

# PTT OIL AND RETAIL BUSINESS

## THAILAND / ENERGY

OR TB

# HOLD

UNCHANGED

## 3Q23 results at first glance

### 3Q23 results – ดีกว่าคาด

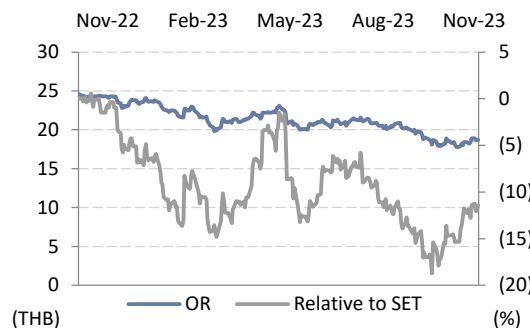
#### Highlights

- กำไรสุทธิ 3Q23 ที่ 5.2 พัน ลบ. (+88% q-q, +638% y-y) ดีกว่าที่เราคาดไว้ที่ 4.1 พัน ลบ. ตัวเลขดีกว่าคาดส่วนมากจากกำไรจากสินค้าคงคลังที่เพิ่มขึ้น (4.0 พัน ลบ.) ค่าใช้จ่ายการขายและบริหารที่ต่ำกว่าคาดและรายได้พิเศษอื่นจาก PTT Group Supply Collaboration (0.44 พัน ลบ.) กำไรสุทธิ 9M23 คิดเป็น 85% ของประมาณการปี 2023 ของเรา
- ธุรกิจ Mobility – ปรับตัวดีขึ้น q-q จากกำไรจากสินค้าคงคลังแม้ว่าปริมาณขายจะลดลง ใน 3Q23 EBITDA ของธุรกิจ Mobility อยู่ที่ 5.7 พัน ลบ. (+72% q-q, +423% y-y) ตัวเลขเพิ่มขึ้นจากกำไรจากสินค้าคงคลัง (4.0 พัน ลบ.) และรายได้พิเศษอื่นจาก PTT Group Supply Collaboration (0.24 พัน ลบ.) โดยกำไรจากสินค้าคงคลังรวมอยู่ในกำไรขั้นต้นต่อลิตรใน 3Q23 ที่ 1.26 บาท/ลิตร (+0.3 บาท/ลิตร q-q, +0.58 บาท/ลิตร y-y) บัญชีดังกล่าวมีน้ำหนักมากเกินพอที่จะหักล้างปริมาณขายน้ำมันที่ลดลง (-2% q-q) จากฤดูฝน ด้วยเหตุดังกล่าว EBITDA margin ของธุรกิจน้ำมันปรับตัวดีขึ้นจาก 1.9% ใน 2Q23 เป็น 3.2% ในไตรมาสนี้
- ธุรกิจ Lifestyle – อ่อนตัวลดลง q-q จากปัจจัยด้านฤดูกาล ใน 3Q23 EBITDA อยู่ที่ 1.4 พัน ลบ. (-8% q-q, +14% y-y) ตัวเลขลดลง q-q ทั้งจากธุรกิจอาหารและเครื่องดื่ม และร้านสะดวกซื้อตามปัจจัยด้านฤดูกาลซึ่งทำให้ EBITDA margin ลดลงจาก 26.6% ใน 2Q23 เป็น 25.1% ใน 3Q23
- ธุรกิจ Global – เพิ่มขึ้น q-q จากรายได้พิเศษอื่นและอัตรากำไรขั้นต้นที่สูงขึ้นในลาวแม้ว่าปริมาณขายน้ำมันจะลดลง ใน 3Q23 EBITDA เพิ่มขึ้น 22% q-q เป็น 0.55 พัน ลบ. ในขณะที่ EBITDA margin เพิ่มขึ้น 1% q-q เป็น 4.4% จากรายได้พิเศษอื่นจาก PTT Group Supply Collaboration (0.20 พัน ลบ.) ในฟิลิปปินส์และอัตรากำไรขั้นต้นที่สูงขึ้นในลาว แม้ว่าปริมาณขายน้ำมันรวมทุกประเทศจะลดลง -18% q-q
- แนวโน้ม 4Q23 จะลดลงแม้ว่าจะอยู่ในฤดูที่มีความต้องการมีสูง เราคาดว่ากำไร 4Q23 จะลดลงจากแรงหนุนที่ลดลงของกำไรจากสินค้าคงคลังแม้ว่าปริมาณน้ำมันและธุรกิจ Lifestyle น่าจะปรับตัวดีขึ้นจากความต้องการที่สูงตามฤดูกาล นอกจากนี้เรายังคาดว่าค่าใช้จ่ายในการดำเนินงาน (ประกอบด้วยค่าส่งเสริมทางการตลาดและค่าใช้จ่ายการขายและบริหาร) จะสูงขึ้นใน 4Q23 จากปัจจัยด้านฤดูกาล
- คงค่านำเสนอที่ราคาเป้าหมาย 20.0 บาท

