

SELL (Unchanged)

Change in Numbers

TP: Bt 13.80 (From: Bt 16.00)**Downside : 13.2%****4 JULY 2024**

PTT Oil And Retail Pcl (OR TB)

Still not attractive

We reaffirm our SELL call on OR with a lower DCF-based TP of Bt13.8, down from Bt16. Despite the stock price falling 45% since the IPO, we believe its multiple de-rating should continue due to a low earnings growth outlook and rising competition from the EV business.

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Reaffirming SELL; de-rating to continue

We maintain our SELL rating on OR and lower our DCF-based TP (using a 2024F base year) to Bt13.8 from Bt16 as we adjust our long-term oil marketing assumptions to reflect increased competition from the EV business. OR's share price has declined by 45% since its IPO and is now trading at 18x 2024F PE, down from 30x in 2021. We believe this is due to muted earnings growth and negative sentiment stemming from regulatory risk. Looking ahead, we do not anticipate any structural change in its earnings growth profile and expect the de-rating to continue as the domestic oil market is already mature. Additionally, we do not foresee its non-oil businesses growing rapidly enough to boost its overall earnings significantly. Our DCF-based TP implies a PE multiple of 15x 2024F, which is already at a premium to its pure petrol station peers' average of 12x because of its exposure to the non-oil business.

SPR back in discussion

The new national oil plan for 2024 is currently undergoing public hearings (28 June – 12 July) and is expected to be concluded by September 2024. Under this plan, the Energy Ministry aims to increase national oil reserves from the current 40-45 days to 90-95 days. This measure is likely to be implemented through strategic petroleum reserves (SPR). With SPR, Thailand can stabilize domestic fuel prices by releasing reserves during periods of price spikes. However, we believe this will take time, as establishing and maintaining an SPR requires significant investment.

Still limited oil margin upside

We raise our marketing margin assumptions by 10-11% to Bt1 per liter over 2024-26F because of less pressure on the margin following the higher diesel price cap. This results in a 6% average profit increase over 2024-26F. However, we cut our long-term marketing margin assumptions by 10% to Bt0.9 per liter to reflect higher competition from the EV business. The Energy Ministry has raised the price cap of diesel to Bt33 per liter and expects to increase it to Bt35 in August to mitigate the oil fund's burden. This will likely help ease pressure on the oil marketing margin, but we believe further upside is limited, given that the oil fund deficit is already at Bt63bn, the highest since February 2023.

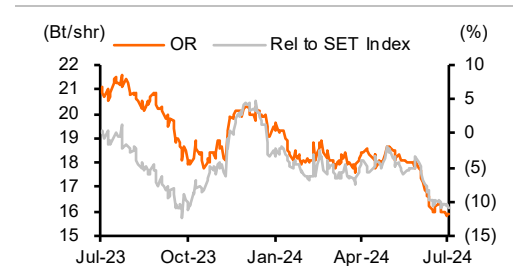
Weaker 2Q24 profit

We expect OR's oil marketing margin to soften q-q in 2Q24F as oil prices have weakened, which could lead to a stock loss. Oil retail sales volume should stay flat QoQ, as it was strong in April due to holidays but offset by softer consumption in May and June. Meanwhile, the non-oil segment should be able to maintain EBITDA margin due to good cost control.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	769,224	776,914	801,229	820,119
Net profit	11,094	10,495	11,164	10,802
Consensus NP	—	12,356	13,200	13,537
Diff frm cons (%)	—	(15.1)	(15.4)	(20.2)
Norm profit	11,086	10,495	11,164	10,802
Prev. Norm profit	—	9,468	10,743	10,615
Chg frm prev (%)	—	10.9	3.9	1.8
Norm EPS (Bt)	0.9	0.9	0.9	0.9
Norm EPS grw (%)	7.4	(5.3)	6.4	(3.2)
Norm PE (x)	17.2	18.2	17.1	17.7
EV/EBITDA (x)	9.1	9.4	8.9	9.1
P/BV (x)	1.7	1.7	1.6	1.5
Div yield (%)	3.3	3.1	3.3	3.2
ROE (%)	10.4	9.4	9.6	8.9
Net D/E (%)	(24.6)	(25.4)	(25.1)	(24.3)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 4-Jul-24 (Bt)	15.90
Market Cap (US\$ m)	5,206.6
Listed Shares (m shares)	12,000.0
Free Float (%)	23.7
Avg Daily Turnover (US\$ m)	6.3
12M Price H/L (Bt)	21.60/15.80
Sector	ENERG
Major Shareholder	PTT Pcl 75.00%

