

SELL (Unchanged)

Change in Numbers

TP: Bt 48.00 (From: Bt 44.00)**Downside : 12.7%****25 JUNE 2021**

Thai Oil Public Co Ltd (TOP TB)

Slow going

We maintain SELL on TOP but raise our TP to Bt48 from Bt44 as we roll forward our valuation. We think TOP will be one of the last energy names to recover given slow oil product demand growth and massive new supplies. In the energy space, we prefer PTTGC and BANPU.

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Valuation not attractive enough

We do not think TOP's valuation looks attractive enough at current levels. First, the stock is still trading at close to 1x P/BV and nearly 30x PE in both 2021-22F. This means the market has likely already priced in a potential recovery. Secondly, we expect earnings to remain depressed for the next 12 months because of low GRM and poor utilization rates. Lastly, given TOP's already high capital commitment from its refinery expansion, we see the risk of a capital call should management decide to go ahead with an investment in the olefin business.

Slow GRM recovery plus higher costs

We maintain our Singapore GRM (gross refining margin) estimates of 2/3/4 \$/bbl in 2021-23F and \$4.5/bbl longer term. The pace of demand recovery in Asia is lagging well behind those in developed markets. We think this all comes down to the spread of COVID-19 and vaccination rates. On the supply side, we remain wary of new capacities being added in China (which we discussed at length in *Thailand Energy Sector – The end of the beginning*, dated 8 January 2021). Lastly, continued OPEC+ production cuts have led to higher premiums for Middle Eastern crude grades which make up 50-60% of TOP's intake. This means the crack spreads that TOP realizes for each product may be lower than the benchmark (which is priced against Dubai).

Low utilization rate to persist

TOP has been running at 10-15% below its usual utilization rate for over a year now. We expect utilization to remain low for at least the next 12 months. This is due to a combination of low regional GRM (which makes for poor refining economics) and low domestic demand. On the latter point, Thailand has been hit by its third COVID-19 wave which so far looks to be the most severe. This has led to a 10-15% reduction in gasoline and diesel consumption from the 1Q21 baseline. It may also push back the demand recovery for jet fuel which is still down some 70% from the pre-pandemic level. With domestic sales generally offering a \$1-2/bbl higher margin than exports, we think this will be another challenge for TOP.

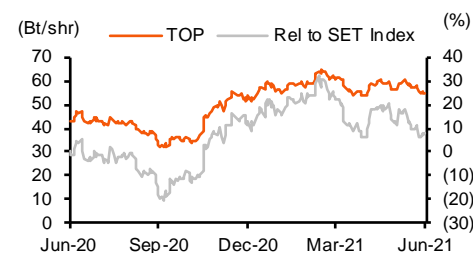
High lube margin the only consolation

The one area of strength we see within TOP's operation is lube base oil. Margins for Group 1 have surpassed \$1000/tonne from the usual \$300-500/tonne. This is due to a combination of strong demand (i.e. new car sales) as well as limited new supplies with most new capacities being in Group 3. Still, lube only contributes about \$0.5-1.25/bbl to TOP's gross integrated margin (GIM) and it cannot change the overall earnings trend. We prefer PTTGC (PTTGC TB, Bt59, BUY) and BANPU (BANPU TB, Bt16, BUY).

COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	247,913	334,234	347,136	357,943
Net profit	(3,301)	4,020	4,267	6,540
Consensus NP	—	6,886	7,841	8,616
Diff frm cons (%)	—	(41.6)	(45.6)	(24.1)
Norm profit	(10,708)	4,020	4,267	6,540
Prev. Norm profit	—	1,503	3,416	4,562
Chg frm prev (%)	—	167.4	24.9	43.4
Norm EPS (Bt)	(5.2)	2.0	2.1	3.2
Norm EPS grw (%)	na	na	6.1	53.3
Norm PE (x)	na	27.9	26.3	17.2
EV/EBITDA (x)	na	17.9	18.6	15.1
P/BV (x)	1.0	0.9	0.9	0.9
Div yield (%)	1.3	1.6	1.7	2.6
ROE (%)	na	3.4	3.6	5.3
Net D/E (%)	61.2	96.0	122.7	122.6

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 25-Jun-21 (Bt)	55.00
Market Cap (US\$ m)	3,528.8
Listed Shares (m shares)	2,040.0
Free Float (%)	52.0
Avg Daily Turnover (US\$ m)	21.7
12M Price H/L (Bt)	64.50/32.00
Sector	Energy
Major Shareholder	PTT Pcl 45.03%

