

PTT OIL AND RETAIL BUSINESS

THAILAND / ENERGY

OR TB

HOLD

Murky outlook but limited downside

- Initiate coverage with a NEUTRAL rating, TP at THB20.0/share.
- We expect robust 3Q23 earnings, mainly from a substantial stock gain, though sales volume and non-oil business to be weaker q-q.
- Part of the policy risk is lifted. Though there is continued pressure from the government, we think downside for the stock is limited.

TARGET PRICE	THB20.00
CLOSE	THB18.60
UP/DOWNSIDE	+7.5%
TP vs CONSENSUS	-15.4%

Expect robust 3Q23 earnings from stock gain

We estimate OR will report a strong 3Q23 net profit of THB4.0b (+44% q-q and +465% y-y), significantly improving both q-q and y-y. We expect the improvement will mostly come from a stock gain, while the core businesses should be weaker q-q. For the mobility business, we forecast a 3Q23 marketing margin at THB1.17/liter (+22% q-q and +72% y-y), which should increase mostly from the stock gain, while we expect the sales volume to drop by 2% q-q from seasonality but increase 8% y-y from a higher number of oil stations. For the lifestyle business, we expect EBITDA to weaken by 9% q-q, mainly from a lower EBITDA margin from 26.6% in 2Q23 to 24.5% in 3Q23E and fewer Amazon cups sold per day (93m cups/day in 2Q23 vs 92m cups/day in 3Q23E). Additionally, the global business should see a substantially lower oil sales volume by -18% q-q, mainly from lower sales volumes in the Philippines due to lower bidding on commercial sales. 9M23E net profit is at 77% of 2023E.

4Q23 earnings outlook should be higher y-y but lower q-q

The 4Q23 earnings outlook looks promising on higher sales volumes q-q due to seasonality. However, this should be partly offset by higher operating expenses from seasonal marketing campaigns and higher SG&A. In addition, the 4Q23E oil price seems to be increasing relatively lower q-q compared to 3Q23E. Thus, a lower gross marketing margin is expected in the quarter due to less support from stock gains. We expect 4Q23 net profit to be lower q-q but higher y-y from the low base in 4Q22.

Part of policy risk is lifted, but there are continued pressures

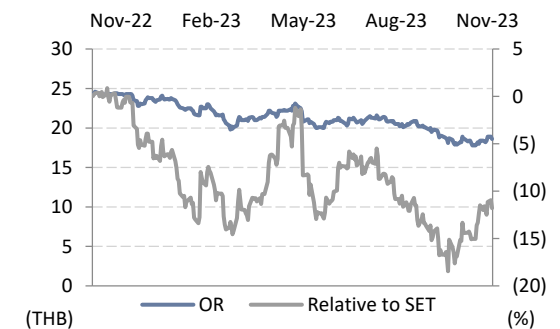
Part of the policy risk related to the government's household spending reduction policy is lifted. Nevertheless, there is a [pending marketing margin capping scheme](#), which could limit OR's marketing margin upside.

Initiate coverage with HOLD rating; our TP is at THB20.0/shr

We initiate coverage of OR with HOLD. Our TP is THB20.0/shr based on an SoTP valuation. We think the disappointing lifestyle performance and execution of new M&As, coupled with rising concern over government intervention, have already de-rated or been reflected in the share price. The stock is trading at a 17x 12-month forward P/E, or almost -2SD of its 3-yr average. Hence, we think the share price downside is now limited.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	789,785	814,276	875,079	913,371
Net profit	10,371	12,869	12,859	14,035
EPS (THB)	0.86	1.07	1.07	1.17
vs Consensus (%)	-	6.8	0.3	1.8
EBITDA	16,501	19,899	19,998	21,235
Recurring net profit	9,258	12,869	12,859	14,035
Core EPS (THB)	0.77	1.07	1.07	1.17
Chg. In EPS est. (%)	(10.7)	2.7	(7.4)	(18.6)
EPS growth (%)	(13.5)	39.0	(0.1)	9.1
Core P/E (x)	24.1	17.3	17.4	15.9
Dividend yield (%)	2.7	2.6	2.6	2.8
EV/EBITDA (x)	13.2	11.3	10.7	9.6
Price/book (x)	2.2	2.0	1.9	1.8
Net debt/Equity (%)	(5.4)	0.8	(7.2)	(15.6)
ROE (%)	9.1	12.0	11.3	11.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.9	(11.0)	(23.8)
Relative to country (%)	6.1	(3.2)	(12.1)
Mkt cap (USD m)	6,278		
3m avg. daily turnover (USD m)	8.0		
Free float (%)	62		
Major shareholder	PTT Plc (75%)		
12m high/low (THB)	25.25/17.60		
Issued shares (m)	12,000.00		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

We initiate coverage of OR with a HOLD rating. Our TP is at THB20.0/share based on an SoTP valuation. The stock is trading at a 17x 12-month forward P/E, or almost -2SD of its 3-yr average. Hence, we think the share price downside is now limited.

However, in light of the high oil prices and high inflation, we anticipate that the newly formed government will take measures to prevent the escalation of oil prices from adversely affecting the economy. Moreover, we believe they will proactively implement policies aimed at garnering public approval during their first hundred days, which could limit the upside earnings for oil retail players in the short to medium term.

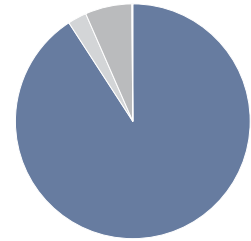
Company profile

OR is a leading gas station operator whose station network is mostly located in Thailand. It also has an overseas presence. The non-oil business of OR has increasingly contributed higher net profits, led by its in-house coffee brand, Cafe Amazon. Other products it sells include jet fuel, lube, asphalt and other petroleum products.

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Principal activities (revenue, 2022)

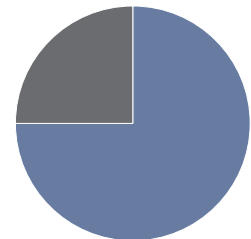
- Oil business - 90.8 %
- Non-oil business - 2.6 %
- International business - 6.4 %
- Others - 0.1 %



Source: PTT Oil and Retail Business

Major shareholders

- PTT Plc - 75.0 %
- Others - 25.0 %



Source: PTT Oil and Retail Business

Catalysts

Key potential catalysts are 1) rising marketing margins; 2) higher oil prices; and 3) higher domestic and overseas oil demand.

Risks to our call

The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.

The upside risks are 1) higher-than-expected petroleum product demand; 2) new M&As; and 3) higher marketing margins.

Event calendar

Date	Event
9 Nov 2023	3Q23 financial results announcement
17 Nov 2023	3Q23 analyst meeting

Key assumptions

	2022	2023E	2024E	2025E
Total volume (m liters)	26,846	27,962	28,793	29,560
Growth (%)	16%	4%	3%	3%
Gross profit (THB/liter)	0.98	1.04	1.00	1.00
SG&A (THB/liter)	1.08	1.09	1.10	1.11
EBITDA (THB/liter)	0.52	0.57	0.53	0.53
Non-oil revenue (THB m)	21,082	23,357	26,154	28,947
Growth (%)	24%	11%	12%	11%
Non-Oil EBITDA margin (%)	25%	26%	26%	26%

Source: FSSIA estimates

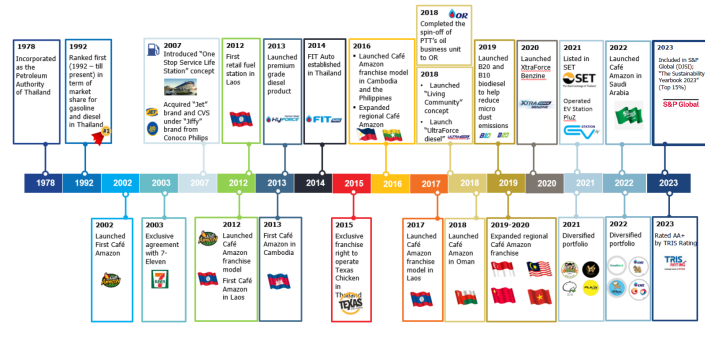
Earnings sensitivity

- For every THB0.01/liter increase in marketing margin, we estimate 2024 earnings would rise by 1.8%, and vice versa, all else being equal.
- For every 1% increase in the number of cups sold for Café Amazon, we estimate 2024 earnings would rise by 1.5%, and vice versa, all else being equal.