Sources: Bloomberg, Company data, Thanachart estimates

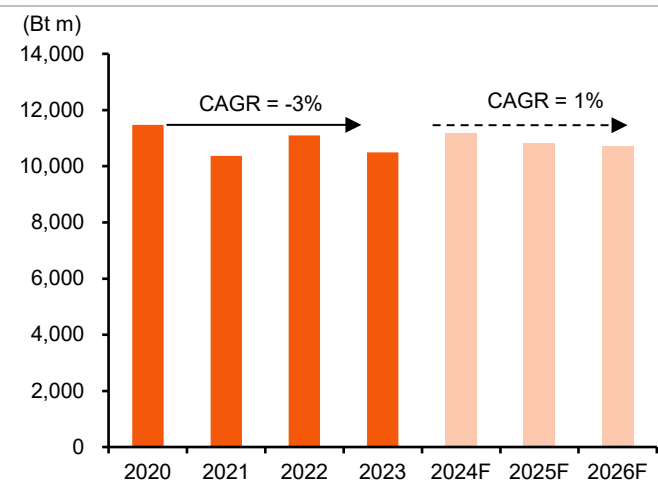
ESG Summary Report P8

De-rating to continue

Multiple de-rating should continue as we don't see structural changes

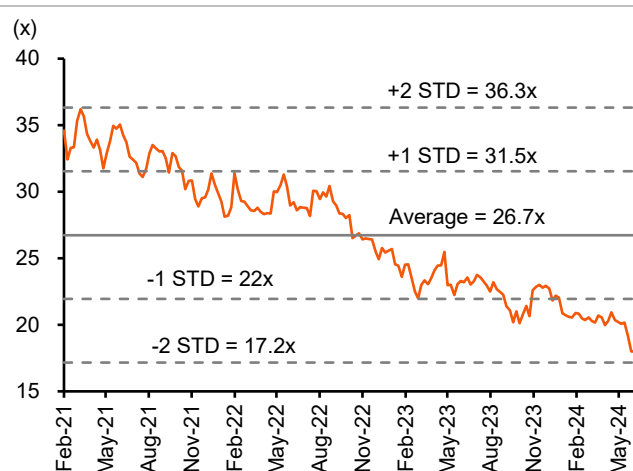
We maintain our SELL rating on PTT Oil And Retail Pcl (OR) and lower our DCF-based 12-month TP, using a 2024F base year, to Bt13.8 from Bt16 as we adjust our long-term oil marketing assumptions to reflect increased competition from the electric vehicle (EV) business. OR's share price has declined by 45% since its IPO and is now trading at an 18x 2024F PE multiple, down from 30x in 2021. We believe this is due to muted earnings growth and negative sentiment stemming from regulatory risk. Looking ahead, we do not anticipate any structural change in its earnings growth profile and expect the de-rating to continue as the domestic oil market is already mature. Additionally, we do not foresee its non-oil businesses growing rapidly enough to boost its overall earnings significantly. Our TP implies a PE multiple of 15x in 2024F, which is already at a premium to its pure petrol station peers' average of 12x due to its exposure to the non-oil business

Ex 1: Unchanged Earnings Growth Trend



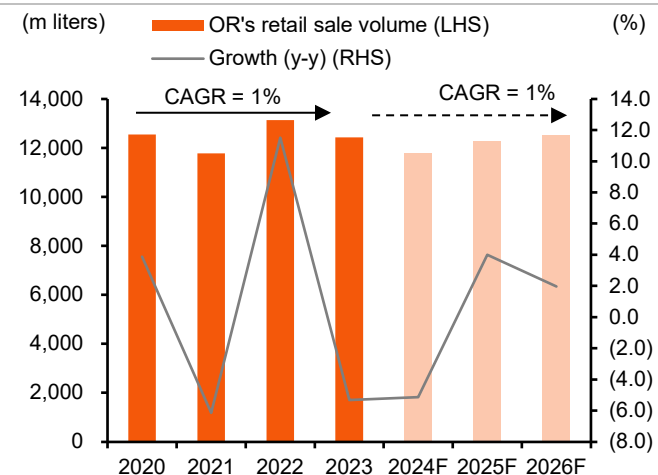
Sources: Company data, Thanachart estimates