Sources: Bloomberg, Company data, Thanachart estimates

Valuation not attractive enough

TOP does not look attractive at current level given slow earnings recovery

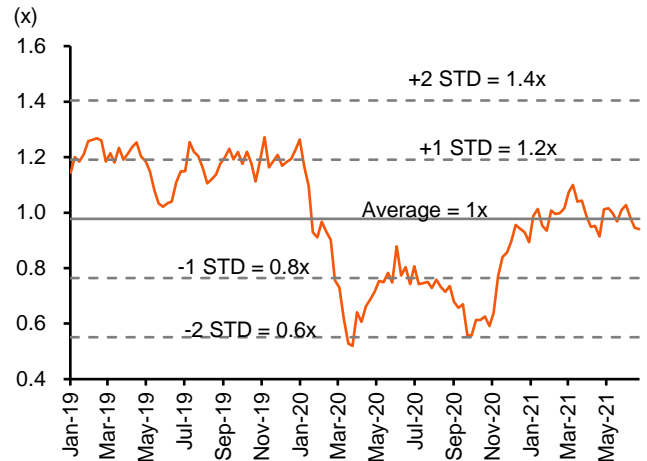
We do not think Thai Oil Pcl’s (TOP) valuation looks attractive at the current level. At 1x P/BV and nearly 30x PE in both 2021-22F, we think the market has already priced in a significant earnings recovery. For the stock to perform, we believe it would require a very sharp demand recovery in Asia — a scenario which we see as unlikely.

Ex 1: Valuation Comparison

	PE		P/BV	
	2021F (x)	2022F (x)	2021F (x)	2022F (x)
BANPU	10.8	8.8	1.2	1.1
PTT	10.7	10.4	1.2	1.1
PTTEP	14.7	13.1	1.3	1.2
PTTGC	10.9	11.0	0.9	0.9
TOP	27.9	26.3	0.9	0.9

Sources: Company data, Thanachart estimates

Ex 2: TOP’s P/BV

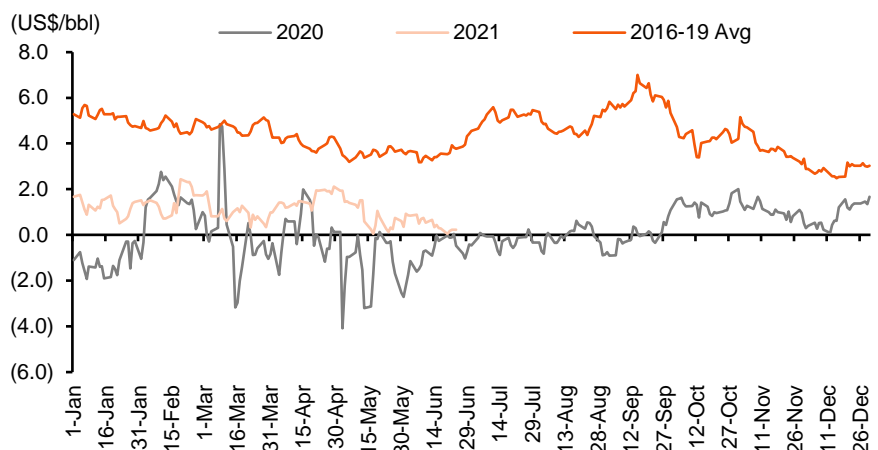


Sources: Bloomberg, Thanachart estimates

We foresee a slow recovery for the Singapore gross refining margin (GRM) over the next 12 months. This is because the demand recovery looks to be much slower in Asia ex-China relative to the US, Europe and China. Many countries are still grappling with fresh COVID-19 outbreaks, including Thailand.

Singapore GRM remains depressed and well below historical range of \$4-6/bbl

Ex 3: Singapore GRM Remains Well Below Historical Range Of \$4-6/bbl



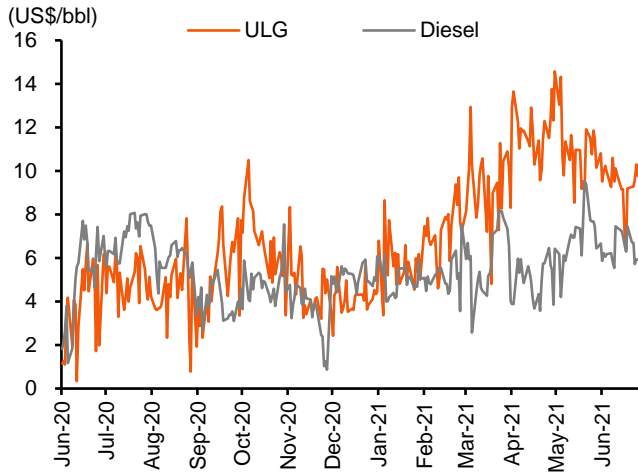
Sources: Bloomberg, Thanachart estimates

Looking at individual products, we have seen a small improvement in the gasoline crack spread. Still, at about \$10/bbl, this remains quite low by historical standards. On the other hand, we have seen very little improvement in diesel/jet fuel spreads which remain in the mid-to-high single-digit range. Again, these are well below historical levels of \$15-20 per bbl. At the opposite end, we have seen heavy fuel oil spreads pull back significantly. The

