

THAI OIL TOP TB  
THAILAND / ENERGYBUY  
UNCHANGED

## เหตุน้ำมันรั่วไหลรอบ SBM-2

- TOP รายงานเหตุน้ำมันรั่วไหลรอบ Single Buoy Mooring 2
- เราคาดว่าประกันภัยจะครอบคลุมค่าใช้จ่ายที่เกี่ยวข้องส่วนมากแต่กำไรน่าจะได้รับผลกระทบจากต้นทุนค่าระวางคาดว่าจะเพิ่มขึ้น (Ship-to-ship)
- ปรับลดประมาณการกำไรปี 2023-24 ลง 14% เพื่อสะท้อนผลกระทบที่อาจเกิดขึ้น ปรับลดราคาเป้าหมายของเราเป็น 56.8 จาก 61.8 บาท

TARGET PRICE	THB56.80
CLOSE	THB48.75
UP/DOWNSIDE	+16.5%
PRIOR TP	THB61.80
CHANGE IN TP	-8.1%
TP vs CONSENSUS	-8.1%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	529,589	447,275	459,496	572,939
Net profit	32,668	12,093	12,806	18,763
EPS (THB)	15.29	5.41	5.73	8.40
vs Consensus (%)	-	(10.4)	(6.9)	(3.7)
EBITDA	52,014	25,960	23,563	37,921
Recurring net profit	32,668	13,283	11,616	18,762
Core EPS (THB)	15.29	5.95	5.20	8.40
Chg. In EPS est. (%)	-	(5.4)	(21.9)	-
EPS growth (%)	147.9	(61.1)	(12.5)	61.5
Core P/E (x)	3.2	8.2	9.4	5.8
Dividend yield (%)	7.6	5.6	5.9	8.6
EV/EBITDA (x)	4.3	7.5	8.4	5.2
Price/book (x)	0.7	0.7	0.6	0.6
Net debt/Equity (%)	71.0	50.1	50.6	47.4
ROE (%)	23.6	8.4	7.0	10.8

สถานการณ์น้ำมันรั่วไหลควบคุมได้แล้วและไม่ส่งผลกระทบต่ออัตราการบริโภคน้ำมันดิบ (Run rate)

TOP ประกาศเหตุน้ำมันรั่วไหลรอบ Single Buoy Mooring 2 (SBM-2) ในศรีราชา ชลบุรีเมื่อวันที่ 4 ก.ย. 2023 เหตุดังกล่าวเกิดขึ้นประมาณ 21.00 น. ของวันที่ 3 ก.ย. 2023 ผู้บริหารชี้แจงว่าเหตุดังกล่าวไม่ได้ส่งผลกระทบต่อ Run rate แต่จะทำให้เกิดต้นทุนค่าระวางที่เพิ่มขึ้นในอนาคต ในขั้นต้นบริษัท คาดว่าปริมาณน้ำมันที่รั่วไหลอยู่ที่ 50-100k ลิตร อย่างไรก็ตามบริษัท อ้างว่าบริษัท สามารถควบคุมปริมาณน้ำมันที่รั่วไหลส่วนมากไว้ในพื้นที่ควบคุมในขณะที่ส่วนที่เหลือกระจายอยู่ในพื้นที่ 1.6 ตารางกิโลเมตร (จากการสำรวจล่าสุด)