Source: FSSIA estimates

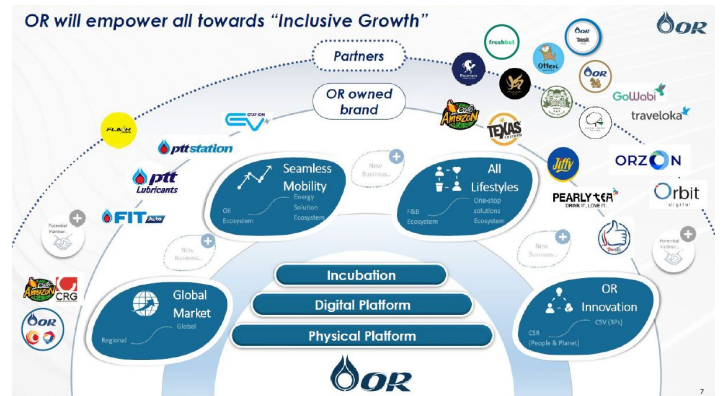
OR's business at first glance

Exhibit 1: Established since 1978 and ranked no.1 in term of market share for gasoline and diesel in Thailand since 1992



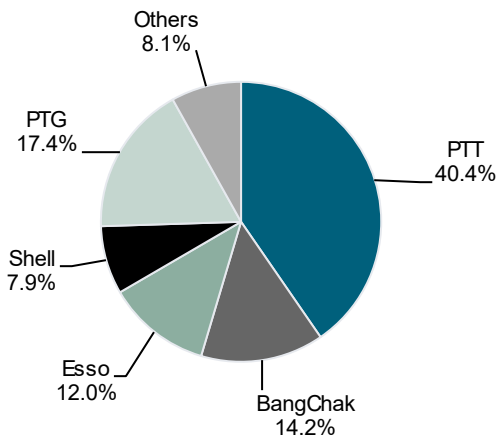
Source: OR

Exhibit 2: OR's brands and partnership universe



Source: OR

Exhibit 3: Oil market share breakdown by sales volume as of 2Q23



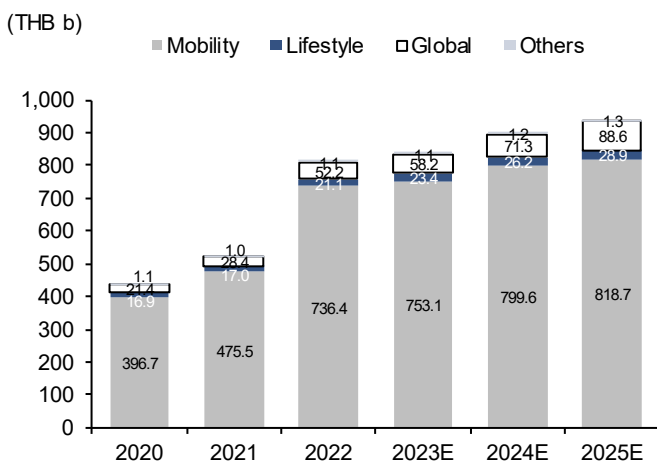
Source: DOEB

Exhibit 4: Number of stations and stores

No. of stations/stores	2021	2022	2023E	2024E	2025E
Mobility business					
No. of gas stations	2,083	2,161	2,261	2,361	2,461
Lifestyle business					
Amazon	3,628	3,895	4,265	4,615	4,915
Texas Chicken	96	107	119	131	143
Jiffy + 7-11	1,977	2,075	2,147	2,247	2,347

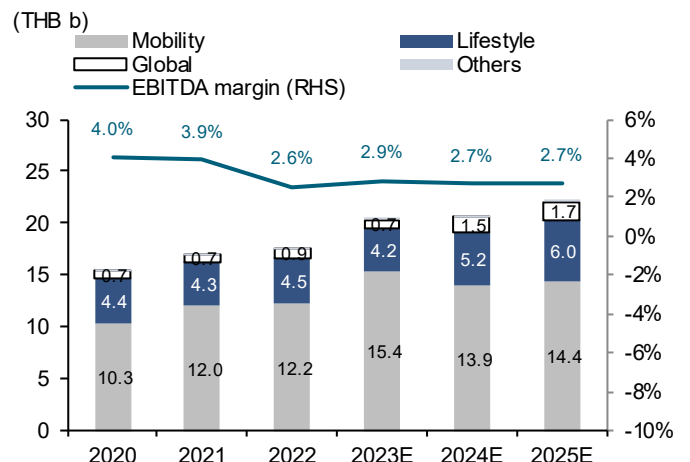
Sources: OR, FSSIA estimates

Exhibit 5: Revenue breakdown

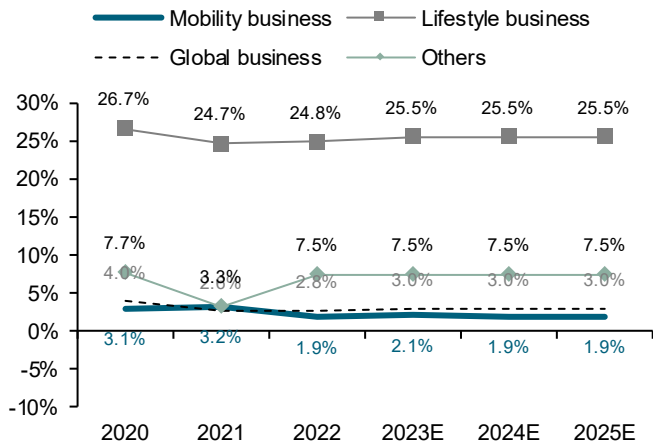


Sources: OR, FSSIA estimates

Exhibit 6: EBITDA breakdown and EBITDA margin breakdown by business



Sources: OR, FSSIA estimates

Exhibit 7: EBITDA margin comparison by business – lifestyle business provides the highest margins

Sources: OR, FSSIA estimates

Exhibit 8: Key business drivers

OR's business pillars	Key drivers
Mobility	Gross marketing margin Sales volume No. of oil stations Oil price
Lifestyle business	No. of Café Amazon outlets No. of cups sold No. of CVS New M&As EBITDA margin
Global business	No. of oil stations Sales volume No. of Café Amazon outlets No. of CVS

Source: OR

Exhibit 9: Utilization of proceeds from IPO as of 30 June 2023

Objectives	Approx. utilization plan 2021-2025	Accumulated use of proceeds until 30Jun23
Retail fuel service station expansion	13,300	4,111
Commercial marketing expansion	3,800	2,793
Investment in storage terminals and distribution centers for oil business	8,500	2,579
Non-oil retail outlet expansion	9,800	2,272
Investment in international business	9,500	2,179
Company's working capital and/or the repayment of loans (if any), For the highest advantage to the Company and its subsidiaries	8,597	8,597
Total	53,497	22,531
Outstanding		30,966

Sources: OR; FSSIA's compilation

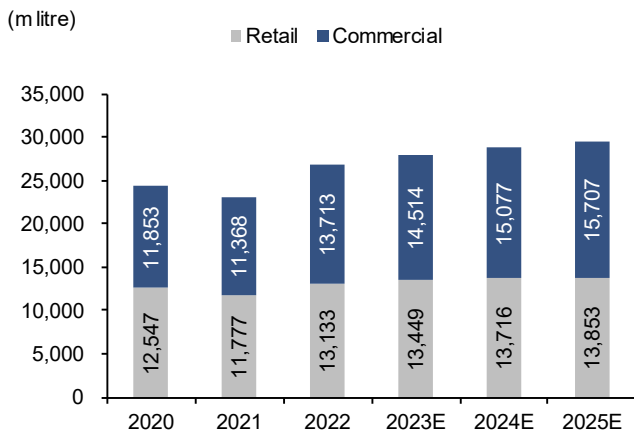
Exhibit 10: OR's investment in other businesses since IPO