Gasoline spread has improved but diesel and fuel oil spreads have not

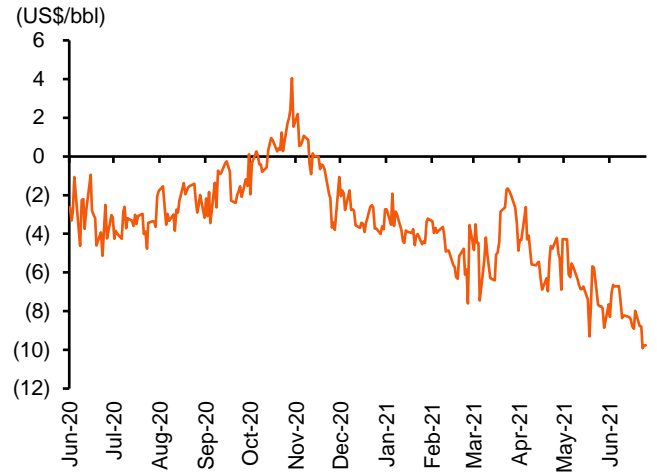
product is now trading at \$8-10/bbl below the crude cost. We believe this is because of the higher processing rate (which could increase fuel oil output) as well as the low demand for the product post IMO2020 implementation.

Ex 4: Gasoline Cracks Have Partially Recovered



Sources: Company data, Thanachart estimates

Ex 5: But Fuel Oil Spreads Have Pulled Back

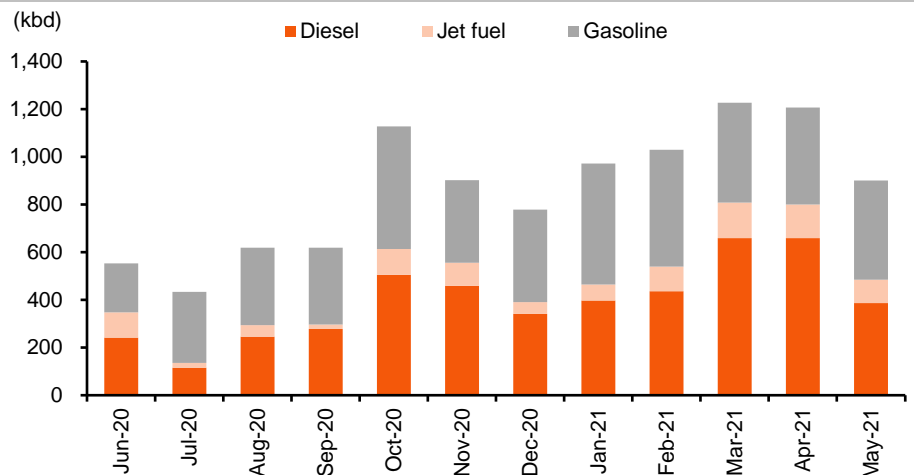


Sources: Company data, Thanachart estimates

Despite the slow demand recovery, new refining capacities are being added in China with rising export quotas to accommodate the excess supplies. Based on data from the General Administration of Customs (GACC), China's exports of diesel, jet fuel (kerosene) and gasoline exceeded 1.2mbd in both March and April, more than double the level in June/July of 2020. Exports pulled back slightly in May but remain relatively high by historical standards. With more refineries scheduled to start up in 2H21 and 2022, we think China's exports of oil products will continue to increase in the coming months.

China continues to export large volume of oil products

Ex 6: China's Exports Of Diesel, Jet Fuel (Kerosene) And Gasoline Have Been Rising



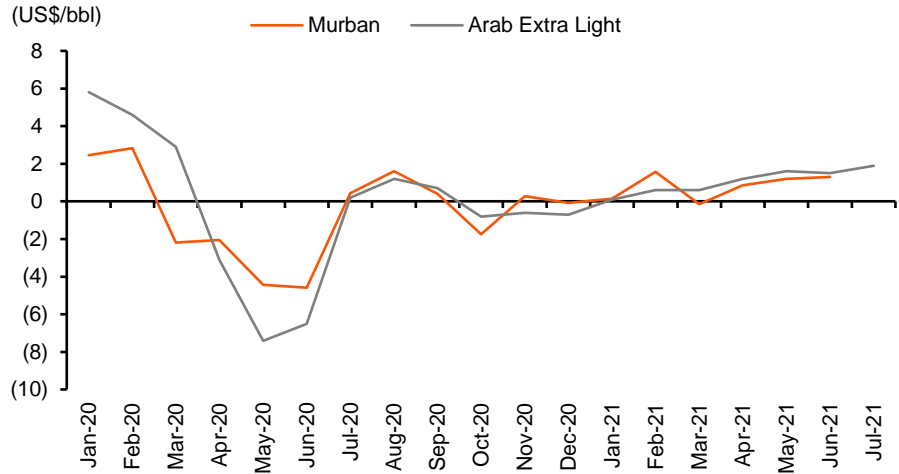
Sources: General Administration of Customs, Thanachart estimates

We see additional headwinds for TOP from rising crude oil prices and premiums for the grades which it processes. Rising oil prices generally lead to higher cash costs for refiners. We estimate a roughly 3-5% relationship; for example, a \$10/bbl increase in crude oil price could lead to \$0.3-0.5/bbl higher cash costs for refiners due mostly to fuel and losses (F&L).