## ประกันภัยน่าจะครอบคลุมต้นทุนที่เกี่ยวข้องส่วนมาก

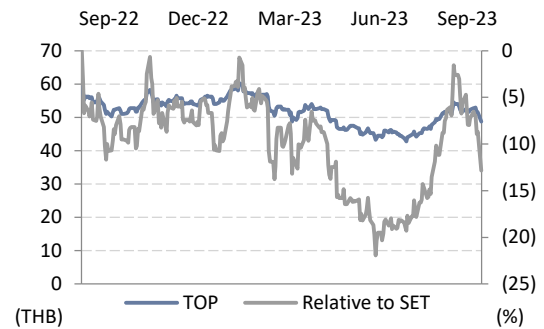
บริษัท มีกรมธรรม์ประกันภัย (Exhibit 1) เพื่อคุ้มครองความเสี่ยงทั้งหมดภายใต้สัญญาประกันความเสียหายต่อทรัพย์สิน (PD) ธุรกิจหยุดชะงัก (BI) และความเสียหายต่อบุคคลที่สาม และความรับผิดชอบตามกฎหมายต่อความเสียหายจากมลพิษ (TPL) จากเหตุคล้ายคลึงกันในครั้งนี้ล่าสุดที่เกิดขึ้นกับ Star Petroleum Refining (SPRC TB, BUY) เราคาดว่า TOP จะมีต้นทุนพิเศษเกี่ยวกับเหตุน้ำมันรั่วไหลอยู่ที่ประมาณ USD50ล้าน (1.7พัน ลบ.) ซึ่งเราคาดว่ากระทบกำไรในช่วง 2H23 ถึง 1H24 อย่างไรก็ตามตัวเลขดังกล่าวน่าจะชัดเจนในภายหลังโดยการเรียกร้องสินไหมหลังหักลดหย่อน

## ปรับลดประมาณการกำไรปี 2023-24 ลง 14% แต่คงประมาณการปี 2025

การหยุดดำเนินการเพื่อสำรวจและซ่อมบำรุง SBM-2 จะกระทบกำไรของ TOP จากต้นทุนค่าระวางพิเศษ (Ship-to-ship) เราคาดต้นทุนค่าระวางพิเศษอยู่ที่ประมาณ USD1/bbl ซึ่งน่าจะกดดันค่าการกลั่น (GRM) ของบริษัท เพราะฉะนั้นเราจึงคาดต้นทุนค่าระวางพิเศษรวมทั้งประมาณ 3พัน ลบ. ต่อปี เมื่อรวมผลกระทบทั้งหมดจากต้นทุนพิเศษที่เกี่ยวข้องและต้นทุนค่าระวางพิเศษ เราปรับลดประมาณการกำไรปี 2023-24 ลง 14% และคงประมาณการในปี 2025 ของเรา ปัจจุบัน TOP ยังไม่ได้ให้รายละเอียดว่าการสำรวจและซ่อมบำรุงจะแล้วเสร็จเมื่อใด แต่เราคาดว่าเรื่องดังกล่าวจะต้องใช้เวลาประมาณ 1.5 ปี

## คงแนะนำซื้อแต่ปรับลดราคาเป้าหมายเป็น 56.8 จาก 61.8 บาท

เราคงแนะนำซื้อแต่ปรับลดราคาเป้าหมายของเราจาก 61.8 เป็น 56.8 บาทเทียบเท่า 0.74x ของค่า 2024E P/BV (-1.5SD ของค่าเฉลี่ย 10 ปีย้อนหลัง) เราคิดว่าเหตุดังกล่าวจะกดดันราคาหุ้นในระยะสั้น ในขณะที่เดียวกัน TOP น่าจะได้ประโยชน์ในระยะกลางถึงยาวจากปัญหาอุปทานเกินดุลอยู่ในธุรกิจโรงกลั่นและปิโตรเคมีที่ลดลง



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.8)	9.6	(17.0)
Relative to country (%)	(6.9)	8.3	(13.1)
Mkt cap (USD m)	3,093		
3m avg. daily turnover (USD m)	16.2		
Free float (%)	52		
Major shareholder	PTT plc. (48%)		
12m high/low (THB)	60.25/42.25		
Issued shares (m)	2,234.00		

Sources: Bloomberg consensus; FSSIA estimates



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

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 5 กันยายน 2023

### Investment thesis

We believe the refinery and petrochemical business will recover in 2H23, led by the acceleration of China’s economic activities. We expect it to boost diesel and petrochemical product demand, thus driving the product spreads.