Investments	Business	Stake	Cost (THB m)
Flash	Logistics	9%	1,522
K-Nex	Laundry service	40%	1,105
Kamu	Bubble tea	25%	464
Ohkaju	Healthy food	20%	450
Dusit Food	Food supplier	25%	300
Kouen	Sushi etc.	25%	192
Peaberry (Thai)	Coffee supplier	65%	138
Orbit Digital	Technology	40%	50
Traveloka	Travel and lifestyle app	3%	n/a
Gowabi (Thailand)	Market place	n/a	n/a
Polar Bear Mission	Food supplier	n/a	n/a
Pomelo	Fashion	n/a	n/a
Lineman Wongnai	E-commerce platform for services	n/a	n/a
Buzzebees	CRM platform	n/a	n/a

Sources: OR; FSSIA's compilation

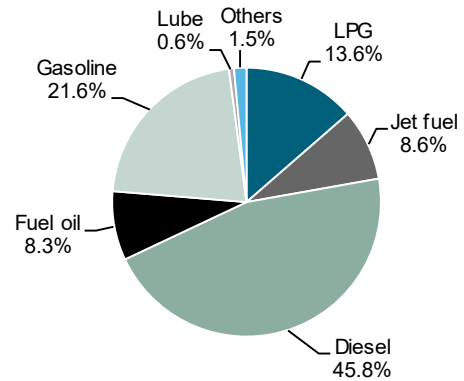
Mobility business overview

Exhibit 11: Sales volume breakdown by business retail and commercial



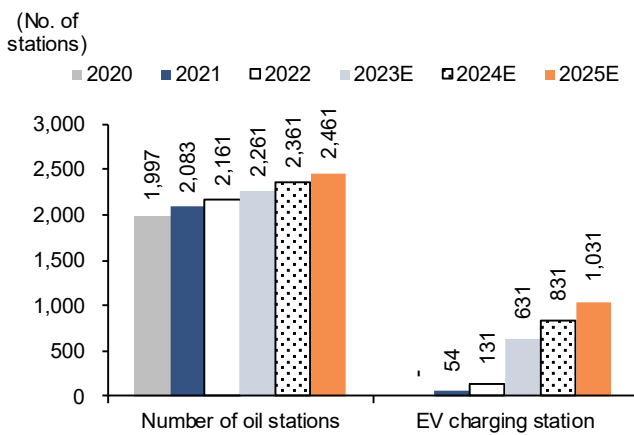
Sources: OR, FSSIA estimates

Exhibit 12: Total sales volume breakdown by products in 2022



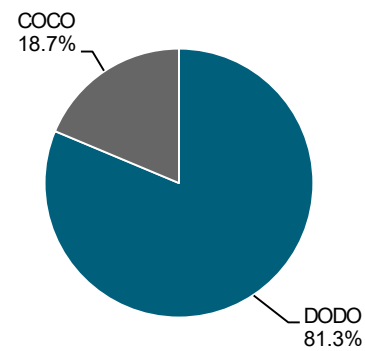
Source: OR

Exhibit 13: Number of PTT stations and EV charging stations



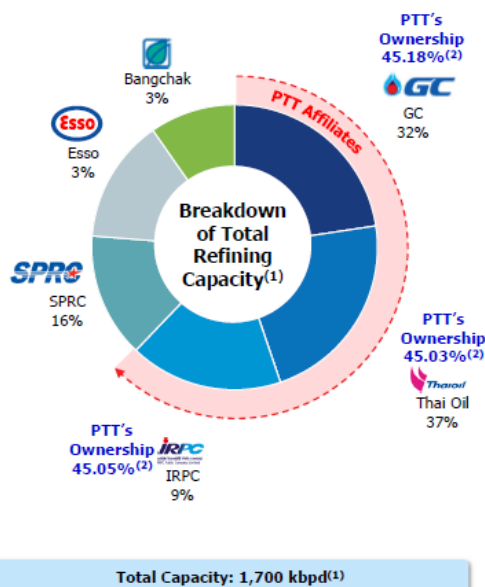
Sources: OR, FSSIA estimates

Exhibit 14: PTT station breakdown by type in 2Q23 – total of 2,183 stations



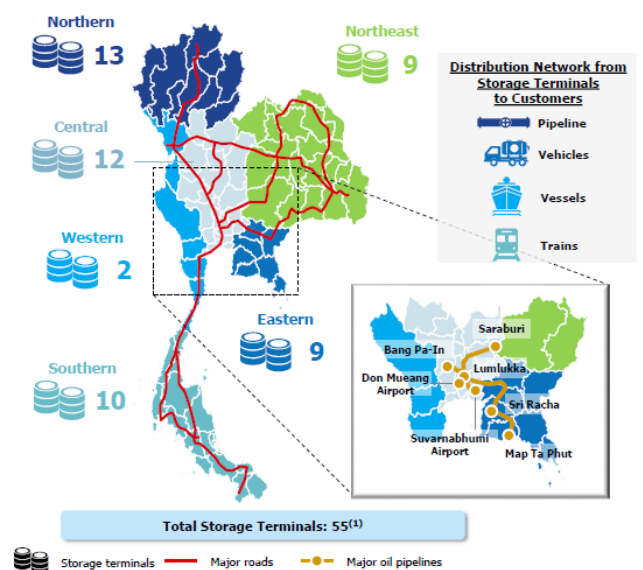
Source: OR

Exhibit 15: Reliable fuel supplies – ~80% of petroleum products were supplied from PTT affiliates



Source: OR

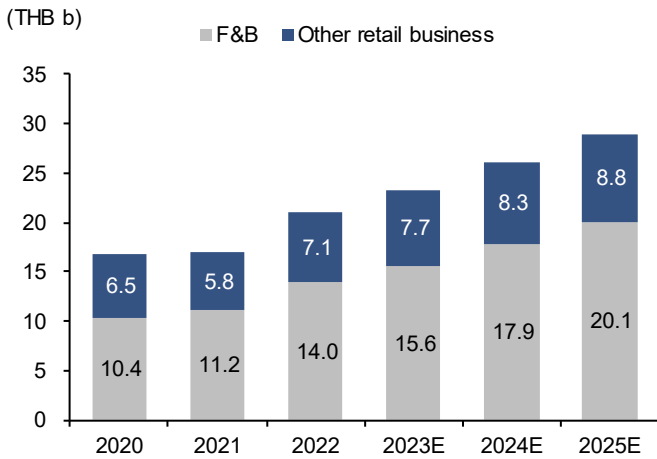
Exhibit 16: Strong network infrastructure