Ex 2: PE Multiple De-rating Should Continue



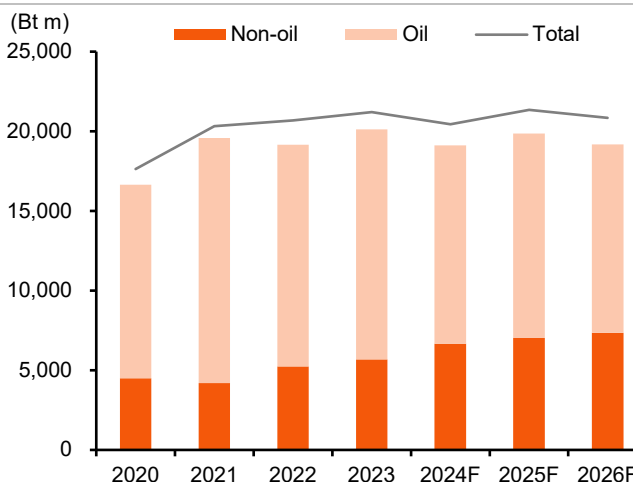
Sources: Bloomberg, Thanachart estimates

Ex 3: OR's Retail Sale Volume



Sources: Company data, Thanachart estimates

Ex 4: EBITDA By Businesses



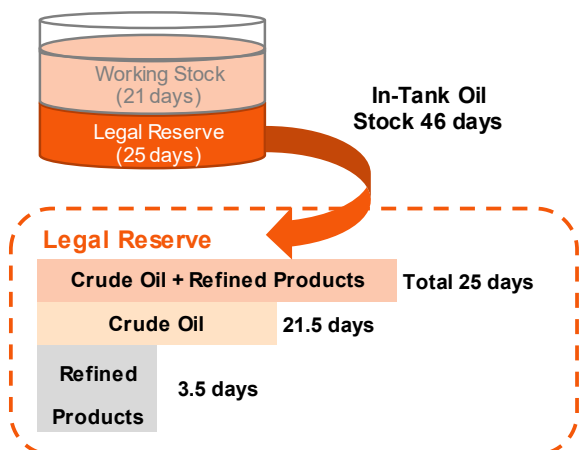
Sources: Company data, Thanachart estimates

SPR back in discussion

SPR to help stabilize retail prices and likely put less pressure on margins

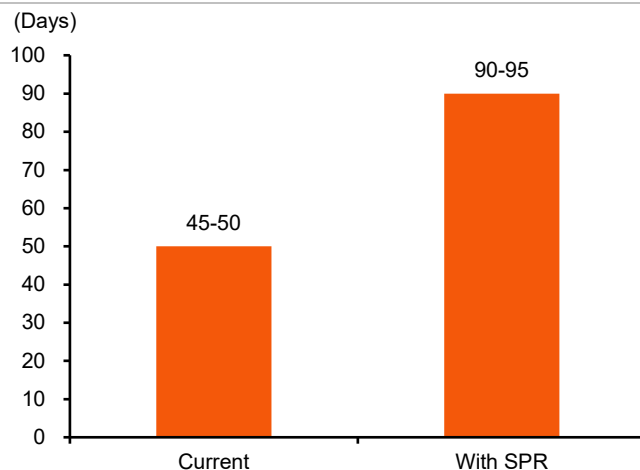
The new national oil plan for 2024 is currently undergoing public hearings (28 June – 12 July) and is expected to be concluded by September 2024. Under this plan, the Energy Ministry aims to increase national oil reserves from the current 40-45 days to 90-95 days. This measure is likely to be implemented through strategic petroleum reserves (SPR). With SPR, Thailand can stabilize domestic fuel prices by releasing reserves during periods of price spikes. However, we believe this will take time, as establishing and maintaining an SPR requires significant investment.