In addition, as a low-cost structure complex refinery, we expect TOP to stand as a winner from its earnings resilience relative to local refinery peers during this shoulder period (refinery spreads are normalising while the petrochemical business is passing its bottom).

Long-term, we anticipate that the CFP project (ECOD in 1Q25) will allow TOP to enhance its profit maximisation from higher feedstock flexibility and upgrading product yields toward more high-value middle distillate products. In addition, the CAP2 expansion project (ECOD in 2026; Chandra Asri Petrochemical holds 15.38%), an olefin investment in Indonesia, will help support and diversify TOP’s earnings in the long term.

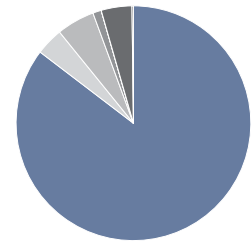
### Company profile

TOP operates the largest single-site refinery in Thailand, which is one of the most complex refineries in the Asia-Pacific region with a nameplate capacity of 275 kbd. It also undertakes power generation, petrochemical production, and oil and petrochemical product transportation.

[www.thaioilgroup.com](http://www.thaioilgroup.com)

### Principal activities (revenue, 2022)

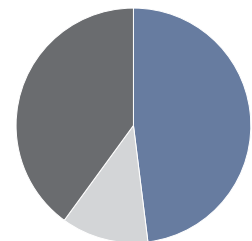
- Oil refinery - 85.4 %
- Lubed base oil refinery - 3.8 %
- Petrochemical - 5.2 %
- Power generation - 1.2 %
- Marine transportation services - 0.0 %



Source: Thai Oil

### Major shareholders

- PTT plc. - 48.0 %
- Thai NVDR - 12.0 %
- Others - 40.0 %



Source: Thai Oil

### Catalysts

Potential catalysts are 1) a faster-than-expected resumption of economic activity in China in 2H23, which would boost diesel and aromatics product demand and send product spreads higher; 2) lower-than-expected crude premiums; 3) a sharp rise in oil prices; and 4) a lower-than-expected extra cost from the oil spill incident and a faster-than-expected reopening of SBM-2.

### Risks to our call

Downside risks to our P/BV-based TP are 1) a sharp fall in oil prices; 2) weaker demand for refined oil products; 3) GRM volatility; 4) unplanned refinery shutdowns; and 5) longer-than-expected maintenance of SBM-2.

### Event calendar

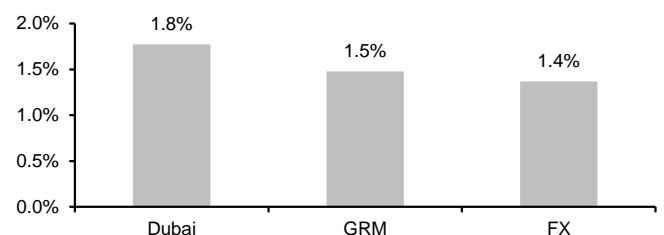
Date	Event
20 Nov 2023	3Q23 analyst meeting
22 Nov 2023	3Q23 opportunity day

### Key assumptions

(USD/bbl)	2021	2022	2023E	2024E	2025E
Marketing GRM	2.2	12.0	6.5	5.7	7.2
Crude premium	1.8	7.1	3.3	1.8	1.4
Diesel-Dubai	6.7	34.3	17.0	13.0	13.0
Gasoline-Dubai	11.1	18.8	17.0	15.0	15.0
Capacity utilisation rate (%)	100	107	108	110	95
PX-ULG95	177	124	200	220	260
BZ-ULG95	232	50	104	125	150

Source: FSSIA estimates

### Earnings sensitivity



- For every 1% increase in Dubai, GRM and FX, we estimate earnings will increase according to the above chart, and vice versa, all else being equal.