Source: OR

Lifestyle business overview

Exhibit 17: Lifestyle business revenue breakdown



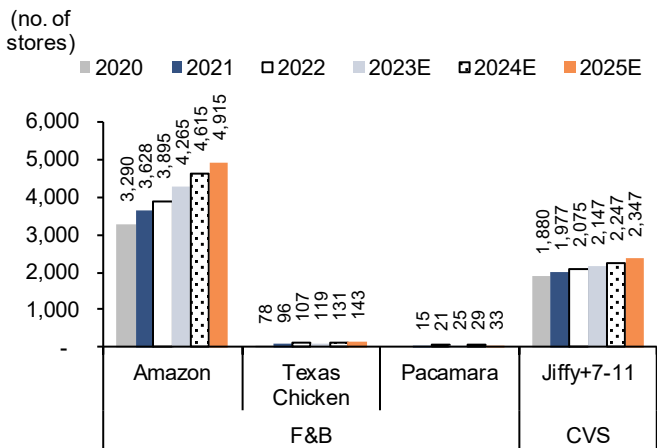
Sources: OR, FSSIA estimates

Exhibit 18: Detail of key lifestyle businesses



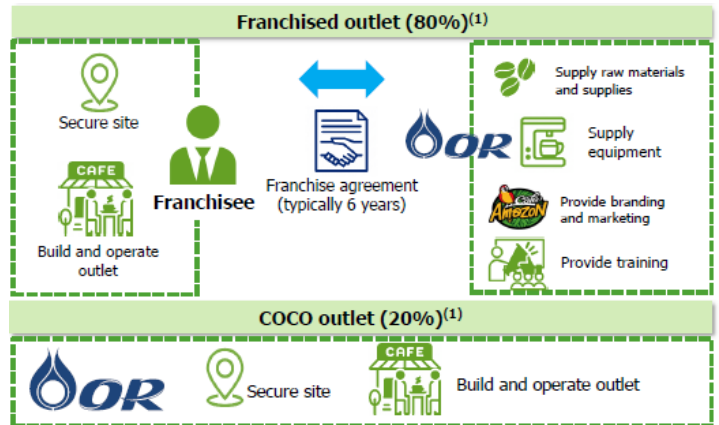
Source: OR

Exhibit 19: Number of stores by business



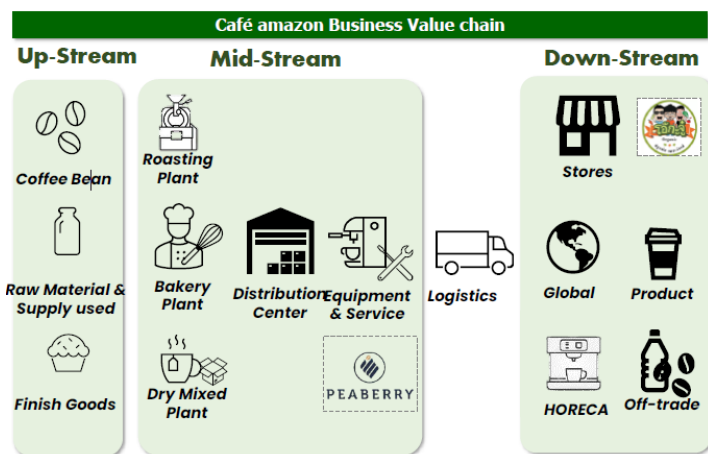
Sources: OR, FSSIA estimates

Exhibit 20: Café Amazon's operating models



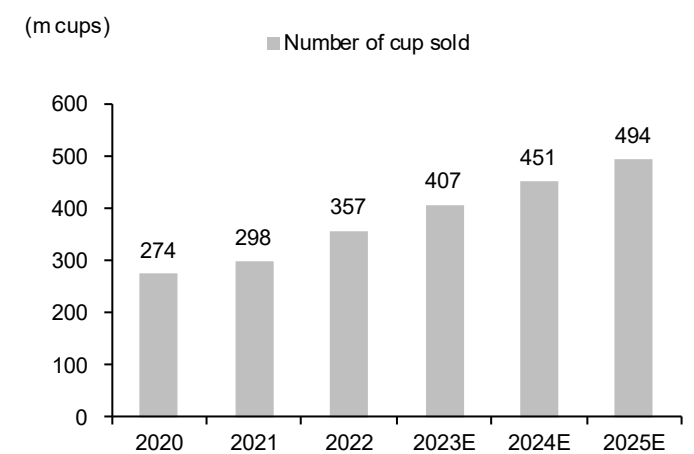
Source: OR

Exhibit 21: Café Amazon business value chain



Source: OR

Exhibit 22: Number of amazon cups sold



Sources: OR, FSSIA estimates

Exhibit 23: Other non-oil business – main contributions are from CVS business

7-Eleven



- Master collaboration agreement with CPALL
 - To exclusively open 7-Eleven convenience stores at OR's service stations
 - The agreement will expire in February 2033
- COCO stations: OR receives royalty and management fee from CPALL**
- DODO stations: OR receives royalty fee from CPALL**

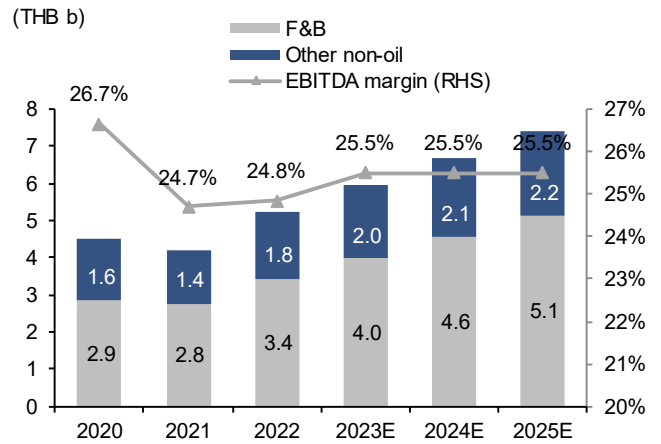
Jiffy



- Proprietary convenience store brand
- All outlets in Thailand are COCO outlets
- All outlets in Laos (recognized under non-oil division) are franchises, where OR receives various fees under franchise agreements

Source: OR

Exhibit 24: Lifestyle business EBITDA breakdown and EBITDA margin



Sources: OR, FSSIA estimates

Global market business overview

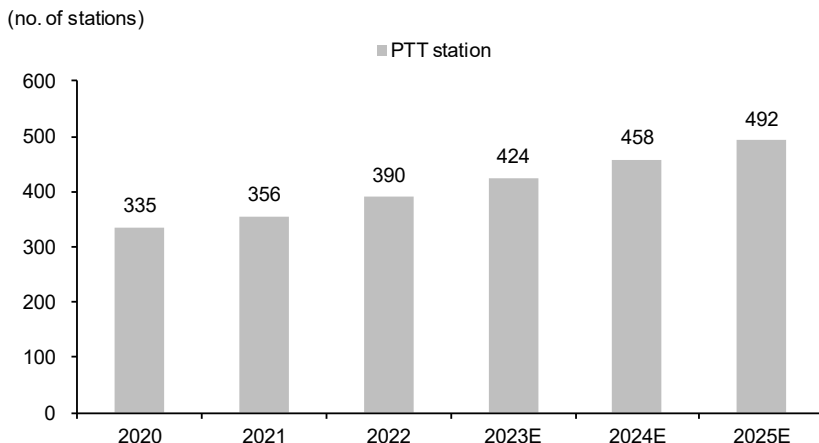
OR has business footprints in eleven countries outside of Thailand. The top five countries in terms of revenue contributions are Cambodia, Laos, the Philippines, Vietnam, and China. Of these, we estimate that >70% of revenue contributions are from Cambodia and the Philippines. Mobility or the oil business is still the flagship business or main revenue contributor in OR's global portfolio, though the company has increased its aggressiveness in expanding Café Amazon globally.