Rising premiums for Middle Eastern crudes are a headwind for TOP

Additionally, with continued OPEC+ production cut and limited growth in US shale output, we expect premiums for certain Middle Eastern crude grades to keep rising or at least stay high. Murban crude from the Middle East generally makes up at least 50% of TOP's intake. The price for this grade has been rising with spot Murban now trading more than \$1.4/bbl higher than Dubai. This is up significantly from roughly parity pricing at the end of last year. Similarly, Arab Extra Light (which has similar characteristics to Murban) has seen its OSP (official selling price) rise to almost \$2/bbl over Dubai/Oman now compared to a zero premium at the beginning of this year. The higher crude premiums look set to shave profits off TOP's realized GRM.

Ex 7: Premiums For Murban And Arab Extra Light Have Been Rising Since 4Q20



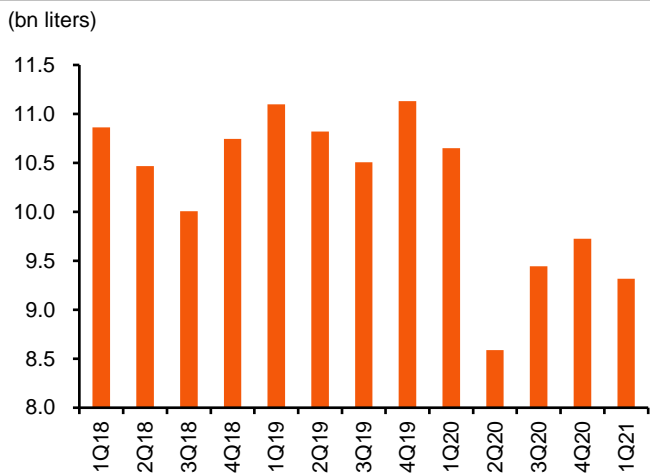
Sources: Bloomberg, Thanachart estimates

Note: Murban premium is calculated as the Murban spot price less Platts Dubai assessment; Arab Extra Light premium is based on the official selling price (OSP)

Thailand oil product demand remains well below pre-pandemic level, keeping TOP's u-rate low

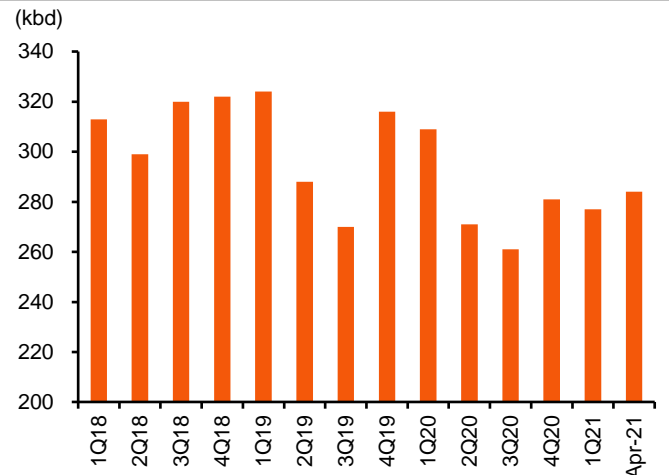
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Ex 8: Thailand Demand For Gasoline, Diesel And Jet Fuel



Sources: DOEB, Thanachart estimates

Ex 9: TOP's Integrated Intake Still 10-15% Below Normal

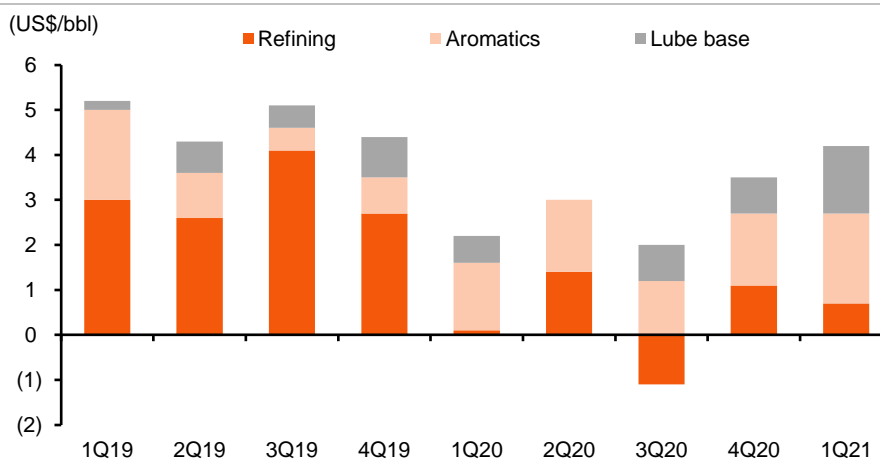


Sources: Company data, Thanachart estimates

Rising lube base oil margins help, but it's not enough to lift the whole boat

The one area of strength we see within TOP's operation is lube base oil. Margins for Group 1 have surpassed \$1000/tonne from the usual \$300-500/tonne. This is due to a combination of strong demand (i.e. new car sales) as well as limited new supplies with most new capacities being in Group 3. Still, lube only contributes about \$0.5-1.25/bbl of TOP's gross integrated margin (GIM) and cannot change the overall earnings trend.