Source: FSSIA estimates



## Key charts

Exhibit 1: Insurance coverage details

Insurance	Coverage limit		Deductible
	(USD m)	(USD m)	(USD m)
<b>Property Damage (PD)</b>			
Crude pipeline damage	255		-
Oil inventory	761		5
<b>Business Interruption (BI)</b>	<b>1,120</b>		<b>60 days</b>
<b>Pollution Legal Liability</b>	<b>25</b>		<b>1</b>
<b>Third-Party Liability (TPL)</b>	<b>50</b>		<b>0.01</b>

Source: TOP

Exhibit 2: Project location



Source: TOP

Exhibit 3: Key assumptions

	2021	2022	2023E	2024E	2025E
	(USD/bbl)	(USD/bbl)	(USD/bbl)	(USD/bbl)	(USD/bbl)
Marketing GRM	2.2	12.0	6.5	5.7	7.2
<i>Prev. forecast marketing GRM</i>			6.9	6.7	7.2
Stock gain/loss	4.7	1.0	-	-	-
Accounting GRM	6.9	13.0	6.5	5.7	7.2
Crude premium	1.8	7.1	3.3	1.8	1.4
Diesel-Dubai	6.7	34.3	17.0	13.0	13.0
Gasoline-Dubai	11.1	18.8	17.0	15.0	15.0
Capacity utilisation rate (%)	100	107	108	110	95
PX-ULG95	177	124	200	220	260
BZ-ULG95	232	50	104	125	150

Sources: TOP, FSSIA estimates



## Financial Statements

Thai Oil

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	345,496	529,589	447,275	459,496	572,939
Cost of goods sold	(319,555)	(481,137)	(425,297)	(439,959)	(548,020)
<b>Gross profit</b>	<b>25,941</b>	<b>48,452</b>	<b>21,978</b>	<b>19,537</b>	<b>24,918</b>
Other operating income	-	-	-	-	-
Operating costs	(3,056)	(4,182)	(3,763)	(3,718)	(573)
<b>Operating EBITDA</b>	<b>30,309</b>	<b>52,014</b>	<b>25,960</b>	<b>23,563</b>	<b>37,921</b>
Depreciation	(7,424)	(7,744)	(7,744)	(7,744)	(13,576)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>22,885</b>	<b>44,270</b>	<b>18,216</b>	<b>15,819</b>	<b>24,345</b>
Net financing costs	(9,523)	(1,733)	(1,561)	(1,453)	(1,345)
Associates	1,675	(513)	200	1,000	1,000
Recurring non-operating income	1,675	(513)	200	1,000	1,000
Non-recurring items	0	0	(1,190)	1,190	1
<b>Profit before tax</b>	<b>15,037</b>	<b>42,024</b>	<b>15,664</b>	<b>16,556</b>	<b>24,001</b>