Exhibit 25: Global market business overview



Source: OR

Exhibit 26: Number of PTT stations outside Thailand



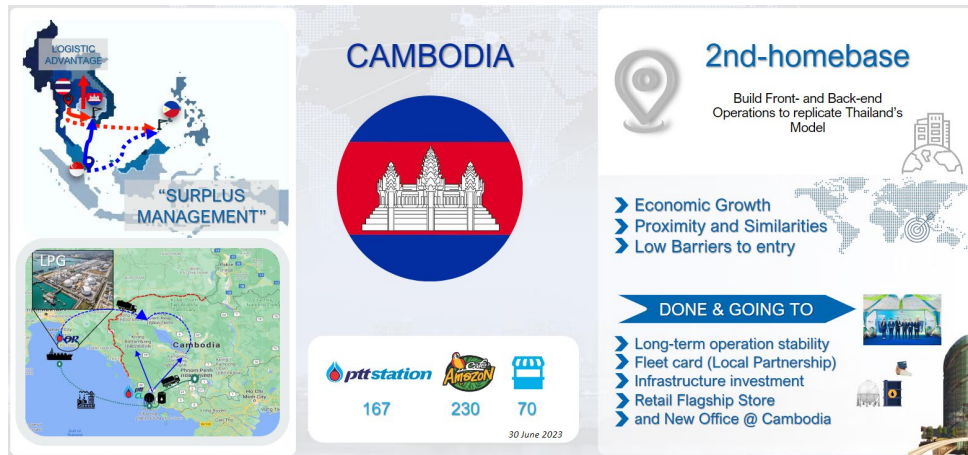
Sources: OR, FSSIA estimates

Long-term business strategy plan

Aiming for Cambodia as a second home base

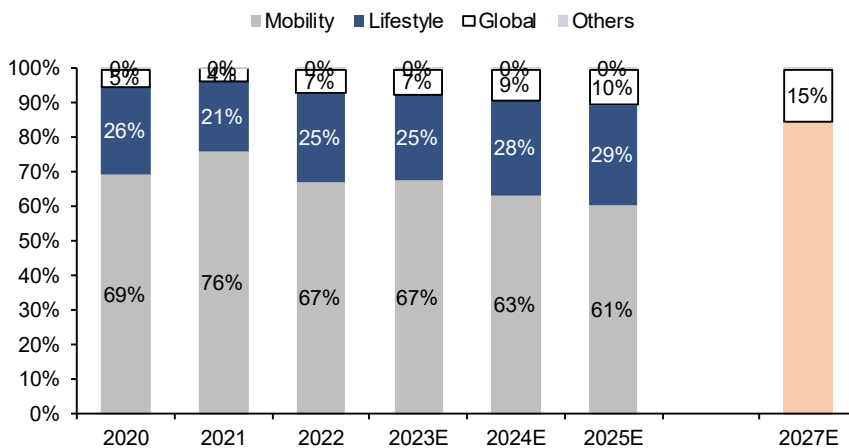
OR's new business strategy aims to grow its global business by targeting Cambodia as its second home base due to its economic growth, proximity and similarities to Thailand, and low barrier to entry. Management is investing in facilities (i.e. LPG and an oil terminal) and planning to recreate Thailand's business model in Cambodia. In the long term, this would increase the sales channel for the upcoming surplus of diesel supply from TOP's new refinery, the Clean Fuel Project (CFP), which is expected to COD in 1H25. The company targets expanding the proportion of its global business EBITDA from 7.6% in 1H23 to 15% in 2027.

Exhibit 27: Cambodia as a second home base for OR



Source: OR

Exhibit 28: % of EBITDA contribution by business



Sources: OR, FSSIA estimates

3Q23E results preview – strong recovery from stock gain

We estimate OR will report a strong 3Q23 net profit of THB4.0b (+44% q-q and +465% y-y), significantly improving both q-q and y-y. We expect the improvement will mostly come from a stock gain, while the core businesses should be weaker q-q. For the mobility business, we forecast a 3Q23 marketing margin at THB1.17/liter (+22% q-q and +72% y-y), which should increase mostly from the stock gain, while we expect the sales volume to drop by 2% q-q from seasonality but increase 8% y-y from higher number of oil stations. For the lifestyle business, we expect EBITDA to weaken by 9% q-q, mainly from a lower EBITDA margin from 26.6% in 2Q23 to 24.5% in 3Q23E and fewer Amazon cups sold per day (93m cups/day in 2Q23 vs 92m cups/day in 3Q23E). Additionally, the global business should see a substantially lower oil sales volume by -18% q-q, mainly from lower sales volumes in the Philippines due to lower bidding on commercial sales. 9M23E net profit is at 77% of 2023E.

Exhibit 29: OR's 3Q23 results preview

	3Q23E	3Q22	Change	2Q23	Change	2023E	Change	% of 2023
	(THB m)	(THB m)	(y-y %)	(THB m)	(q-q %)	(THB m)	(y-y %)	(%)
Revenue	192,477	194,796	-1%	187,708	3%	814,276	90%	71%
Gross profit	11,398	7,433	53%	10,042	13%	43,121	30%	73%
SG&A	7,803	7,219	8%	7,575	3%	30,426	20%	75%
Operating profit	3,595	214	1583%	2,467	46%	12,695	61%	69%
Net profit bef. x-items	3,880	106	3556%	2,258	72%	12,869	60%	69%
Forex gain(loss)	300	595	-50%	498	-40%	0	N/A	n.a.
Net profit	4,180	701	497%	2,756	52%	12,869	46%	77%
Oil gross margin (THB/liter)	1.17	0.68	72%	0.96	22%	1.04		
Total EBITDA (THB m)	6,276	2,647	137%	5,210	20%	23,824	35%	73%
Mobility (oil) EBITDA	4,507	1,084	316%	3,298	37%	16,035	32%	75%
Oil EBITDA per liter	0.67	0.17	286%	0.48	39%	0.57	9%	N/A
% Oil (%)	72%	41%		63%		67%		
F&B	925	782	18%	1,011	-9%	3,981	39%	69%
CVS	443	428	3%	490	-10%	1,975	21%	71%
Total Lifestyle	1,368	1,210	13%	1,501	-9%	5,956	33%	70%
% Non-oil (%)	22%	46%		29%		25%		
Global business	381	270	41%	450	-15%	1,747	103%	70%
EBITDA margins	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
Mobility (oil)	2.5%	0.6%		1.9%		2.1%	3.2%	
Lifestyle (Non-Oil)	24.5%	22.9%		26.6%		25.5%	24.7%	
F&B	24.5%	22.2%		26.5%		25.5%	24.8%	
CVS	24.5%	24.1%		26.8%		25.5%	24.4%	
Global business	3.0%	2.0%		3.4%		2.9%	3.9%	
Oil sales vol (m liter)	6,767	6,284	8%	6,905	-2%	27,962	21%	
Retail	3,158	3,138	1%	3,222	-2%	13,449	14%	
Wholesale	3,609	3,146	15%	3,683	-2%	14,514	28%	
F&B sales/day (THB/store)	9,898	9,914	0%	10,269	-4%	9,925	22%	
CVS sales/day (THB/store)	9,016	9,231	-2%	9,295	-3%	9,660	24%	
No. of coffee cup sold (m)	92	93	-1%	93	-1%	407	36%	

Sources: OR, FSSIA estimates

Valuation

We initiate coverage of OR with a HOLD rating. Our SoTP-based target price is at THB20.0/share. This is based on mobility business EV/EBITDA of 8.0x, lifestyle business EV/EBITDA of 13.4x, and global business EV/EBITDA of 9.0x. Our target price implies a 2024E forward P/E of 18.7x or ~1.5SD of its 3-yr average.

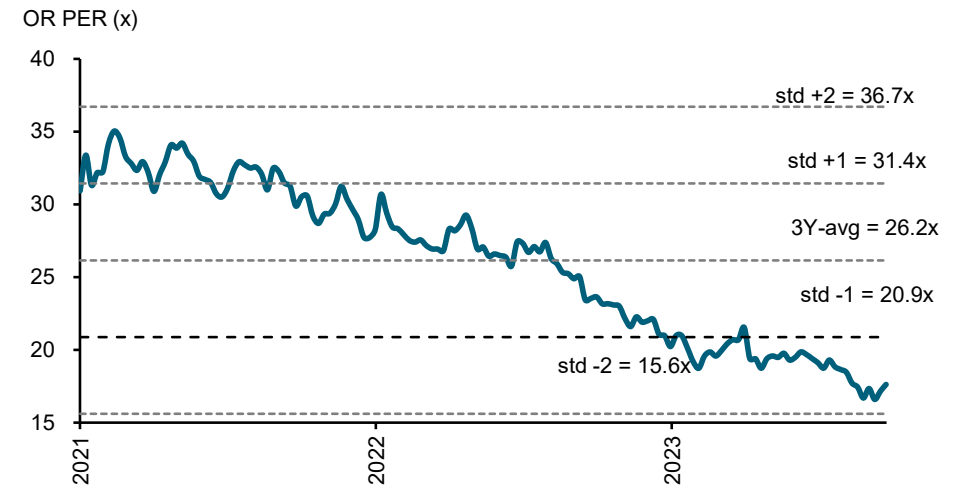
The share price is currently trading at a 12-month forward P/E of 17.7x, or almost -2SD of its 3-yr average. We think the disappointing lifestyle performance and execution of new M&As, coupled with rising concern over government intervention, have already de-rated or been reflected in the share price. Hence, we think the downside of the share price is limited given the stable earnings outlook. Our 2023-25E EPS growth is +39%/-0.1%/+9.1%, respectively.