Ex 5: Thailand Current Oil And Oil Product Reserves



Source: The Energy Ministry

Ex 6: Thailand Oil And Refined Oil Product Reserves



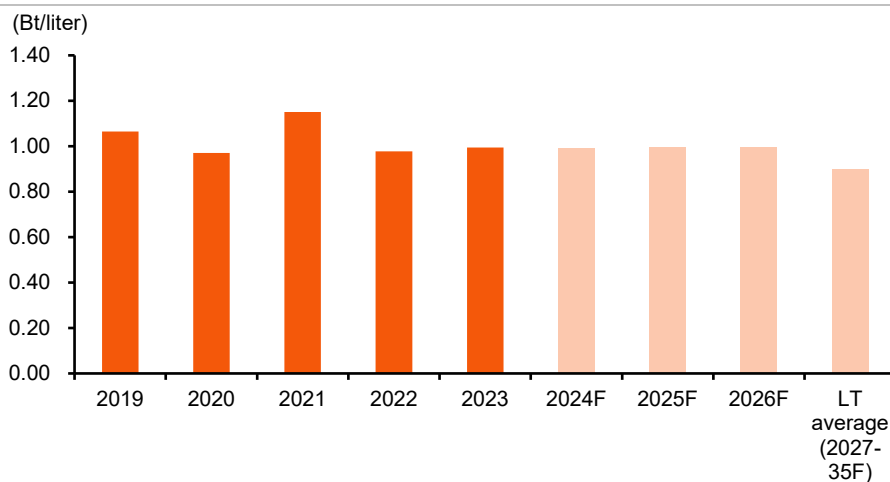
Source: The Energy Ministry

Still limited oil margin upside

Regulatory risk and mature domestic oil market cap margin upside

We raise our marketing margin assumptions by 10-11% to Bt1 per liter over 2024-26F because of less pressure on the margin following the higher diesel price cap. This results in a 6% average profit increase over 2024-26F. The Energy Ministry has raised the price cap of diesel to Bt33 per liter and expects to increase it to Bt35 in August to mitigate the oil fund's burden. This will likely help ease pressure on the oil marketing margin, but we believe further upside is limited, given that the oil fund deficit is already at Bt63bn, the highest level since February 2023.