Tax	(2,034)	(8,918)	(3,133)	(3,311)	(4,800)
<b>Profit after tax</b>	<b>13,003</b>	<b>33,106</b>	<b>12,531</b>	<b>13,244</b>	<b>19,201</b>
Minority interests	(425)	(438)	(438)	(438)	(438)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>12,578</b>	<b>32,668</b>	<b>12,093</b>	<b>12,806</b>	<b>18,763</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>1,190</b>	<b>(1,190)</b>	<b>(1)</b>
<b>Recurring net profit</b>	<b>12,578</b>	<b>32,668</b>	<b>13,283</b>	<b>11,616</b>	<b>18,762</b>
<b>Per share (THB)</b>					
Recurring EPS *	6.17	15.29	5.95	5.20	8.40
Reported EPS	6.17	15.29	5.41	5.73	8.40
DPS	2.60	3.70	2.71	2.87	4.20
Diluted shares (used to calculate per share data)	2,040	2,137	2,234	2,234	2,234
<b>Growth</b>					
Revenue (%)	39.4	53.3	(15.5)	2.7	24.7
Operating EBITDA (%)	nm	71.6	(50.1)	(9.2)	60.9
Operating EBIT (%)	nm	93.4	(58.9)	(13.2)	53.9
Recurring EPS (%)	nm	147.9	(61.1)	(12.5)	61.5
Reported EPS (%)	nm	147.9	(64.6)	5.9	46.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	7.5	9.1	4.9	4.3	4.3
Gross margin exc. depreciation (%)	9.7	10.6	6.6	5.9	6.7
Operating EBITDA margin (%)	8.8	9.8	5.8	5.1	6.6
Operating EBIT margin (%)	6.6	8.4	4.1	3.4	4.2
Net margin (%)	3.6	6.2	3.0	2.5	3.3
Effective tax rate (%)	13.5	21.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	42.2	24.2	45.5	55.1	50.0
Interest cover (X)	2.6	25.2	11.8	11.6	18.8
Inventory days	36.3	36.6	47.1	44.8	41.3
Debtor days	19.1	18.0	20.9	18.0	16.4
Creditor days	19.0	37.5	52.0	38.3	35.3
Operating ROIC (%)	10.0	16.2	6.5	5.4	8.2
ROIC (%)	8.1	11.5	5.1	4.7	6.9
ROE (%)	10.6	23.6	8.4	7.0	10.8
ROA (%)	6.4	8.5	3.5	3.2	4.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Oil refinery	284,019	452,096	364,749	373,992	487,435
Lubed base oil refinery	18,826	20,078	23,926	23,689	23,689
Petrochemical	24,461	27,752	28,838	32,052	32,052
Power generation	4,059	6,211	6,211	6,211	6,211