Ex 10: TOP GIM (Gross Integrated Margin) Breakdown



Sources: Company data, Thanachart estimates

To reflect the improved lube base spread and recalibrate our forecasts, we have revised up our earnings in 2021-24F as shown in Exhibit 11 below. Note that while the relative increases look big, these are still low-level earnings. In a more normal operating environment, TOP would be earning Bt4bn-5bn *per quarter*. Our TP hike is less than our earnings upgrade in relative terms as we have always assumed margins will revert to the long-run average. We also note there's less impact on our DCF-based valuation than earnings for any given level of change in underlying drivers.

Ex 11: Earnings And TP Revisions

(Bt/shr)	Norm EPS				TP
	2021F	2022F	2023F	2024F	
New	1.97	2.09	3.21	4.14	48.00
Old	0.74	1.67	2.24	2.47	44.00
Change (%)	167.4	24.9	43.4	68.0	9.1

Sources: Company data, Thanachart estimates

Ex 12: 12-month DCF-based TP Calculation For Downstream Business, Using A Base Year Of 2022F

(Bt m)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	Terminal Value
EBITDA	13,803	17,505	24,067	30,787	30,440	30,086	29,725	29,358	28,984	28,603	28,214	0
Free cash flow	(36,275)	(3,500)	27,283	17,609	25,192	24,847	24,496	24,137	23,770	23,395	23,011	233,381
PV of free cash flow	(33,201)	(2,932)	20,912	12,353	15,955	14,363	12,921	11,621	10,446	9,384	8,173	82,888
Risk-free rate (%)	5.5%											
Market risk premium (%)	8.0%											
Beta	1.25											
WACC (%)	9.3%											
Terminal growth (%)	0.0%											
Enterprise value - add investments	187,405											
Net cash/(debt) (2021F)	117,991											
Minority interest	4,309											
Equity value	65,105											
# of shares (m)	2,040											
Equity value/share (Bt)	32.00											

Sum-of-the-parts valuation	Value (Bt m)	Per share (Bt/shr)	% of total	Methodology
Downstream	65,105	32	67%	DCF
Power (GPSC)	33,367	16	33%	DCF
Total value per share	98,472	48	100%	

Sources: Company data, Thanachart estimates

Note: Net debt position is for all businesses except GPSC, which is not consolidated

