | 34.9 | 701.2 | -724 | (3,103) | 328.7 | (3,502) |
| <i>Tax rate (%)</i> | 22 | 20 | 20 | <i>nm</i> | <i>nm</i> | 21 | 20 | <i>nm</i> | 18 |
| Minority interests | 0 | 0 | 0 | <i>nm</i> | <i>nm</i> | 0 | 0 | <i>nm</i> | 0 |
| Net profit | 773 | 5,284 | 7,156 | 35.4 | 825.3 | 2,779 | 12,440 | 347.6 | 15,451 |
| Non-recurring | 545 | 3,138 | 1,622 | (48.3) | 197.5 | 1,712 | 4,760 | 178.0 | - |
| Core net profit | 228 | 2,146 | 5,534 | 157.8 | 2,325.6 | 1,067 | 7,680 | 620.0 | 15,451 |
| EPS (THB) | 0.18 | 1.22 | 1.65 | 35.4 | 825.3 | 0.64 | 2.87 | 347.6 | 3.56 |
| Core EPS (THB) | 0.05 | 0.50 | 1.28 | 157.8 | 2,325.6 | 0.25 | 1.77 | 620.0 | 3.56 |

Sources: SPRC; FSSIA estimates

Exhibit 2: 2Q22/6M22 key performance

| | 2Q21 | 1Q22 | 2Q22 | ----- Change ----- | | 6M21 | 6M22 | Change |
|--|---------------|---------------|---------------|--------------------|--------------|---------------|---------------|--------------|
| | (USD m) | (USD m) | (USD m) | (q-q %) | (y-y %) | (USD m) | (USD m) | (y-y %) |
| Gross refining margin – accounting (USD/bbl) | 6.64 | 20.61 | 22.93 | 11.3 | 245.3 | 8.66 | 21.80 | 151.7 |
| Market gross refining margin (USD/bbl) | 2.65 | 8.46 | 18.92 | 123.6 | 614.0 | 3.09 | 13.82 | 347.2 |
| EBITDA (USD m) | 56 | 218 | 278 | 27.5 | 396.4 | 163 | 496 | 204.3 |
| Gain (loss) on foreign exchange and derivatives (loss) (USD m) | 0 | 7 | (18) | <i>nm</i> | <i>nm</i> | (2) | (11) | 450.0 |
| Inventory gain (loss) (USD/bbl) | 4.0 | 12.2 | 4.0 | (67.0) | 0.5 | 5.6 | 8.0 | 43.3 |
| Net profit (USD m) | 25 | 159 | 206 | 29.6 | 724.0 | 91 | 365 | 301.1 |
| Crude intake (k bbl/ day) | 135.3 | 150.2 | 156.0 | 3.9 | 15.3 | 136.2 | 153.1 | 12.4 |
| Production Volumes (k bbl) | | | | | | | | |
| Polymer-grade propylene | 408 | 380 | 324 | (14.7) | (20.6) | 851 | 704 | (17.3) |
| Liquefied petroleum gas | 599 | 628 | 636 | 1.3 | 6.2 | 1,248 | 1,263 | 1.2 |
| Light naphtha | 817 | 904 | 953 | 5.4 | 16.6 | 1,575 | 1,857 | 17.9 |
| Gasoline | 3,784 | 4,119 | 3,785 | (8.1) | 0.0 | 7,697 | 7,904 | 2.7 |
| Jet fuel | 294 | 466 | 1,043 | 123.8 | 254.8 | 605 | 1,509 | 149.4 |
| Diesel | 5,335 | 5,816 | 6,057 | 4.1 | 13.5 | 10,457 | 11,872 | 13.5 |
| Fuel oil | 526 | 750 | 822 | 9.6 | 56.3 | 1,003 | 1,572 | 56.7 |
| Asphalt | 237 | 237 | 188 | (20.7) | (20.7) | 381 | 425 | 11.5 |
| Mix C4 | 506 | 520 | 465 | (10.6) | (8.1) | 1,076 | 985 | (8.5) |
| Others | 1,022 | 1,315 | 1,343 | 2.1 | 31.4 | 2,107 | 2,658 | 26.2 |
| Total Revenue | 13,528 | 15,134 | 15,615 | 3.2 | 15.4 | 27,002 | 30,749 | 13.9 |
| Production Volumes * | (%) | (%) | (%) | (ppt) | (ppt) | (%) | (%) | (ppt) |
| Polymer-grade propylene | 3 | 3 | 2 | (0.4) | (0.9) | 3 | 2 | (0.9) |
| Liquefied petroleum gas | 4 | 4 | 4 | (0.1) | (0.4) | 5 | 4 | (0.5) |
| Light naphtha | 6 | 6 | 6 | 0.1 | 0.1 | 6 | 6 | 0.2 |
| Gasoline | 28 | 27 | 24 | (3.0) | (3.7) | 29 | 26 | (2.8) |
| Jet fuel | 2 | 3 | 7 | 3.6 | 4.5 | 2 | 5 | 2.7 |
| Diesel | 39 | 38 | 39 | 0.4 | (0.6) | 39 | 39 | (0.1) |
| Fuel oil | 4 | 5 | 5 | 0.3 | 1.4 | 4 | 5 | 1.4 |
| Asphalt | 2 | 2 | 1 | (0.4) | (0.5) | 1 | 1 | (0.0) |
| Mix C4 | 4 | 3 | 3 | (0.5) | (0.8) | 4 | 3 | (0.8) |
| Others | 8 | 9 | 9 | (0.1) | 1.0 | 8 | 9 | 0.8 |

