

10 NOVEMBER 2023

EQUITY RESEARCH – RESULTS FLASH

PTT OIL AND RETAIL BUSINESS

THAILAND / ENERGY

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating



OR TB

HOLD

UNCHANGED

3Q23 results at first glance

3Q23 results – beat expectations

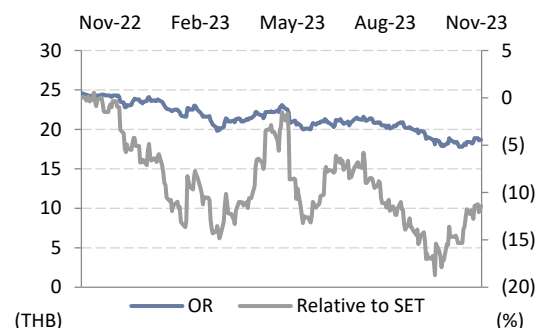
Highlights

- 3Q23 net profit reported at THB5.2b (+88% q-q and +638% y-y) – beat our expectations of THB4.1b.** The better-than-expected performance is mainly from an increase in stock gain (THB4.0b), lower-than-expected SG&A, and other non-recurring revenue from PTT Group Supply Collaboration (THB0.44b). 9M23 net profit is at 85% of our 2023E.
- Mobility business – improved q-q from stock gain despite lower sales volume.** 3Q23 mobility EBITDA is at THB5.7b (+72% q-q and +423% y-y). It increased from stock gain (THB4.0b) and other non-recurring revenue from PTT Group Supply Collaboration (THB0.24b). The stock gain is reflected in 3Q23 gross profit per liter of THB1.26/liter (+THB0.3/liter q-q and +THB0.58/liter y-y). This is more than offset weaker oil sales volume (-2%q-q) from the rainy season. Thus, oil EBITDA margin improved from 1.9% in 2Q23 to 3.2% in this quarter.
- Lifestyle business – softer q-q from seasonality.** 3Q23 EBITDA is at THB1.4b (-8% q-q but +14%y-y). The performance was weaker q-q on both F&B and CVS due to seasonality. Hence, the EBITDA margin decreased from 26.6% in 2Q23 to 25.1% in 3Q23.
- Global business – increased q-q from other non-recurring revenue and higher gross margin in Laos despite lower oil sales volume.** 3Q23 EBITDA increased 22% q-q to THB0.55b, and EBITDA margin increased by 1% q-q to 4.4% despite lower oil sales volume (-18% q-q) across all countries. This is because of other non-recurring revenue from PTT Group Supply Collaboration (THB0.20b) in the Philippines and a higher gross margin in Laos.
- Slower outlook in 4Q23 despite high demand season.** We expect 4Q23 earnings to be lower due to less support from stock gain, though oil sales volume and lifestyle business should improve from seasonally high demand. In addition, higher operating expenses (i.e. marketing campaign and SG&A) are expected in 4Q23 due to its seasonality.
- Maintain HOLD rating on OR with a TP of THB20.0/share.

TARGET PRICE	THB20.00
CLOSE	THB18.70
UP/DOWNSIDE	+7.0%
TP vs CONSENSUS	-14.7%

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 (%)	-	6.4	0.3	1.7
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
EPS growth (%)	(13.5)	39.0	(0.1)	9.1
Core P/E (x)	24.2	17.4	17.5	16.0
Dividend yield (%)	2.7	2.6	2.6	2.8
EV/EBITDA (x)	13.3	11.3	10.8	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 (%)	2.7	(10.5)	(23.0)
Relative to country (%)	4.7	(2.7)	(11.1)
Mkt cap (USD m)	6,305		
3m avg. daily turnover (USD m)	7.9		
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



Kwanwaree Apichartsatporn

Fundamental Investment Analyst on Securities; License no. 117055
kwanwaree.a@fssia.com, +66 2646 9968