Exhibit 30: SoTP target price valuation

SoTP valuation	EBITDA (THB m)	EBITDA margin (%)	EV/EBITDA (X)	Valuation (THB m)	Valuation (THB/shr)	Comments
Mobility	15,258		8.0	122,064	10.2	At 8.0x FY24E EV/EBITDA
Lifestyle	6,669	25.0	13.4	89,477	7.5	At 13.4x FY24E EV/EBITDA
Food & Beverage	4,557	27.5	15.0	68,354	5.7	At 15x FY24E EV/EBITDA
Others	2,112	20.0	10.0	21,124	1.8	At 10x FY24E EV/EBITDA
Global	2,139	2.9	9.0	19,254	1.6	At 9x FY24E EV/EBITDA
Others	93	13.1	8.0	744	0.1	At 8.0x FY24E EV/EBITDA
Total	24,160		9.6	231,540	19.3	At 9.6x FY24E EV/EBITDA
Net cash /(net debt)	8,433	nm	nm	8,433	0.7	FY24E net debt
Total value	32,593		7.4	239,973	20.0	

Source: FSSIA estimates

Exhibit 31: OR's P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 32: OR's valuation comparisons as of 7 Nov 2023

Company	BBG	Rec	Share Price (LCY)	Target price (LCY)	Up side (%)	Market Cap (USD m)	3Y EPS CAGR (%)	----- PE -----		----- ROE -----		---- PBV ---		EV/EBITDA	
								23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand															
PTT Oil and Retail	OR TB	HOLD	18.6	20.0	8	6,278	14.9	17.3	17.4	12.0	11.3	2.0	1.9	11.3	10.7
Thai Oil	TOP TB	BUY	47.8	56.8	19	3,000	(18.0)	5.7	8.2	11.7	7.8	0.6	0.6	5.5	7.8
Star Petroleum Refining	SPRC TB	BUY	8.00	11.70	46	976	(12.9)	10.5	8.4	8.4	9.9	0.9	0.8	6.2	4.9
Bangchak Corp	BCP TB	BUY	40.75	42.70	5	1,653	(26.7)	7.4	7.4	11.6	10.7	0.8	0.8	5.6	5.1
Ptg Energy	PTG TB	n/a	8.30	n/a	n/a	392	14.0	14.0	15.3	11.7	10.6	1.6	1.6	7.9	8.2
IRPC	IRPC TB	n/a	2.02	n/a	n/a	1,172	(204.1)	185.5	27.9	1.8	0.5	0.5	0.5	5.7	10.5
Esso Thailand	ESSO TB	n/a	9.55	n/a	n/a	924	(17.0)	3.8	7.1	48.4	15.9	1.3	1.1	3.2	7.5
Susco	SUSCO TB	n/a	4.76	n/a	n/a	133	10.4	11.0	12.3	12.5	10.4	1.3	1.2	6.7	7.5
Thailand avg						18,553	(28.4)	28.7	13.4	15.8	9.0	1.1	1.0	6.3	7.9
Philippines															
Petronas Dagangan	PETD MK	n/a	22.92	n/a	n/a	4,859	11.6	30.1	22.2	13.4	17.4	4.1	3.9	13.6	11.5
Philippines avg						4,859	11.6	30.1	22.2	13.4	17.4	4.1	3.9	13.6	11.5
Malaysia															
Vietnam National Petroleum G	PLX VN	n/a	34,200	n/a	n/a	1,782	46.1	34.9	14.1	5.0	12.0	1.8	1.7	12.6	7.5
Malaysia avg						1,782	46.1	34.9	14.1	5.0	12.0	1.8	1.7	12.6	7.5
Hong Kong															
Petrochina	857 HK	n/a	4.98	n/a	n/a	169,857	(14.3)	5.8	5.2	11.0	11.6	0.6	0.6	3.5	3.3
China Petroleum & Chemical-H	386 HK	n/a	4.00	n/a	n/a	82,065	12.5	6.4	6.1	8.9	9.3	0.6	0.5	4.6	4.9
Hong Kong avg						251,922	(0.9)	6.1	5.7	10.0	10.4	0.6	0.6	4.0	4.1
India															
Oil & Natural Gas	ONGC IN	n/a	193.20	n/a	n/a	29,594	(2.5)	5.6	5.1	18.6	18.0	1.0	0.8	4.5	4.1
Bharat Petroleum	BPCL IN	n/a	372.80	n/a	n/a	10,052	(7.9)	8.3	24.6	18.8	3.3	1.5	1.5	7.0	11.4
Hindustan Petroleum	HPCL IN	n/a	278.65	n/a	n/a	5,110	2.3	6.5	n/a	17.2	(23.2)	1.0	1.4	9.8	n/a
India avg						44,756	(2.7)	6.8	14.8	18.2	(0.6)	1.2	1.3	7.1	7.8
Average (all)						321,873	5.2	21.3	14.0	12.5	9.6	1.8	1.7	8.7	7.7

Sources: Bloomberg, FSSIA estimates

Financial Statements

PTT Oil and Retail Business

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	511,799	789,785	814,276	875,079	913,371
Cost of goods sold	(475,592)	(750,677)	(771,155)	(831,290)	(867,392)
Gross profit	36,207	39,108	43,121	43,789	45,979
Other operating income	-	-	-	-	-
Operating costs	(25,087)	(29,110)	(30,426)	(31,599)	(32,765)
Operating EBITDA	17,195	16,501	19,899	19,998	21,235
Depreciation	(6,075)	(6,503)	(7,205)	(7,808)	(8,021)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	11,120	9,999	12,695	12,190	13,214
Net financing costs	1,925	1,410	2,821	3,284	3,700
Associates	372	490	623	646	685
Recurring non-operating income	372	490	623	646	685
Non-recurring items	771	1,112	0	0	0
Profit before tax	14,188	13,011	16,138	16,119	17,599
Tax	(2,719)	(2,638)	(3,269)	(3,260)	(3,563)
Profit after tax	11,470	10,373	12,869	12,859	14,035
Minority interests	4	(2)	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	11,474	10,371	12,869	12,859	14,035
Non-recurring items & goodwill (net)	(771)	(1,112)	0	0	0
Recurring net profit	10,703	9,258	12,869	12,859	14,035
Per share (THB)					
Recurring EPS *	0.89	0.77	1.07	1.07	1.17
Reported EPS	0.96	0.86	1.07	1.07	1.17
DPS	0.46	0.50	0.48	0.48	0.53
Diluted shares (used to calculate per share data)	12,000	12,000	12,000	12,000	12,000
Growth					
Revenue (%)	19.4	54.3	3.1	7.5	4.4
Operating EBITDA (%)	31.6	(4.0)	20.6	0.5	6.2
Operating EBIT (%)	41.5	(10.1)	27.0	(4.0)	8.4
Recurring EPS (%)	(0.2)	(13.5)	39.0	(0.1)	9.1
Reported EPS (%)	(2.1)	(9.6)	24.1	(0.1)	9.1
Operating performance					
Gross margin inc. depreciation (%)	7.1	5.0	5.3	5.0	5.0
Gross margin exc. depreciation (%)	8.3	5.8	6.2	5.9	5.9
Operating EBITDA margin (%)	3.4	2.1	2.4	2.3	2.3
Operating EBIT margin (%)	2.2	1.3	1.6	1.4	1.4
Net margin (%)	2.1	1.2	1.6	1.5	1.5
Effective tax rate (%)	20.4	21.1	21.1	21.1	21.1
Dividend payout on recurring profit (%)	51.6	64.8	45.0	45.0	45.0
Interest cover (X)	(6.0)	(7.4)	(4.7)	(3.9)	(3.8)
Inventory days	17.0	12.8	13.3	13.0	13.2
Debtor days	11.5	11.2	13.8	14.0	13.7
Creditor days	23.6	21.0	22.1	20.3	20.6
Operating ROIC (%)	15.3	11.6	11.4	10.4	11.6
ROIC (%)	9.7	7.6	8.0	7.4	8.1
ROE (%)	15.6	9.1	12.0	11.3	11.5
ROA (%)	5.2	3.8	4.7	4.4	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Oil business	466,325	717,405	733,674	778,927	797,528
Non-oil business	16,636	20,538	22,755	25,479	28,200
International business	27,873	50,808	56,733	69,471	86,348
Others	965	1,034	1,115	1,202	1,296