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



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 10 พฤศจิกายน 2023

## 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%
<b>Gross profit</b>	<b>11,794</b>	<b>7,433</b>	<b>59%</b>	<b>10,042</b>	<b>17%</b>	<b>43,121</b>	<b>10%</b>	<b>74%</b>
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
<b>Net profit</b>	<b>5,170</b>	<b>701</b>	<b>638%</b>	<b>2,756</b>	<b>88%</b>	<b>12,869</b>	<b>24%</b>	<b>85%</b>
Stock gain	4,000	(5,000)	-180%	1,500	167%	-	-100%	n/a
<b>Oil gross margin (THB/liter)</b>	<b>1.26</b>	<b>0.68</b>	<b>85%</b>	<b>0.96</b>	<b>31%</b>	<b>1.04</b>		
<b>Total EBITDA (THB m)</b>	<b>7,546</b>	<b>2,647</b>	<b>185%</b>	<b>5,210</b>	<b>45%</b>	<b>23,824</b>	<b>16%</b>	<b>78%</b>
<b>Mobility (oil) EBITDA</b>	<b>5,669</b>	<b>1,084</b>	<b>423%</b>	<b>3,298</b>	<b>72%</b>	<b>16,035</b>	<b>15%</b>	<b>82%</b>
<b>Oil EBITDA per liter</b>	<b>0.84</b>	<b>0.17</b>	<b>386%</b>	<b>0.48</b>	<b>75%</b>	<b>0.57</b>	<b>11%</b>	<b>n/a</b>
% 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%
<b>Total Lifestyle</b>	<b>1,383</b>	<b>1,210</b>	<b>14%</b>	<b>1,501</b>	<b>-8%</b>	<b>5,956</b>	<b>14%</b>	<b>70%</b>
% Non-oil	18%	46%		29%		25%		
<b>Global business</b>	<b>550</b>	<b>270</b>	<b>104%</b>	<b>450</b>	<b>22%</b>	<b>1,747</b>	<b>19%</b>	<b>80%</b>
<b>EBITDA margins</b>								
<b>Mobility (oil)</b>	<b>3.2%</b>	<b>0.6%</b>		<b>1.9%</b>		<b>2.1%</b>	<b>3.2%</b>	
<b>Lifestyle (Non-Oil)</b>	<b>25.1%</b>	<b>22.9%</b>		<b>26.6%</b>		<b>25.5%</b>	<b>24.7%</b>	
F&B	25.1%	22.2%		26.5%		25.5%	24.8%	
CVS	25.1%	24.1%		26.8%		25.5%	24.4%	
<b>Global business</b>	<b>4.4%</b>	<b>2.0%</b>		<b>3.4%</b>		<b>2.9%</b>	<b>3.9%</b>	
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)
<b>Gross profit</b>	<b>36,207</b>	<b>39,108</b>	<b>43,121</b>	<b>43,789</b>	<b>45,979</b>
Other operating income	-	-	-	-	-
Operating costs	(25,087)	(29,110)	(30,426)	(31,599)	(32,765)
<b>Operating EBITDA</b>	<b>17,195</b>	<b>16,501</b>	<b>19,899</b>	<b>19,998</b>	<b>21,235</b>
Depreciation	(6,075)	(6,503)	(7,205)	(7,808)	(8,021)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>11,120</b>	<b>9,999</b>	<b>12,695</b>	<b>12,190</b>	<b>13,214</b>
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
<b>Profit before tax</b>	<b>14,188</b>	<b>13,011</b>	<b>16,138</b>	<b>16,119</b>	<b>17,599</b>
Tax	(2,719)	(2,638)	(3,269)	(3,260)	(3,563)
<b>Profit after tax</b>	<b>11,470</b>	<b>10,373</b>	<b>12,869</b>	<b>12,859</b>	<b>14,035</b>
Minority interests	4	(2)	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>11,474</b>	<b>10,371</b>	<b>12,869</b>	<b>12,859</b>	<b>14,035</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(771)</b>	<b>(1,112)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>10,703</b>	<b>9,258</b>	<b>12,869</b>	<b>12,859</b>	<b>14,035</b>
<b>Per share (THB)</b>					
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
<b>Growth</b>					
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
<b>Operating performance</b>					
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					
<b>Revenue by Division (THB m)</b>					
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
<b>Cash flow from operations</b>	<b>22,482</b>	<b>(8,380)</b>	<b>14,159</b>	<b>26,776</b>	<b>26,035</b>
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
<b>Cash flow from investing</b>	<b>(9,311)</b>	<b>(11,339)</b>	<b>(14,714)</b>	<b>(11,651)</b>	<b>(9,018)</b>
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	-	-	-	-	-
<b>Cash flow from financing</b>	<b>34,049</b>	<b>(7,043)</b>	<b>(8,907)</b>	<b>(8,126)</b>	<b>(12,017)</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>47,220</b>	<b>(26,763)</b>	<b>(9,461)</b>	<b>7,000</b>	<b>5,000</b>
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)
<b>Tangible fixed assets (net)</b>	<b>42,663</b>	<b>44,363</b>	<b>52,353</b>	<b>56,734</b>	<b>58,285</b>
<b>Intangible fixed assets (net)</b>	<b>5,463</b>	<b>5,311</b>	<b>5,095</b>	<b>4,860</b>	<b>4,620</b>
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
<b>Current assets</b>	<b>126,066</b>	<b>136,552</b>	<b>128,243</b>	<b>132,598</b>	<b>135,422</b>
Other assets	23,666	22,528	22,711	22,898	23,089
<b>Total assets</b>	<b>207,659</b>	<b>225,504</b>	<b>225,628</b>	<b>234,777</b>	<b>239,593</b>
Common equity	99,818	103,701	110,570	117,638	125,887
Minorities etc.	54	60	60	60	60
<b>Total shareholders' equity</b>	<b>99,872</b>	<b>103,761</b>	<b>110,630</b>	<b>117,698</b>	<b>125,947</b>
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
<b>Long-term liabilities</b>	<b>56,057</b>	<b>53,084</b>	<b>48,752</b>	<b>44,426</b>	<b>40,107</b>
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
<b>Current liabilities</b>	<b>51,730</b>	<b>68,660</b>	<b>66,246</b>	<b>72,652</b>	<b>73,540</b>
<b>Total liabilities and shareholders' equity</b>	<b>207,659</b>	<b>225,504</b>	<b>225,628</b>	<b>234,777</b>	<b>239,593</b>
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
<b>Recurring P/E (x) *</b>	<b>21.0</b>	<b>24.2</b>	<b>17.4</b>	<b>17.5</b>	<b>16.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>22.4</b>	<b>25.9</b>	<b>18.6</b>	<b>18.7</b>	<b>17.1</b>
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.
★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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	Domestic ratings						Global ratings					--- Bloomberg ---		
	ESG score	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](http://SETTRADE.com); FSSIA's compilation
**Exhibit 4: ESG score by Bloomberg**