Financial performance highlights

Exhibit 1: 3Q23 results summary

	3Q23	3Q22	Change	2Q23	Change	2023E	Change	% of 2023
	(THB m)	(THB m)	(y-y %)	(THB m)	(q-q %)	(THB m)	(y-y %)	(%)
Revenue	191,560	194,796	-2%	187,708	2%	814,276	3%	71%
Gross profit	11,794	7,433	59%	10,042	17%	43,121	10%	74%
SG&A	7,341	7,219	2%	7,575	-3%	30,426	5%	74%
Operating profit	4,453	214	1,985%	2,467	81%	12,695	27%	75%
Net profit bef. x-items	4,437	106	4,081%	2,258	97%	12,869	39%	73%
Forex gain(loss)	732	595	23%	498	47%	-	n/a	n/a
Net profit	5,170	701	638%	2,756	88%	12,869	24%	85%
Stock gain	4,000	(5,000)	-180%	1,500	167%	-	-100%	n/a
Oil gross margin (THB/liter)	1.26	0.68	85%	0.96	31%	1.04		
Total EBITDA (THB m)	7,546	2,647	185%	5,210	45%	23,824	16%	78%
Mobility (oil) EBITDA	5,669	1,084	423%	3,298	72%	16,035	15%	82%
Oil EBITDA per liter	0.84	0.17	386%	0.48	75%	0.57	11%	n/a
% Oil	75%	41%		63%		67%		
F&B	959	782	23%	1,011	-5%	3,981	15%	70%
CVS	424	428	-1%	490	-13%	1,975	10%	70%
Total Lifestyle	1,383	1,210	14%	1,501	-8%	5,956	14%	70%
% Non-oil	18%	46%		29%		25%		
Global business	550	270	104%	450	22%	1,747	19%	80%
EBITDA margins								
Mobility (oil)	3.2%	0.6%		1.9%		2.1%	3.2%	
Lifestyle (Non-Oil)	25.1%	22.9%		26.6%		25.5%	24.7%	
F&B	25.1%	22.2%		26.5%		25.5%	24.8%	
CVS	25.1%	24.1%		26.8%		25.5%	24.4%	
Global business	4.4%	2.0%		3.4%		2.9%	3.9%	
Oil sales vol (m liter)	6,767	6,284	8%	6,905	-2%	27,962	4%	
Retail	3,158	3,138	1%	3,222	-2%	13,449	2%	
Wholesale	3,609	3,146	15%	3,683	-2%	14,514	6%	
F&B sales/day (THB/store)	10,041	9,914	1%	10,269	-2%	9,925	4%	
CVS sales/day (THB/store)	9,016	9,231	-2%	9,295	-3%	9,660	5%	
no. of coffee cup sold (m)	92	93	-1%	93	-1%	407	0%	

Sources: OR; 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)

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)

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

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) *	21.0	24.2	17.4	17.5	16.0
Recurring P/E @ target price (x) *	22.4	25.9	18.6	18.7	17.1
Reported P/E (x)	19.6	21.6	17.4	17.5	16.0
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	1.9
EV/EBITDA (x) **	11.2	13.3	11.3	10.8	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 2: 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 3: 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 4: 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 5: 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>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>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> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></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
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																										
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.																											

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) "THSI". The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Kwanwaree Apichartsatoporn FSS International Investment Advisory Securities Co., Ltd

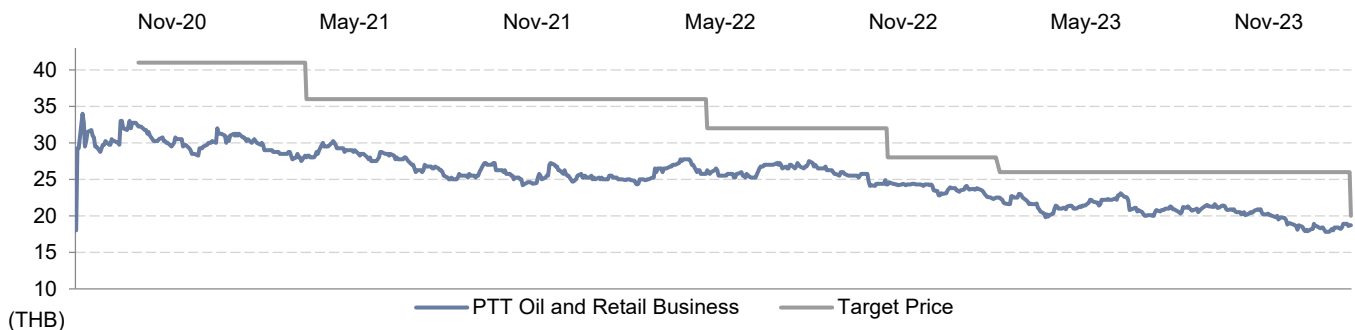
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

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

History of change in investment rating and/or target price

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	08-Nov-2023	HOLD	20.00

Kwanwaree Apichartsatoporn started covering this stock from 08-Nov-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 18.70	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.

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 09-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.