Sources: Thai Oil; FSSIA estimates

## Financial Statements

Thai Oil

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	12,578	32,668	13,283	11,616	18,762
Depreciation	7,424	7,744	7,744	7,744	13,576
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(14,344)	30,043	(20,024)	(819)	(7,602)
<b>Cash flow from operations</b>	<b>5,659</b>	<b>70,455</b>	<b>1,004</b>	<b>18,542</b>	<b>24,736</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(33,174)	(28,076)	(14,364)	(14,304)	(14,298)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(7,417)	(8,103)	30,000	(15,000)	(30,000)
<b>Cash flow from investing</b>	<b>(40,591)</b>	<b>(36,179)</b>	<b>15,636</b>	<b>(29,304)</b>	<b>(44,298)</b>
Dividends paid	(5,304)	(8,265)	(6,047)	(6,403)	(9,381)
Equity finance	0	0	0	0	0
Debt finance	(1,219)	(550)	(16,357)	(6,551)	(21,551)
Other financing cash flows	17,908	(11,581)	21,852	15,582	32,371
<b>Cash flow from financing</b>	<b>11,384</b>	<b>(20,396)</b>	<b>(552)</b>	<b>2,628</b>	<b>1,439</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>(23,548)</b>	<b>13,880</b>	<b>16,088</b>	<b>(8,134)</b>	<b>(18,123)</b>
Free cash flow to firm (FCFF)	(31,337.86)	38,136.16	20,414.68	(7,074.03)	(15,959.16)
Free cash flow to equity (FCFE)	(18,244.02)	22,145.45	22,135.17	(1,731.21)	(8,741.20)
<b>Per share (THB)</b>					
FCFF per share	(14.03)	17.07	9.14	(3.17)	(7.14)
FCFE per share	(8.17)	9.91	9.91	(0.77)	(3.91)
Recurring cash flow per share	9.80	18.91	9.41	8.67	14.48
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	320,167	355,988	370,352	384,656	398,954
Less: Accumulated depreciation	(141,768)	(149,512)	(157,256)	(165,001)	(178,577)
<b>Tangible fixed assets (net)</b>	<b>178,399</b>	<b>206,476</b>	<b>213,095</b>	<b>219,655</b>	<b>220,377</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	55,412	32,603	32,803	33,803	34,803
Cash & equivalents	29,696	43,576	59,665	51,530	33,408
A/C receivable	23,415	28,759	22,364	22,975	28,647
Inventories	39,576	55,343	52,335	53,765	67,039
Other current assets	8,552	26,150	8,000	8,000	8,000
<b>Current assets</b>	<b>101,239</b>	<b>153,828</b>	<b>142,364</b>	<b>136,270</b>	<b>137,094</b>
Other assets	27,094	51,674	14,525	21,820	21,136
<b>Total assets</b>	<b>362,144</b>	<b>444,581</b>	<b>402,787</b>	<b>411,548</b>	<b>413,410</b>
Common equity	120,881	156,034	162,081	168,484	177,866
Minorities etc.	2,213	2,623	2,823	3,023	3,223
<b>Total shareholders' equity</b>	<b>123,094</b>	<b>158,657</b>	<b>164,904</b>	<b>171,507</b>	<b>181,089</b>
Long term debt	163,343	151,442	136,635	131,635	111,635
Other long-term liabilities	37,230	30,809	30,809	30,809	30,809
<b>Long-term liabilities</b>	<b>200,574</b>	<b>182,250</b>	<b>167,444</b>	<b>162,444</b>	<b>142,444</b>
A/C payable	23,001	74,154	44,728	45,950	57,294
Short term debt	2,142	4,776	5,712	6,648	7,583
Other current liabilities	13,334	24,743	20,000	25,000	25,000
<b>Current liabilities</b>	<b>38,476</b>	<b>103,673</b>	<b>70,439</b>	<b>77,597</b>	<b>89,877</b>
<b>Total liabilities and shareholders' equity</b>	<b>362,144</b>	<b>444,581</b>	<b>402,787</b>	<b>411,548</b>	<b>413,410</b>
Net working capital	35,209	11,355	17,971	13,790	21,392
Invested capital	296,114	302,108	278,395	289,068	297,708
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	59.25	69.85	72.56	75.42	79.62
Tangible book value per share	59.25	69.85	72.56	75.42	79.62
<b>Financial strength</b>					
Net debt/equity (%)	110.3	71.0	50.1	50.6	47.4
Net debt/total assets (%)	37.5	25.3	20.5	21.1	20.8
Current ratio (x)	2.6	1.5	2.0	1.8	1.5
CF interest cover (x)	2.6	30.0	24.4	9.7	5.1
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>7.9</b>	<b>3.2</b>	<b>8.2</b>	<b>9.4</b>	<b>5.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>9.2</b>	<b>3.7</b>	<b>9.6</b>	<b>10.9</b>	<b>6.8</b>
Reported P/E (x)	7.9	3.2	9.0	8.5	5.8
Dividend yield (%)	5.3	7.6	5.6	5.9	8.6
Price/book (x)	0.8	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.8	0.7	0.7	0.6	0.6
EV/EBITDA (x) **	7.8	4.3	7.5	8.4	5.2
EV/EBITDA @ target price (x) **	8.4	4.7	8.2	9.2	5.7
EV/invested capital (x)	0.8	0.7	0.7	0.7	0.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Thai Oil; FSSIA estimates

## Public disclosures related to sustainable development evaluation of Thai listed companies

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.