Ex 7: OR's Marketing Margin

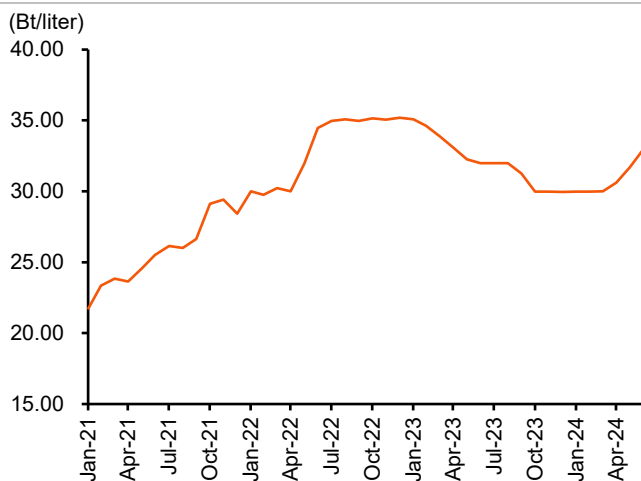


Sources: Company data, Thanachart estimates

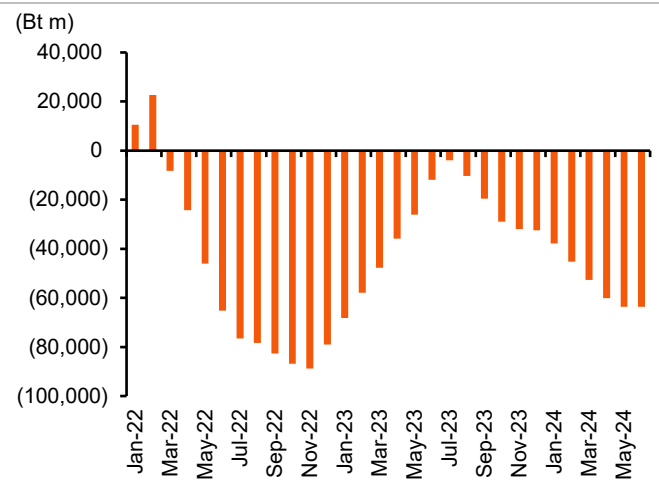
Ex 8: Earnings Revisions

	2021	2022	2023	2024F	2025F	2026F
Net profit (Bt m)						
- New	11,474	10,370	11,094	10,495	11,164	10,802
- Old				9,468	10,743	10,615
- Change (%)				10.9	3.9	1.8
Normalized profit (Bt m)						
- New	11,009	10,326	11,086	10,495	11,164	10,802
- Old				9,468	10,743	10,615
- Change (%)				10.9	3.9	1.8
Sales volume (m liters)						
- New	11,777	13,133	12,433	11,793	12,265	12,507
- Old				14,145	14,423	14,423
- Change (%)				(16.6)	(15.0)	(13.3)
Sales volume growth (%)						
- New	(6.1)	11.5	(5.3)	(5.1)	4.0	2.0
- Old				2.9	2.0	0.9
- Change (ppt)				(8.1)	2.0	1.0
Marketing margin (Bt/liter)						
- New	1.2	1.0	1.0	1.0	1.0	1.0
- Old				0.9	0.9	0.9
- Change (%)				10.2	9.2	9.2

Sources: Company data, Thanachart estimates

Ex 9: Thailand Retail Diesel Price

Sources: EPPO

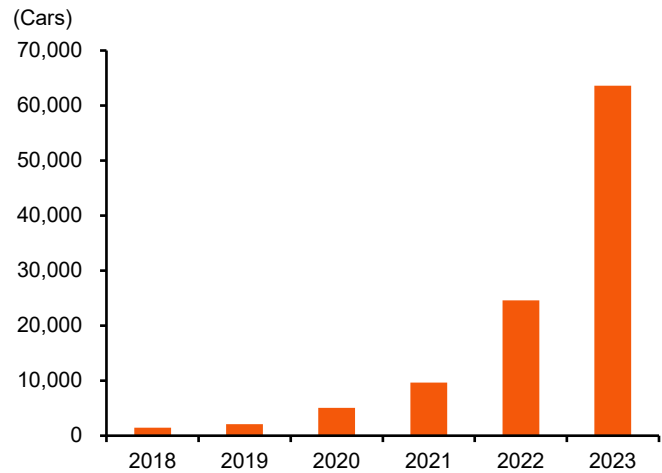
Ex 10: Oil Fund Balance

Sources: offo

Longer term, we see rising competition from the EV business

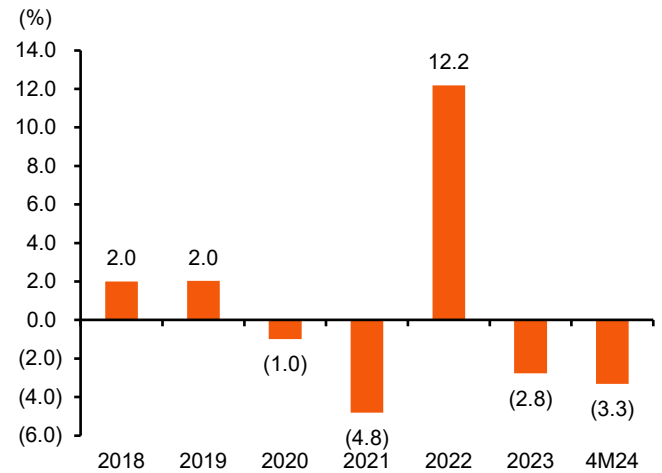
We cut our long-term marketing margin assumptions by 10% to Bt0.9 per liter to reflect higher competition from the EV business.

