

IRPC Public Co Ltd (IRPC TB) - BUY, Price Bt2.42, TP Bt3.10**Results Comment**

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2Q23 – weak as expected

- IRPC reported 2Q23 loss of Bt2.2bn vs profit of Bt301m in 1Q23. This is in-line with our and consensus expectation. IRPC's core profit turned into a loss of Bt903m from a profit of Bt1bn due to a drop in product margins in both petroleum and petrochemical segment
- Integrated GIM collapsed 42% q-q to US\$6.81/bbl** driven by softer spreads of petroleum product, especially diesel, along with the slumped spreads of petrochemical products, mainly from PP spread and styrenics spread. Meanwhile, total intake was 194k bp, dropped marginally q-q with utilization rate of 90% vs 94% in 1Q23.
- Petroleum:** Refinery margin dropped by 52% q-q to US\$2.05/bbl due to lower diesel spread. Crude premium was at US\$4.24 in 2Q23, dropped from US\$4.8/bbl in 1Q23.
- Petrochemical:** Petrochemical GIM was very weak came in at US\$1.68/bbl, dropped by 48% q-q. This is mainly driven by olefin segment. PP-naphtha spread dropped 9% q-q to US\$396/t in 2Q23.
- Non-operating items.** IRPC's non-operating items is at a loss of Bt1,083m in 2Q23 vs loss of Bt638m in 1Q23. This includes Bt1bn inventory loss, Bt184m loss from derivative and Bt150m Fx loss.
- Outlook:** We expect profit to improve in 2Q23 with absence of inventory loss and higher diesel spread QTD. We maintain our BUY rating as we see limited share price downside. Company is now trading at 0.6x 23F PB, at -2STD below historical average.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	99,395	87,312	55,081	75,760	70,755	Revenue	(7)	(29)	44	332,412	310,241
Gross profit	10,547	2,471	587	4,979	2,011	Gross profit	(60)	(81)	35	19,822	21,459
SG&A	3,623	3,566	3,945	3,674	3,481	SG&A	(5)	(4)	47	15,324	14,887
Operating profit	6,924	(1,095)	(3,358)	1,305	(1,470)	Operating profit	na	na	(4)	4,498	6,572
EBITDA	8,939	919	(1,336)	3,410	687	EBITDA	(80)	(92)	33	12,430	14,915
Other income	374	309	319	341	373	Other income	9	(0)	46	1,567	1,522
Other expense	0	0	0	0	0	Other expense			na		
Interest expense	427	496	515	496	499	Interest expense	1	17	49	2,022	2,031
Profit before tax	6,871	(1,282)	(3,554)	1,150	(1,596)	Profit before tax	na	na	(11)	4,042	6,064
Income tax	927	(655)	(1,752)	70	(580)	Income tax	na	na	(59)	866	1,271
Equity & invest. income	179	67	(86)	10	114	Equity & invest. income	1,040	(36)	43	289	289
Minority interests	(2)	(1)	2	(3)	(1)	Minority interests	na	na	96	(4)	(4)
Extraordinary items	(2,288)	(1,987)	(5,263)	(786)	(1,343)	Extraordinary items	na	na	na	0	0
Net profit	3,833	(2,548)	(7,149)	301	(2,246)	Net profit	na	na	(56)	3,461	5,078
Normalized profit	6,121	(561)	(1,886)	1,087	(903)	Normalized profit	na	na	5	3,461	5,078
EPS (Bt)	0.19	(0.12)	(0.35)	0.01	(0.11)	EPS (Bt)	na	na	(56)	0.17	0.25
Normalized EPS (Bt)	0.30	(0.03)	(0.09)	0.05	(0.04)	Normalized EPS (Bt)	na	na	5	0.17	0.25

Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	13,879	4,331	3,230	3,414	3,699	Sales growth	74.8	40.6	(18.8)	(1.1)	(28.8)
A/C receivable	21,213	15,307	15,051	17,226	14,905	Operating profit growth	175.2	na	na	na	na
Inventory	53,903	48,578	39,376	38,795	35,154	EBITDA growth	89.2	(72.9)	na	638.2	(92.3)
Other current assets	10,380	11,807	13,263	11,900	6,655	Norm profit growth	162.9	na	na	na	na
Investment	9,606	9,556	9,472	9,521	9,631	Norm EPS growth	162.9	na	na	na	na
Fixed assets	107,304	107,960	111,432	111,751	113,411	Gross margin	10.6	2.8	1.1	6.6	2.8
Other assets	5,956	5,542	6,362	6,203	6,547	Operating margin	7.0	(1.3)	(6.1)	1.7	(2.1)
Total assets	222,242	203,083	198,187	198,810	190,003	EBITDA margin	9.0	1.1	(2.4)	4.5	1.0
S-T debt	9,836	9,966	19,762	18,970	16,434	Norm net margin	6.2	(0.6)	(3.4)	1.4	(1.3)
A/C payable	45,285	37,267	34,466	37,910	29,269	D/E (x)	0.8	0.8	0.9	0.9	1.0
Other current liabilities	13,526	7,624	7,827	5,865	5,318	Net D/E (x)	0.6	0.7	0.9	0.8	0.9
L-T debt	58,593	56,533	51,849	51,550	57,186	Interest coverage (x)	20.9	1.9	(2.6)	6.9	1.4
Other liabilities	4,810	4,865	4,604	4,537	4,702	Interest rate	2.7	2.9	3.0	2.8	2.8
Minority interest	227	228	225	228	204	Effective tax rate	13.5	51.1	49.3	6.1	36.3
Shareholders' equity	89,964	86,602	79,452	79,750	76,890	ROA	11.4	(1.1)	(3.8)	2.2	(1.9)
Working capital	29,830	26,618	19,961	18,111	20,790	ROE	27.4	(2.5)	(9.1)	5.5	(4.6)
Total debt	68,429	66,498	71,612	70,520	73,620						
Net debt	54,550	62,167	68,381	67,106	69,921						

Sources: Company data, Thanachart estimates

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