**GENERAL DISCLAIMER**

**ANALYST(S) CERTIFICATION**

Kwanwaree Apichartsatoporn FSS International Investment Advisory Securities Co., Ltd

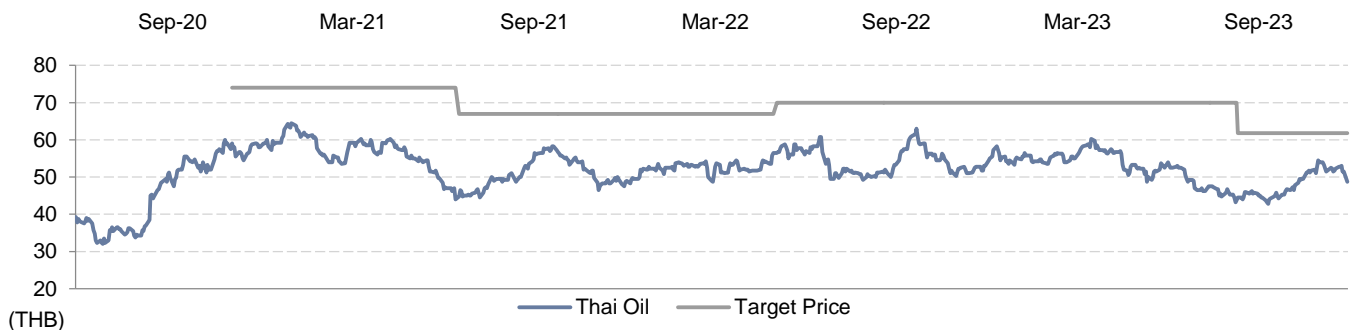
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

**Thai Oil (TOP TB)**



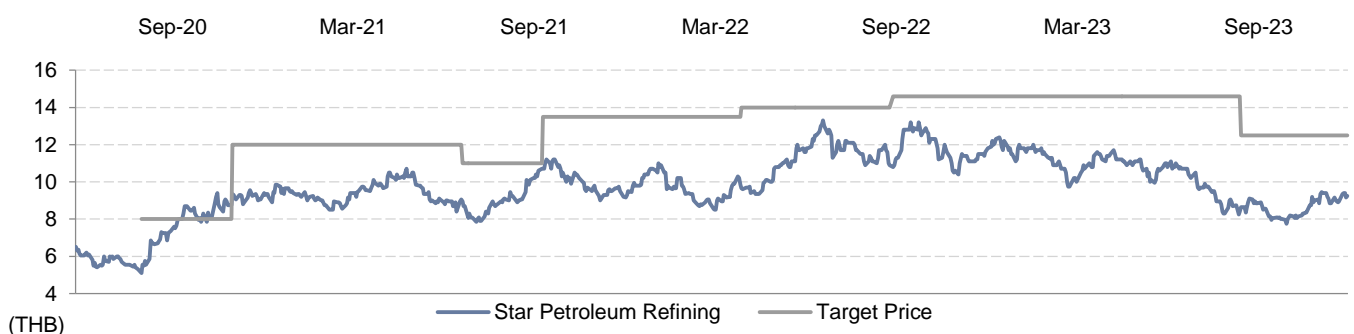
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2021	BUY	74.00	29-Apr-2022	BUY	70.00	-	-	-
30-Jul-2021	BUY	67.00	01-Jun-2023	BUY	61.80			

Kwanwaree Apichartsatoporn started covering this stock from 01-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

**Star Petroleum Refining (SPRC TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Oct-2020	BUY	8.00	11-Oct-2021	BUY	13.50	01-Jun-2023	BUY	12.50
18-Jan-2021	BUY	12.00	30-Mar-2022	BUY	14.00			
03-Aug-2021	BUY	11.00	05-Aug-2022	BUY	14.60			

Kwanwaree Apichartsatoporn started covering this stock from 01-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Oil	TOP TB	THB 48.75	BUY	Downside risks to our P/BV-based TP are 1) a sharp fall in oil prices; 2) weaker demand for refined oil products; 3) GRM volatility; 4) unplanned refinery shutdowns; and 5) longer-than-expected maintenance of SBM-2.
Star Petroleum Refining	SPRC TB	THB 9.15	BUY	Downside risks to our P/BV-based TP are weak demand for refined oil products, a lower crude oil price and GRM, the delay of the SPM reopening, and lawsuit risk related to the oil spill off Rayong in 2022.

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-Sep-2023 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.