*Note that change is in percentage point change

Sources: SPRC; FSSIA estimates

Financial Statements

Star Petroleum Refining

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|----------------|----------------|---------------|---------------|---------------|
| Revenue | 130,163 | 172,484 | 407,047 | 361,247 | 358,637 |
| Cost of goods sold | (126,265) | (165,763) | (383,031) | (348,000) | (342,204) |
| Gross profit | 3,898 | 6,721 | 24,016 | 13,246 | 16,434 |
| Other operating income | - | - | - | - | - |
| Operating costs | (911) | (749) | (1,768) | (1,569) | (1,557) |
| Operating EBITDA | 2,988 | 5,972 | 22,248 | 11,678 | 14,876 |
| Depreciation | (2,832) | (2,644) | (3,286) | (3,286) | (3,286) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 156 | 3,328 | 18,962 | 8,391 | 11,590 |
| Net financing costs | 142 | 147 | (261) | (229) | (196) |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Recurring non-operating income | 215 | (371) | 253 | 278 | 306 |
| Non-recurring items | (8,072) | 2,809 | 0 | 0 | 0 |
| Profit before tax | (7,559) | 5,913 | 18,954 | 8,441 | 11,700 |
| Tax | 1,555 | (1,166) | (3,502) | (1,560) | (2,162) |
| Profit after tax | (6,004) | 4,746 | 15,451 | 6,881 | 9,538 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | (6,004) | 4,746 | 15,451 | 6,881 | 9,538 |
| Non-recurring items & goodwill (net) | 8,072 | (2,809) | 0 | 0 | 0 |
| Recurring net profit | 2,068 | 1,937 | 15,451 | 6,881 | 9,538 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.48 | 0.45 | 3.56 | 1.59 | 2.20 |
| Reported EPS | (1.38) | 1.09 | 3.56 | 1.59 | 2.20 |
| DPS | 0.00 | 0.18 | 0.40 | 0.40 | 0.40 |
| Diluted shares (used to calculate per share data) | 4,336 | 4,336 | 4,336 | 4,336 | 4,336 |
| Growth | | | | | |
| Revenue (%) | (22.9) | 32.5 | 136.0 | (11.3) | (0.7) |
| Operating EBITDA (%) | nm | 99.9 | 272.5 | (47.5) | 27.4 |
| Operating EBIT (%) | nm | 2,038.5 | 469.8 | (55.7) | 38.1 |
| Recurring EPS (%) | nm | (6.3) | 697.5 | (55.5) | 38.6 |
| Reported EPS (%) | nm | nm | 225.5 | (55.5) | 38.6 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 0.8 | 2.4 | 5.1 | 2.8 | 3.7 |
| Gross margin of key business (%) | (5.4) | 4.0 | 5.1 | 2.8 | 3.7 |
| Operating EBITDA margin (%) | 2.3 | 3.5 | 5.5 | 3.2 | 4.1 |
| Operating EBIT margin (%) | 0.1 | 1.9 | 4.7 | 2.3 | 3.2 |
| Net margin (%) | 1.6 | 1.1 | 3.8 | 1.9 | 2.7 |
| Effective tax rate (%) | 20.6 | 19.7 | 18.5 | 18.5 | 18.5 |
| Dividend payout on recurring profit (%) | - | 39.9 | 11.2 | 25.2 | 18.2 |
| Interest cover (X) | (2.6) | (20.1) | 73.5 | 37.9 | 60.7 |
| Inventory days | 38.9 | 28.1 | 26.3 | 38.8 | 37.2 |
| Debtor days | 22.0 | 23.0 | 11.9 | 13.4 | 13.5 |
| Creditor days | 30.9 | 24.0 | 22.3 | 32.8 | 31.5 |
| Operating ROIC (%) | 0.4 | (1.9) | (9.7) | (4.3) | (6.2) |
| ROIC (%) | 0.8 | (1.6) | (9.4) | (4.3) | (6.1) |
| ROE (%) | 7.0 | 6.4 | 37.0 | 13.3 | 16.4 |
| ROA (%) | 3.9 | 3.7 | 20.8 | 7.6 | 10.0 |
| * Pre exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Diesel | 82,239 | 61,682 | 211,758 | 164,911 | 122,958 |
| Gasoline | 34,428 | 56,279 | 99,631 | 96,825 | 116,431 |
| Jet Fuel | 4,950 | 9,528 | 4,641 | 8,578 | 21,479 |
| Light Naphtha | 2,524 | 4,561 | 10,798 | 9,859 | 9,859 |