Valuation Comparison

Ex 13: Comparison With Regional Peers

Company	Code	Country	EPS Growth		PE		P/BV		EV/EBITDA		Div. Yield		ROE	
			21F (%)	22F (%)	21F (x)	22F (x)	21F (x)	22F (x)	21F (x)	22F (x)	21F (%)	22F (%)	21F (%)	22F (%)
Refining & Marketing														
Caltex Australia	CTX AU	Australia	82.3	17.7	na	na	na	na	na	na	na	na	12.0	14.4
BPCL	BPCL IN	India	121.2	(11.8)	10.1	11.4	2.2	1.9	7.9	8.8	4.5	4.2	24.7	17.6
HPCL	HPCL IN	India	160.5	(15.8)	5.6	6.7	1.3	1.1	5.7	7.1	6.2	5.8	24.1	17.0
IOCL	IOCL IN	India	129.5	4.2	6.9	6.6	1.0	0.9	6.3	6.1	7.3	7.1	14.6	13.5
Reliance Industries	RIL IN	India	(0.6)	28.1	30.3	23.7	2.3	1.9	19.2	14.1	0.4	0.4	8.5	7.7
SK Energy	096770 KS	S.Korea	na	116.3	55.1	25.5	1.7	1.6	11.8	10.4	0.6	1.0	3.8	6.7
S-OIL	010950 KS	S.Korea	na	(4.5)	11.2	11.7	1.8	1.6	7.2	7.6	2.5	2.5	17.5	15.0
Petron	PCOR PM	Philippines	na	134.5	22.9	9.8	0.7	0.5	8.2	7.4	3.0	na	2.4	6.1
Formosa Petrochemical	6505 TT	Taiwan	na	(0.5)	23.6	23.7	3.1	2.9	14.8	15.0	2.7	2.8	12.1	12.1
Bangchak *	BCP TB	Thailand	na	na	458.6	19.7	0.7	0.7	7.8	6.2	0.1	2.8	na	na
ESSO (Thailand) *	ESSO TB	Thailand	na	na	na	80.9	1.7	1.6	83.3	19.7	0.0	0.6	na	na
IRPC Pcl *	IRPC TB	Thailand	na	9.6	13.6	12.4	1.0	1.0	8.7	8.0	4.4	4.8	na	na
PTG Pcl *	PTG TB	Thailand	8.5	9.1	15.6	14.3	3.6	3.2	8.9	8.4	3.2	3.5	24.4	23.9
PTT Global Chemicals *	PTTGC TB	Thailand	219.4	(1.2)	10.9	11.0	0.9	0.9	6.7	6.5	5.5	5.4	8.5	8.0
Star Petroleum Refining *	SPRC TB	Thailand	na	na	na	127.9	1.4	1.4	23.0	17.0	0.0	0.3	na	na
SUSCO Pcl	SUSCO TB	Thailand	27.7	18.7	11.9	10.1	0.9	0.8	5.6	4.5	4.3	5.0	7.3	8.3
Thai Oil *	TOP TB	Thailand	na	6.1	27.9	26.3	0.9	0.9	17.9	18.6	1.6	1.7	3.4	3.6
Average			93.6	22.2	50.3	26.3	1.6	1.4	15.2	10.3	2.9	3.2	12.6	11.8
Integrated oils														
PetroChina	857 HK	China	na	(7.7)	10.4	11.2	0.6	0.6	4.0	4.1	5.0	4.9	5.7	4.9
Sinopec	386 HK	China	76.4	1.6	8.0	7.9	0.6	0.6	3.9	3.7	7.4	7.6	8.1	7.7
Total	FP	France	na	8.4	na	na	na	na	na	na	na	na	10.5	11.2
Eni	ENI IM	Italy	na	32.8	14.8	11.1	1.0	1.0	3.9	3.5	6.7	7.1	7.1	8.9
RD/Shell A	RDSA NA	Netherlands	na	17.0	8.2	7.0	0.8	0.7	4.5	4.3	4.0	4.1	10.1	10.4
Repsol	REP SM	Spain	na	20.1	9.8	8.2	0.8	0.8	5.0	4.6	5.4	5.5	8.2	9.2
Chevron Texaco	CVX US	USA	na	15.5	18.7	16.2	1.5	1.5	7.1	6.6	5.0	5.1	8.1	8.9
Exxon Mobil	XOM US	USA	na	19.4	17.2	14.4	1.7	1.6	7.7	6.9	5.4	5.5	9.4	11.1
Conoco Phillips	COP US	USA	na	8.0	17.1	15.9	1.8	1.7	5.9	5.7	2.8	2.9	12.8	10.9
PTT Pcl *	PTT TB	Thailand	177.8	3.4	10.7	10.4	1.2	1.1	4.9	4.5	4.7	4.8	11.6	11.2
Average			127.1	11.8	12.8	11.4	1.1	1.1	5.2	4.9	5.2	5.3	9.2	9.4
Exploration and Production														
Santos	STO AU	Australia	187.1	13.0	18.0	16.0	1.9	1.8	5.9	5.4	1.4	1.6	10.7	10.2
Woodside	WPL AU	Australia	167.9	(1.6)	16.1	16.3	1.7	1.6	5.6	5.5	4.1	3.9	9.2	9.0
Suncor Energy	SU US	Canada	na	14.6	9.5	8.3	1.0	1.0	5.4	5.1	3.4	3.8	8.9	7.8
CNOOC	883 HK	Hong Kong	145.1	6.8	6.8	6.3	0.9	0.8	2.5	2.3	6.5	6.9	12.8	13.0
ONGC	ONGC IN	India	(46.2)	86.4	12.3	6.6	0.7	0.6	5.4	4.1	2.6	5.3	6.1	10.0
RIL	RIL IN	India	(0.6)	28.1	30.3	23.7	2.3	1.9	19.2	14.1	0.4	0.4	8.5	7.7
Cairn India	CAIR IN	India	na	na	na	na	na	na	na	na	na	na	na	na
Apache	APA US	USA	na	(15.2)	8.9	10.5	na	29.2	4.7	5.1	0.4	0.5	(76.0)	(45.8)
Devon Energy	DVN US	USA	na	35.8	13.0	9.6	2.5	1.5	5.8	4.9	3.9	4.8	25.7	25.1
PTTEP *	PTTEP TB	Thailand	52.2	12.5	14.7	13.1	1.3	1.2	4.2	3.7	4.1	4.6	9.0	9.7
Average			84.3	20.1	14.4	12.3	1.5	4.4	6.5	5.6	3.0	3.5	1.7	5.2

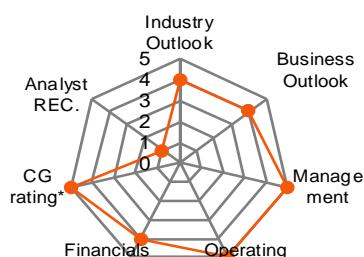
Sources: Bloomberg, * Thanachart estimates
Based on 25 June 2021 closing prices

COMPANY DESCRIPTION

Thai Oil Pcl (TOP) is the flagship refinery under the PTT group which owns a 49% stake in the company. Its capacity of 275kbd makes up 25% of Thailand's total. With a Nelson complexity of 9.8, TOP produces more than 1m tpa of aromatics and 0.3m tpa of lube base oil and bitumen. Its other businesses include power, marine transport and ethanol production.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Some of the lowest operating costs in the region.
- Being part of the PTT group gives TOP secured off-take agreements.
- Strong balance sheet.