Sources: PTT Oil and Retail Business; FSSIA estimates

Financial Statements

PTT Oil and Retail Business

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	10,703	9,258	12,869	12,859	14,035
Depreciation	6,075	6,503	7,205	7,808	8,021
Associates & minorities	3,480	3,480	3,480	3,480	3,480
Other non-cash items	(3,086)	(2,852)	(4,105)	(4,126)	(4,166)
Change in working capital	5,310	(24,770)	(5,289)	6,755	4,664
Cash flow from operations	22,482	(8,380)	14,159	26,776	26,035
Capex - maintenance	(6,742)	(8,202)	(15,195)	(12,189)	(9,572)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(2,569)	(3,137)	481	538	554
Cash flow from investing	(9,311)	(11,339)	(14,714)	(11,651)	(9,018)
Dividends paid	(4,423)	(6,464)	(6,000)	(5,791)	(5,787)
Equity finance	54,905	(18)	0	0	0
Debt finance	(16,433)	(562)	(2,907)	(2,334)	(6,230)
Other financing cash flows	-	-	-	-	-
Cash flow from financing	34,049	(7,043)	(8,907)	(8,126)	(12,017)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	47,220	(26,763)	(9,461)	7,000	5,000
Free cash flow to firm (FCFF)	14,421.27	(18,563.85)	549.04	16,004.09	17,768.74
Free cash flow to equity (FCFE)	(3,262.12)	(20,280.62)	(3,461.42)	12,791.19	10,786.58

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	1.20	(1.55)	0.05	1.33	1.48
FCFE per share	(0.27)	(1.69)	(0.29)	1.07	0.90
Recurring cash flow per share	1.43	1.37	1.62	1.67	1.78

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	81,036	86,027	93,232	101,039	109,060
Less: Accumulated depreciation	(38,373)	(41,664)	(40,879)	(44,305)	(50,775)
Tangible fixed assets (net)	42,663	44,363	52,353	56,734	58,285
Intangible fixed assets (net)	5,463	5,311	5,095	4,860	4,620
Long-term financial assets	3,853	8,008	8,008	8,008	8,008
Invest. in associates & subsidiaries	5,948	8,743	9,219	9,678	10,169
Cash & equivalents	66,224	39,461	30,000	37,000	42,000
A/C receivable	34,321	68,821	69,202	64,303	60,772
Inventories	24,630	27,474	28,224	30,425	31,746
Other current assets	892	796	817	870	904
Current assets	126,066	136,552	128,243	132,598	135,422
Other assets	23,666	22,528	22,711	22,898	23,089
Total assets	207,659	225,504	225,628	234,777	239,593
Common equity	99,818	103,701	110,570	117,638	125,887
Minorities etc.	54	60	60	60	60
Total shareholders' equity	99,872	103,761	110,630	117,698	125,947
Long term debt	29,502	24,488	19,858	15,228	10,598
Other long-term liabilities	26,555	28,595	28,894	29,198	29,508
Long-term liabilities	56,057	53,084	48,752	44,426	40,107
A/C payable	44,000	56,394	52,211	56,282	58,727
Short term debt	4,868	9,319	11,043	13,339	11,739
Other current liabilities	2,862	2,947	2,992	3,032	3,075
Current liabilities	51,730	68,660	66,246	72,652	73,540
Total liabilities and shareholders' equity	207,659	225,504	225,628	234,777	239,593
Net working capital	12,980	37,750	43,040	36,284	31,620
Invested capital	94,573	126,702	140,425	138,463	135,792

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	8.32	8.64	9.21	9.80	10.49
Tangible book value per share	7.86	8.20	8.79	9.40	10.11

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	(31.9)	(5.4)	0.8	(7.2)	(15.6)
Net debt/total assets (%)	(15.3)	(2.5)	0.4	(3.6)	(8.2)
Current ratio (x)	2.4	2.0	1.9	1.8	1.8
CF interest cover (x)	2.7	15.4	2.2	(2.9)	(1.9)

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	20.9	24.1	17.3	17.4	15.9
Recurring P/E @ target price (x) *	22.4	25.9	18.6	18.7	17.1
Reported P/E (x)	19.5	21.5	17.3	17.4	15.9
Dividend yield (%)	2.5	2.7	2.6	2.6	2.8
Price/book (x)	2.2	2.2	2.0	1.9	1.8
Price/tangible book (x)	2.4	2.3	2.1	2.0	1.8
EV/EBITDA (x) **	11.1	13.2	11.3	10.7	9.6
EV/EBITDA @ target price (x) **	12.1	14.2	12.1	11.6	10.4
EV/invested capital (x)	2.0	1.7	1.6	1.6	1.5

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

Sources: PTT Oil and Retail Business; FSSIA estimates

PTT Oil & Retail Business (OR TB)

FSSIA ESG rating



68.80 / 100

Exhibit 33: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 34: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					--- Bloomberg ---		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BCP	77.54	--	Y	Y	5.00	5.00	Certified	Medium	56.04	AA	--	79.53	83.00	6.34	69.77
ESSO	30.81	--	--	--	4.00	5.00	--	Severe	46.89	--	--	45.86	17.00	2.06	34.92
OR	68.80	--	Y	Y	5.00	5.00	Certified	--	57.34	A	--	57.20	71.00	4.45	70.19
SPRC	44.50	--	--	--	5.00	5.00	Certified	High	55.86	--	--	36.91	28.00	3.77	54.54

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 35: ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	4.14	4.84	4.45
BESG environmental pillar score	2.72	4.27	4.25
BESG social pillar score	5.62	5.80	5.21
BESG governance pillar score	5.40	4.89	4.07
ESG disclosure score	67.76	71.37	70.19
Environmental disclosure score	64.94	69.50	67.53
Social disclosure score	57.19	57.19	55.62
Governance disclosure score	81.10	87.36	87.36
Environmental			
Emissions reduction initiatives	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	No	Yes	Yes
GHG scope 1	4	3	4
GHG scope 2 location-based	21	19	26
GHG Scope 3	—	39,456	132,829
Carbon per unit of production	—	—	—
Biodiversity policy	No	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes
Total energy consumption	80	72	79
Renewable energy use	2	2	1
Electricity used	61	56	61
Fuel used - natural gas	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 36: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	Yes	Yes	Yes
Hazardous waste	1	1	1
Total waste	18	19	21
Waste recycled	1	1	0
Waste sent to landfills	0.00	0.00	0.00
Environmental supply chain management	Yes	Yes	Yes
Water policy	Yes	Yes	Yes
Water consumption	1,712.32	1,889.28	230.00
Social			
Human rights policy	Yes	Yes	Yes
Policy against child labor	No	No	No
Quality assurance and recall policy	No	No	No
Consumer data protection policy	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes
Gender pay gap breakout	Yes	Yes	Yes
Pct women in workforce	31.82	34.00	35.87
Pct disabled in workforce	0.00	0.00	—
Business ethics policy	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes
Lost time incident rate - employees	0.00	0.00	0.12
Total recordable incident rate - employees	0.00	0.00	0.12
Training policy	Yes	Yes	Yes
Fair remuneration policy	No	No	No
Number of employees – CSR	1,477.00	1,532.00	1,628.00
Employee turnover pct	1.15	2.15	2.76
Total hours spent by firm - employee training	25,744.10	51,735.60	35,605.90
Social supply chain management	Yes	Yes	Yes
Governance			
Board size	10	15	14
No. of independent directors (ID)	6	8	9
No. of women on board	3	2	1
No. of non-executive directors on board	9	14	13
Company conducts board evaluations	Yes	Yes	Yes
No. of board meetings for the year	14	17	17
Board meeting attendance pct	98	99	100
Board duration (years)	3	3	3
Director share ownership guidelines	No	No	No
Age of the youngest director	37	38	39
Age of the oldest director	59	60	60
No. of executives / company managers	12	12	13
No. of female executives	3	2	2
Executive share ownership guidelines	No	No	No
Size of audit committee	3	4	5
No. of ID on audit committee	3	4	4
Audit committee meetings	17	12	12
Audit meeting attendance %	98	98	95
Size of compensation committee	3	5	5
No. of ID on compensation committee	1	3	3
No. of compensation committee meetings	6	10	12
Compensation meeting attendance %	100	100	100
Size of nomination committee	3	5	5
No. of nomination committee meetings	6	10	12
Nomination meeting attendance %	100	100	100
Sustainability governance			
Verification type	No	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Kwanwaree Apichartsatoporn FSS International Investment Advisory Securities Co., Ltd