Sources: Star Petroleum Refining; FSSIA estimates

Financial Statements

Star Petroleum Refining

| Cash Flow (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Recurring net profit | 2,068 | 1,937 | 15,451 | 6,881 | 9,538 |
| Depreciation | 2,832 | 2,644 | 3,286 | 3,286 | 3,286 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | - | - | - | - | - |
| Change in working capital | 2,661 | (6,107) | (1,630) | 195 | 70 |
| Cash flow from operations | 7,561 | (1,526) | 17,108 | 10,363 | 12,894 |
| Capex - maintenance | (2,518) | (2,602) | (3,286) | (3,286) | (3,286) |
| Capex - new investment | (2,216) | (104) | (1,019) | (1,019) | (1,019) |
| Net acquisitions & disposals | 0 | 0 | 0 | 0 | 0 |
| Other investments (net) | 2,146 | 3,243 | 0 | 0 | 0 |
| Cash flow from investing | (2,588) | 537 | (4,305) | (4,305) | (4,305) |
| Dividends paid | (3,362) | (1,566) | (774) | (1,734) | (1,734) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | 3,418 | (2,183) | (4,554) | 0 | 0 |
| Other financing cash flows | (3,413) | 6,049 | 2,037 | 2,038 | 2,037 |
| Cash flow from financing | (3,357) | 2,299 | (3,290) | 303 | 303 |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | 1,615 | 1,310 | 9,512 | 6,361 | 8,892 |
| Free cash flow to firm (FCFF) | 5,149.65 | (777.58) | 13,064.20 | 6,286.30 | 8,785.41 |
| Free cash flow to equity (FCFE) | 4,977.52 | 2,876.13 | 10,286.34 | 8,095.36 | 10,626.61 |

| Per share (THB) | 2020 | 2021 | 2022E | 2023E | 2024E |
|-------------------------------|------|--------|-------|-------|-------|
| FCFF per share | 1.19 | (0.18) | 3.01 | 1.45 | 2.03 |
| FCFE per share | 1.15 | 0.66 | 2.37 | 1.87 | 2.45 |
| Recurring cash flow per share | 1.13 | 1.06 | 4.32 | 2.34 | 2.96 |

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 69,353 | 77,210 | 79,478 | 81,746 | 84,014 |
| Less: Accumulated depreciation | (45,197) | (52,992) | (56,278) | (59,564) | (62,851) |
| Tangible fixed assets (net) | 24,156 | 24,219 | 23,200 | 22,181 | 21,163 |
| Intangible fixed assets (net) | 93 | 93 | 93 | 93 | 93 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 1,635 | 2,945 | 12,457 | 18,818 | 27,710 |
| A/C receivable | 8,515 | 13,219 | 13,219 | 13,219 | 13,219 |
| Inventories | 9,052 | 16,486 | 38,751 | 35,207 | 34,621 |
| Other current assets | 121 | 81 | 191 | 169 | 168 |
| Current assets | 19,323 | 32,731 | 64,618 | 67,414 | 75,718 |
| Other assets | 2,969 | 1,683 | 1,683 | 1,683 | 1,683 |
| Total assets | 46,541 | 58,726 | 89,595 | 91,371 | 98,657 |
| Common equity | 26,427 | 34,371 | 49,048 | 54,195 | 61,999 |
| Minorities etc. | 0 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 26,427 | 34,371 | 49,048 | 54,195 | 61,999 |
| Long term debt | 8,857 | 3,374 | 0 | 0 | 0 |
| Other long-term liabilities | 517 | 950 | 950 | 950 | 950 |
| Long-term liabilities | 9,374 | 4,324 | 950 | 950 | 950 |
| A/C payable | 7,821 | 13,961 | 32,815 | 29,814 | 29,317 |
| Short term debt | 1,380 | 4,680 | 3,500 | 3,500 | 3,500 |
| Other current liabilities | 1,539 | 1,390 | 3,281 | 2,912 | 2,891 |
| Current liabilities | 10,740 | 20,031 | 39,596 | 36,226 | 35,708 |
| Total liabilities and shareholders' equity | 46,541 | 58,726 | 89,595 | 91,371 | 98,657 |
| Net working capital | 8,328 | 14,435 | 16,065 | 15,870 | 15,800 |
| Invested capital | 35,546 | 40,430 | 41,041 | 39,827 | 38,739 |