FY ending Dec 31	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>4.14</b>	<b>4.84</b>	<b>4.45</b>
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
<b>ESG disclosure score</b>	<b>67.76</b>	<b>71.37</b>	<b>70.19</b>
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
<b>Environmental</b>			
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
<b>Social</b>			
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
<b>Governance</b>			
<b>Board size</b>	<b>10</b>	<b>15</b>	<b>14</b>
<b>No. of independent directors (ID)</b>	<b>6</b>	<b>8</b>	<b>9</b>
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
<b>No. of executives / company managers</b>	<b>12</b>	<b>12</b>	<b>13</b>
No. of female executives	3	2	2
Executive share ownership guidelines	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>4</b>	<b>5</b>
No. of ID on audit committee	3	4	4
Audit committee meetings	17	12	12
Audit meeting attendance %	98	98	95
<b>Size of compensation committee</b>	<b>3</b>	<b>5</b>	<b>5</b>
No. of ID on compensation committee	1	3	3
No. of compensation committee meetings	6	10	12
Compensation meeting attendance %	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>5</b>	<b>5</b>
No. of nomination committee meetings	6	10	12
Nomination meeting attendance %	100	100	100
<b>Sustainability governance</b>			
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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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%). (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.)	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.																			
<b>Thai CAC</b> 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. (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.)	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.																			
<b>Morningstar Sustainalytics</b>	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. 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.	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+									
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0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	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.																			
<b>MSCI</b>	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"> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="2"><b>Leader:</b></td> <td rowspan="2">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td rowspan="3"><b>Average:</b></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><b>BBB</b></td> <td>4.286-5.713</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td rowspan="2"><b>Laggard:</b></td> <td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BBB</b>	4.286-5.713	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	<b>CCC</b>	0.000-1.428
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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. (Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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

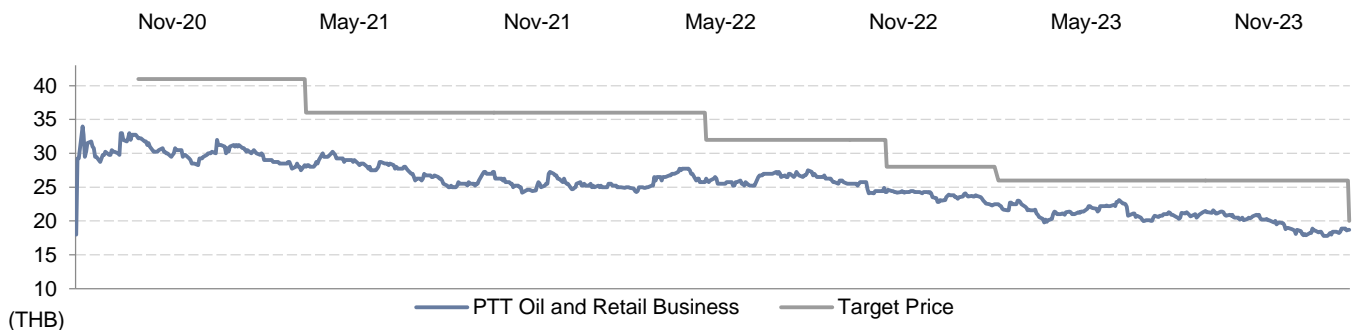
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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	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 (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.