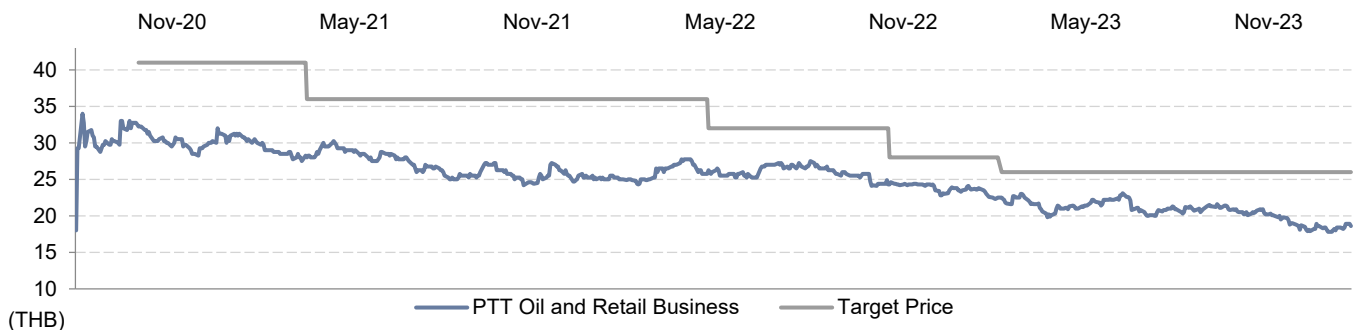
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

PTT Oil and Retail Business (OR TB)



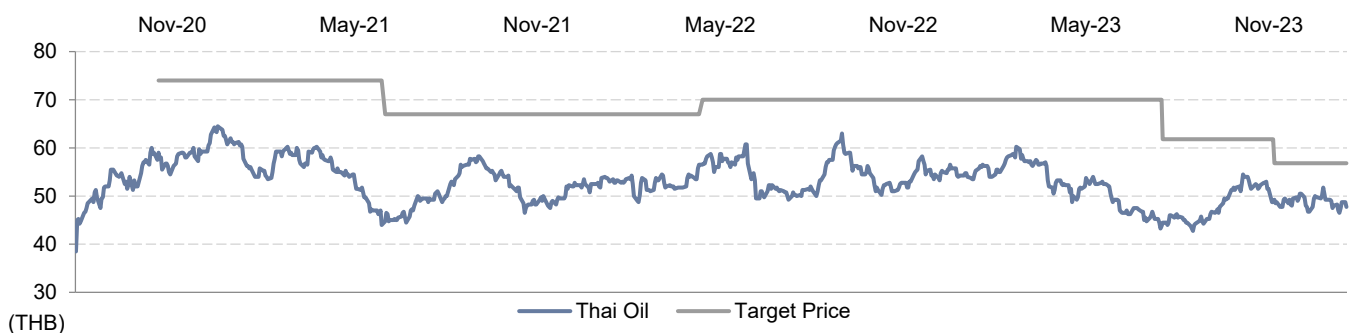
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Mar-2021	BUY	41.00	20-Jun-2022	BUY	32.00	03-Feb-2023	BUY	26.00
09-Aug-2021	BUY	36.00	09-Nov-2022	BUY	28.00			

Kwanwaree Apichartsatoporn started covering this stock from 08-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

Thai Oil (TOP TB)



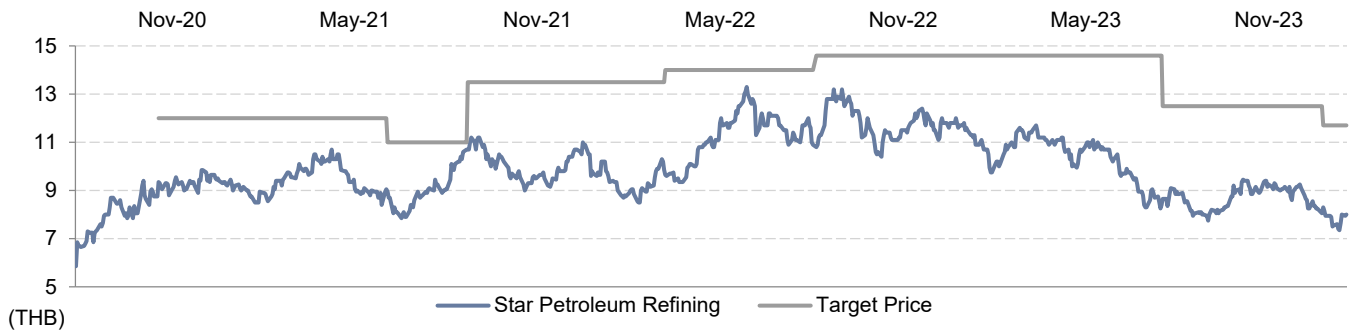
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2021	BUY	74.00	29-Apr-2022	BUY	70.00	05-Sep-2023	BUY	56.80
30-Jul-2021	BUY	67.00	01-Jun-2023	BUY	61.80			

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)



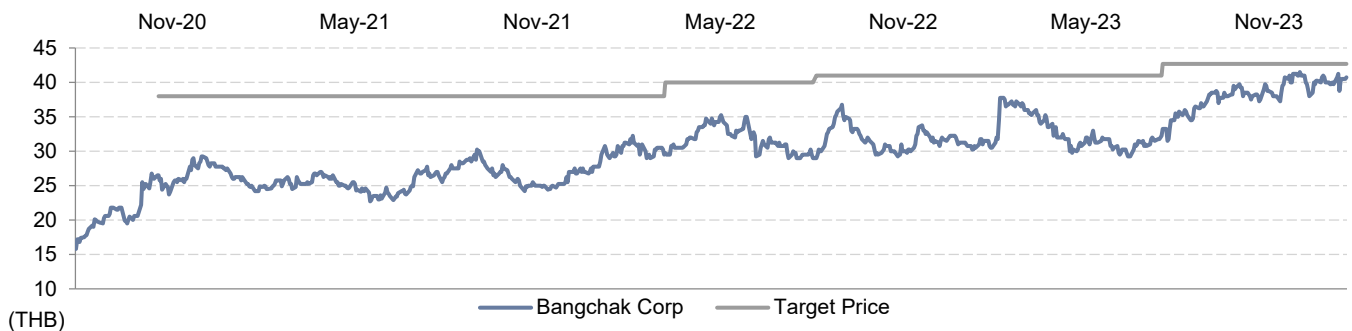
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2021	BUY	12.00	30-Mar-2022	BUY	14.00	17-Oct-2023	BUY	11.70
03-Aug-2021	BUY	11.00	05-Aug-2022	BUY	14.60			
11-Oct-2021	BUY	13.50	01-Jun-2023	BUY	12.50			

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

Price and TP are in local currency

Source: FSSIA estimates

Bangchak Corp (BCP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2021	BUY	38.00	05-Aug-2022	BUY	41.00	-	-	-
30-Mar-2022	BUY	40.00	01-Jun-2023	BUY	42.70			

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
PTT Oil and Retail Business	OR TB	THB 18.60	HOLD	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand. The upside risks are 1) higher-than-expected petroleum product demand; 2) new M&As; and 3) higher marketing margins.
Thai Oil	TOP TB	THB 47.75	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 8.00	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.
Bangchak Corp	BCP TB	THB 40.75	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of refinery plants.

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.

All share prices are as at market close on 07-Nov-2023 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.