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

| Per share (THB) | 2020 | 2021 | 2022E | 2023E | 2024E |
|-------------------------------|------|------|-------|-------|-------|
| Book value per share | 6.09 | 7.93 | 11.31 | 12.50 | 14.30 |
| Tangible book value per share | 6.07 | 7.91 | 11.29 | 12.48 | 14.28 |

| Financial strength | 2020 | 2021 | 2022E | 2023E | 2024E |
|---------------------------|--------|--------|--------|--------|--------|
| Net debt/equity (%) | 32.6 | 14.9 | (18.3) | (28.3) | (39.0) |
| Net debt/total assets (%) | 18.5 | 8.7 | (10.0) | (16.8) | (24.5) |
| Current ratio (x) | 1.8 | 1.6 | 1.6 | 1.9 | 2.1 |
| CF interest cover (x) | (49.5) | (19.3) | 44.3 | 40.9 | 60.4 |

| Valuation | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|------------|------------|------------|
| Recurring P/E (x) * | 23.7 | 25.3 | 3.2 | 7.1 | 5.1 |
| Recurring P/E @ target price (x) * | 30.6 | 32.7 | 4.1 | 9.2 | 6.6 |
| Reported P/E (x) | (8.2) | 10.3 | 3.2 | 7.1 | 5.1 |
| Dividend yield (%) | - | 1.6 | 3.5 | 3.5 | 3.5 |
| Price/book (x) | 1.9 | 1.4 | 1.0 | 0.9 | 0.8 |
| Price/tangible book (x) | 1.9 | 1.4 | 1.0 | 0.9 | 0.8 |
| EV/EBITDA (x) ** | 19.3 | 9.1 | 1.8 | 2.9 | 1.7 |
| EV/EBITDA @ target price (x) ** | 24.1 | 11.5 | 2.4 | 4.1 | 2.6 |
| EV/invested capital (x) | 1.6 | 1.3 | 1.0 | 0.8 | 0.6 |

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

Sources: Star Petroleum Refining; 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 | DRSH | 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 | 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 | PPP | 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:

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 | 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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

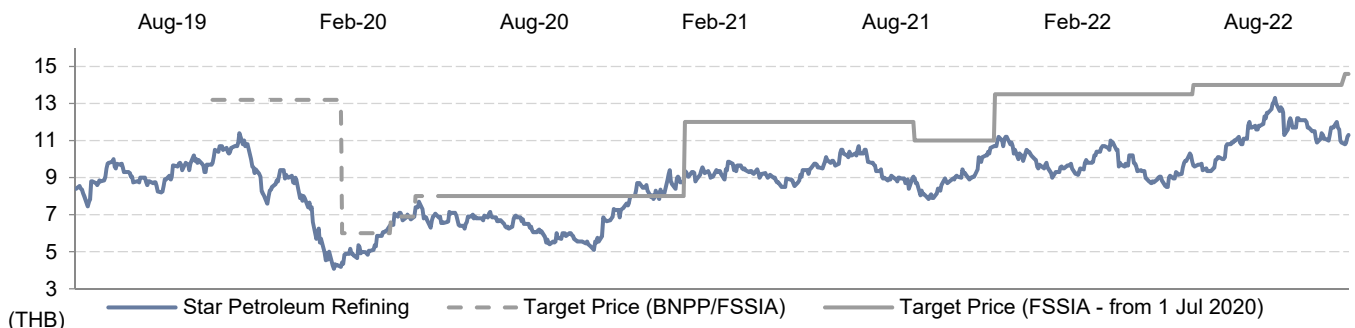
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Star Petroleum Refining (SPRC TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 11-Dec-2019 | BUY | 13.20 | 02-Jun-2020 | BUY | 8.00 | 11-Oct-2021 | BUY | 13.50 |
| 31-Mar-2020 | BUY | 6.00 | 18-Jan-2021 | BUY | 12.00 | 30-Mar-2022 | BUY | 14.00 |
| 12-May-2020 | BUY | 6.90 | 03-Aug-2021 | BUY | 11.00 | 05-Aug-2022 | BUY | 14.60 |

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 18-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|-------------------------|---------|-----------|--------|--|
| Star Petroleum Refining | SPRC TB | THB 11.30 | BUY | TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products. |

Source: FSSIA estimates

Additional Disclosures

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

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All share prices are as at market close on 11-Aug-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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