O — Opportunity

- Strong free cash flows allow it to grow and make acquisitions.
- Ability to upgrade derivatives into value-added plastic products.

W — Weakness

- Volatile earnings due to commodity exposure.
- Limited room for further debottlenecking.

T — Threat

- High oil prices could slow local demand and force it to sell in the lower-margin export market.
- Overpaying for acquisitions and higher-than-expected expansion costs.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	63.20	48.00	-24%
Net profit 21F (Bt m)	6,886	4,020	-42%
Net profit 22F (Bt m)	7,841	4,267	-46%
Consensus REC	BUY: 14	HOLD: 7	SELL: 7

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2021-22F earnings are well below consensus as we likely assume slower GRM improvements.
- Our TP is consequently lower.

Sources: Bloomberg consensus, Thanachart forecasts

RISKS TO OUR INVESTMENT CASE

- The key upside risk to our call would be lower oil prices, which would serve to decrease cash costs and raise profits.
- A higher-than-expected GRM or aromatics spread (chiefly PX) and a lower-than-expected light sweet crude premium would be secondary upside risks to our call.

Source: Thanachart

INCOME STATEMENT

We expect slow earnings recovery in 2021-22F...

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	363,916	247,913	334,234	347,136	357,943
Cost of sales	355,113	255,300	327,665	339,173	346,441
Gross profit	8,802	(7,387)	6,569	7,963	11,502
% gross margin	2.4%	-3.0%	2.0%	2.3%	3.2%
Selling & administration expenses	2,546	2,650	2,530	2,700	2,828
Operating profit	6,256	(10,037)	4,040	5,263	8,674
% operating margin	1.7%	-4.0%	1.2%	1.5%	2.4%
Depreciation & amortization	7,085	7,554	8,796	9,056	9,363
EBITDA	13,341	(2,483)	12,836	14,319	18,037
% EBITDA margin	3.7%	-1.0%	3.8%	4.1%	5.0%
Non-operating income	1,728	1,115	2,793	2,005	2,053
Non-operating expenses	0	0	0	0	0
Interest expense	(3,224)	(4,292)	(3,625)	(3,842)	(4,408)
Pre-tax profit	4,760	(13,215)	3,208	3,426	6,319
Income tax	1,657	(360)	559	598	1,102
After-tax profit	3,103	(12,855)	2,648	2,829	5,217
% net margin	0.9%	-5.2%	0.8%	0.8%	1.5%
Shares in affiliates' Earnings	1,276	2,566	1,791	1,886	2,149
Minority interests	(240)	(419)	(419)	(448)	(826)
Extraordinary items	2,137	7,407	0	0	0
NET PROFIT	6,277	(3,301)	4,020	4,267	6,540
Normalized profit	4,140	(10,708)	4,020	4,267	6,540
EPS (Bt)	3.1	(1.6)	2.0	2.1	3.2
Normalized EPS (Bt)	2.0	(5.2)	2.0	2.1	3.2

BALANCE SHEET

Balance sheet will grow with rising capex for refinery expansion

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
ASSETS:					
Current assets:	134,676	114,229	84,187	86,733	88,605
Cash & cash equivalent	76,611	71,354	15,000	15,000	15,000
Account receivables	22,466	12,702	22,893	23,776	24,517
Inventories	30,292	22,461	35,908	37,170	37,966
Others	5,307	7,712	10,386	10,787	11,122
Investments & loans	33,645	24,521	24,521	24,521	24,521
Net fixed assets	106,559	145,225	186,902	226,103	235,686
Other assets	8,564	22,213	19,847	20,028	20,162
Total assets	283,445	306,188	315,457	357,384	368,974
LIABILITIES:					
Current liabilities:	38,667	28,620	48,228	55,019	56,018
Account payables	25,015	9,517	20,647	21,373	21,831
Bank overdraft & ST loans	1,576	713	655	834	863
Current LT debt	2,754	7,952	15,880	20,215	20,931
Others current liabilities	9,322	10,438	11,046	12,598	12,394
Total LT debt	115,287	136,237	116,456	148,242	153,495
Others LT liabilities	5,568	21,212	27,834	28,335	28,737
Total liabilities	159,521	186,069	192,518	231,595	238,250
Minority interest	3,951	3,889	4,309	4,757	5,582
Preferred shares	0	0	0	0	0
Paid-up capital	20,400	20,400	20,400	20,400	20,400
Share premium	2,456	2,456	2,456	2,456	2,456
Warrants	0	0	0	0	0
Surplus	(3,165)	(2,557)	(2,557)	(2,557)	(2,557)
Retained earnings	100,281	95,930	98,331	100,733	104,842
Shareholders' equity	119,973	116,229	118,630	121,032	125,141
Liabilities & equity	283,445	306,188	315,457	357,384	368,974

