

Star Petroleum Refining (SPRC TB) - BUY, Price Bt8.85, TP Bt12.5

Results Comment

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2Q23 -In-line

- SRPC reported 2Q23 net loss of Bt2bn which reversed from a gain of Bt1.2bn in 1Q23. Q-Q contraction is due to the booking of Bt1.5bn stock loss and GRM correction. The results are in-line with our and Bloomberg estimate.
- GRM:** Accounting GRM was -US\$1.45/bbl vs a gain of US\$6.9/bbl in 1Q23. Meanwhile, market GRM excluding stock gain/loss was at US\$1.34/bbl which drop from \$6.3/bbl in 1Q23. This is due to a lower diesel and jet spreads. Crude intake slightly drops to 159k bpd from 162k bpd in 1Q23.
- Non-operating items:** We estimate stock loss of Bt1.5bn vs. a gain of Bt269m in 1Q23. The company also booked Fx loss of Bt633m in 2Q23 vs loss of Bt19m in 1Q23. However, this is offset by hedging gain of Bt433m.
- Outlook:** We expect 3Q23 profit to trend higher given higher GRM QTD and higher oil price which will lead to inventory gain. Maintain BUY.

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	78,008	76,146	65,706	59,130	53,883	Revenue	(9)	(31)	46	246,337	232,246
Gross profit	8,381	190	1,244	1,753	(709)	Gross profit	na	na	15	7,095	6,294
SG&A	318	333	457	425	300	SG&A	(29)	(6)	82	881	880
Operating profit	8,062	(143)	787	1,328	(1,009)	Operating profit	na	na	5	6,215	5,414
EBITDA	8,698	532	1,462	1,952	(375)	EBITDA	na	na	18	8,750	8,005
Other income	14	16	17	47	15	Other income	(69)	6	na		
Other expense				9	0	Other expense	(100)		na		
Interest expense	58	77	141	94	106	Interest expense	13	84	na		
Profit before tax	8,019	(204)	663	1,273	(1,100)	Profit before tax	na	na	3	6,215	5,414
Income tax	1,782	(1,240)	75	305	(526)	Income tax	na	na	(18)	1,236	911
Equity & invest. income						Equity & invest. income			na		467
Minority interests						Minority interests			na		
Extraordinary items	933	(6,063)	(328)	251	(1,531)	Extraordinary items	na	na	na		(826)
Net profit	7,170	(5,027)	260	1,219	(2,105)	Net profit	na	na	(18)	4,979	4,145
Normalized profit	6,237	1,036	588	968	(574)	Normalized profit	na	na	8	4,979	4,970
EPS (Bt)	1.65	(1.16)	0.06	0.28	(0.49)	EPS (Bt)	na	na	(18)	1.15	0.96
Normalized EPS (Bt)	1.44	0.24	0.14	0.22	(0.13)	Normalized EPS (Bt)	na	na	8	1.15	1.15

Balance Sheet						Financial Ratios					
(consolidated)						2Q22 3Q22 4Q22 1Q23 2Q23					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23	(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	3,447	68	76	60	102	Sales growth	87.8	84.9	24.4	(9.6)	(30.9)
A/C receivable	23,719	18,915	14,328	16,312	11,761	Operating profit growth	na	na	(33.4)	(79.2)	na
Inventory	30,407	29,798	23,762	24,297	22,011	EBITDA growth	3,748.0	130.7	(19.2)	(72.1)	na
Other current assets	134	145	92	242	313	Norm profit growth	na	na	(7.9)	(80.8)	na
Investment						Norm EPS growth	na	na	(7.9)	(80.8)	na
Fixed assets	24,337	25,499	22,735	21,828	22,172	Gross margin	10.7	0.2	1.9	3.0	(1.3)
Other assets	893	1,004	2,295	2,412	2,808	Operating margin	10.3	(0.2)	1.2	2.2	(1.9)
Total assets	82,939	75,430	63,288	65,151	59,167	EBITDA margin	11.2	0.7	2.2	3.3	(0.7)
S-T debt	6,564	9,043	6,562	4,901	5,772	Norm net margin	8.0	1.4	0.9	1.6	(1.1)
A/C payable	23,210	20,963	12,780	15,732	13,669	D/E (x)	0.1	0.2	0.2	0.1	0.2
Other current liabilities	4,033	2,202	4,561	4,358	826	Net D/E (x)	0.1	0.2	0.2	0.1	0.1
L-T debt						Interest coverage (x)	150.7	6.9	10.4	20.9	(3.5)
Other liabilities	666	678	677	687	700	Interest rate	4.1	3.9	7.2	6.5	7.9
Minority interest						Effective tax rate	22.2	608.7	11.3	23.9	47.8
Shareholders' equity	48,465	42,544	38,707	39,472	38,200	ROA	31.9	5.2	3.4	6.0	(3.7)
Working capital	30,917	27,751	25,310	24,877	20,103	ROE	56.7	9.1	5.8	9.9	(5.9)
Total debt	6,564	9,043	6,562	4,901	5,772						
Net debt	3,117	8,975	6,487	4,841	5,670						

Sources: Company data, Thanachart estimates

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