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FCF will remain negative for several years on weak earnings and heavy capex

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	4,760	(13,215)	3,208	3,426	6,319
Tax paid	(5,313)	584	(604)	(480)	(1,139)
Depreciation & amortization	7,085	7,554	8,796	9,056	9,363
Chg In working capital	3,510	2,096	(12,507)	(1,420)	(1,079)
Chg In other CA & CL / minorities	503	(3,353)	(3,865)	(1,776)	(3,742)
Cash flow from operations	10,544	(6,334)	(4,972)	8,806	9,722
Capex	(33,715)	(46,220)	(49,972)	(47,740)	(18,414)
Right of use	0	(14,729)	(500)	(500)	(500)
ST loans & investments	45	(8)	8	0	0
LT loans & investments	(17,564)	9,124	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	3,720	26,282	12,611	4,999	5,625
Cash flow from investments	(47,513)	(25,551)	(37,853)	(43,241)	(13,289)
Debt financing	14,335	27,070	(11,911)	36,299	5,999
Capital increase	0	0	0	0	0
Dividends paid	(4,626)	(1,020)	(1,618)	(1,864)	(2,432)
Warrants & other surplus	(3,336)	578	0	0	0
Cash flow from financing	6,373	26,628	(13,530)	34,435	3,567
Free cash flow	(23,171)	(52,554)	(54,944)	(38,934)	(8,692)

VALUATION

TOP does not look attractively valued, in our view

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	27.1	na	27.9	26.3	17.2
Normalized PE - at target price (x)	23.7	na	24.4	22.9	15.0
PE (x)	17.9	na	27.9	26.3	17.2
PE - at target price (x)	15.6	na	24.4	22.9	15.0
EV/EBITDA (x)	11.6	na	17.9	18.6	15.1
EV/EBITDA - at target price (x)	10.6	na	16.8	17.6	14.3
P/BV (x)	0.9	1.0	0.9	0.9	0.9
P/BV - at target price (x)	0.8	0.8	0.8	0.8	0.8
P/CFO (x)	10.6	(17.7)	(22.6)	12.7	11.5
Price/sales (x)	0.3	0.5	0.3	0.3	0.3
Dividend yield (%)	2.7	1.3	1.6	1.7	2.6
FCF Yield (%)	(20.7)	(46.8)	(49.0)	(34.7)	(7.7)
(Bt)					
Normalized EPS	2.0	(5.2)	2.0	2.1	3.2
EPS	3.1	(1.6)	2.0	2.1	3.2
DPS	1.5	0.7	0.9	0.9	1.4
BV/share	58.8	57.0	58.2	59.3	61.3
CFO/share	5.2	(3.1)	(2.4)	4.3	4.8
FCF/share	(11.4)	(25.8)	(26.9)	(19.1)	(4.3)

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Growth Rate					
Sales (%)	(6.5)	(31.9)	34.8	3.9	3.1
Net profit (%)	(38.2)	na	na	6.1	53.3
EPS (%)	(38.2)	na	na	6.1	53.3
Normalized profit (%)	(60.0)	na	na	6.1	53.3
Normalized EPS (%)	(60.0)	na	na	6.1	53.3
Dividend payout ratio (%)	48.8	(43.3)	45.0	45.0	45.0
Operating performance					
Gross margin (%)	2.4	(3.0)	2.0	2.3	3.2
Operating margin (%)	1.7	(4.0)	1.2	1.5	2.4
EBITDA margin (%)	3.7	(1.0)	3.8	4.1	5.0
Net margin (%)	0.9	(5.2)	0.8	0.8	1.5
D/E (incl. minor) (x)	1.0	1.2	1.1	1.3	1.3
Net D/E (incl. minor) (x)	0.3	0.6	1.0	1.2	1.2
Interest coverage - EBIT (x)	1.9	na	1.1	1.4	2.0
Interest coverage - EBITDA (x)	4.1	na	3.5	3.7	4.1
ROA - using norm profit (%)	1.5	na	1.3	1.3	1.8
ROE - using norm profit (%)	3.4	na	3.4	3.6	5.3
DuPont					
ROE - using after tax profit (%)	2.6	na	2.3	2.4	4.2
- asset turnover (x)	1.3	0.8	1.1	1.0	1.0
- operating margin (%)	2.2	na	2.0	2.1	3.0
- leverage (x)	2.3	2.5	2.6	2.8	3.0
- interest burden (%)	59.6	148.1	46.9	47.1	58.9
- tax burden (%)	65.2	na	82.6	82.6	82.6
WACC (%)	9.3	9.3	9.3	9.3	9.3
ROIC (%)	3.4	(6.2)	1.8	1.8	2.6
NOPAT (Bt m)	4,079	(10,037)	3,335	4,345	7,161
invested capital (Bt m)	162,978	189,777	236,621	275,323	285,430

Sources: Company data, Thanachart estimates

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