Ex 11: Growth In EV Cars



Sources: DLT

Ex 12: Thailand Oil Demand



Sources: DOEB, Thanachart estimates

Ex 13: 12-month DCF-based TP Calculation, Using A Base Year Of 2024F

(Bt m)	2024F	2025F	2026F	2018F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
EBITDA & equity income	15,236	16,152	15,641	15,525	16,258	16,404	16,938	16,406	16,005	15,718	15,530	15,428	
Free cash flow	7,734	8,010	7,734	7,765	8,136	8,420	11,084	10,533	10,534	10,306	10,159	10,083	188,614
PV of free cash flow	7,190	6,863	6,134	5,700	5,527	5,294	6,451	5,481	5,050	4,554	4,137	3,784	70,784
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	0.9												
WACC (%)	7.6												
Terminal growth (%)	3.0												
Enterprise value - add investments	136,948												
Net debt (end-2024F)	(28,993)												
Minority interest	65												
Equity value	165,877												
# of shares (m)	12,000												
Equity value/share (Bt)	13.8												

Source: Thanachart estimates

Valuation Comparison

Ex 14: Valuation Comparison With Regional Peers

Company	Code	Country	EPS Growth		— PE —		— P/BV —		EV/EBITDA		Div. Yield		— ROE —	
			24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
Petrol station operators														
Pure petrol station operators														
PTT Oil And Retail	OR TB *	Thailand	(5.3)	6.4	18.2	17.1	1.7	1.6	9.4	8.9	3.1	3.3	9.4	9.6
PTG Pcl	PTG TB *	Thailand	(1.9)	5.3	14.8	14.0	1.5	1.4	4.3	3.7	3.0	3.2	10.4	10.3
SUSCO Pcl	SUSCO TB	Thailand	(2.8)	11.7	5.6	5.0	0.7	0.6	4.3	4.0	4.3	4.8	12.5	12.8
Bangchak Corp	BCP TB *	Thailand	27.2	38.5	9.8	7.1	1.1	1.0	6.2	4.9	3.8	5.3	11.1	14.2
ESSO (Thailand)	ESSO TB *	Thailand	69.6	15.4	9.1	7.9	0.8	0.7	10.8	8.0	5.3	6.2	8.5	9.1
Average			4.3	15.4	12.1	10.8	1.2	1.1	6.0	5.4	3.5	4.1	10.8	11.7
Petrol station operators with other business														
Ampol	ALD AU	Australia	(14.7)	2.7	12.3	12.0	2.2	2.1	7.0	6.9	6.3	6.4	18.5	18.4
Sinopec	386 HK	China	(0.9)	5.0	9.6	9.2	0.8	0.8	5.8	5.5	6.2	6.5	8.0	8.0
Average			(7.8)	3.8	11.0	10.6	1.5	1.4	6.4	6.2	6.3	6.4	13.3	13.2
Average			0.3	11.6	11.7	10.7	1.3	1.2	6.2	5.6	4.5	4.9	11.7	12.2
Thailand retailers														
Berli Jucker	BJC TB *	Thailand	8.0	7.0	16.7	15.6	0.7	0.7	10.4	10.0	4.2	4.5	4.2	4.5
CP All	CPALL TB *	Thailand	33.3	17.5	21.0	17.8	4.0	3.5	8.7	7.9	2.4	2.8	20.3	21.3
Central Pattana	CPN TB *	Thailand	24.7	18.0	26.5	22.5	0.9	0.9	11.0	10.2	2.6	3.1	3.6	4.1
Central Retail Corp.	CRC TB *	Thailand	8.0	10.3	16.5	15.0	2.5	2.3	11.9	11.0	3.3	3.5	15.6	15.8
Siam Global House	GLOBAL TB *	Thailand	7.2	11.3	21.5	19.3	2.6	2.4	7.9	7.5	1.9	2.1	12.6	12.9
Home Product	HMPRO TB *	Thailand	11.2	16.0	25.4	21.9	3.0	2.7	19.9	17.5	1.4	1.6	12.3	13.0
Siam Makro	MAKRO TB *	Thailand	10.9	10.0	16.7	15.1	4.5	4.2	9.7	9.0	4.8	5.3	27.5	28.8
Average			14.8	12.9	20.6	18.2	2.6	2.4	11.3	10.4	2.9	3.3	13.7	14.3

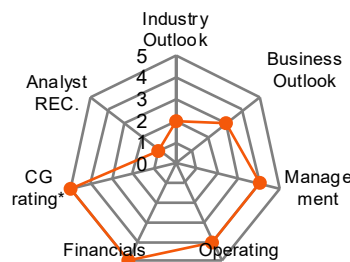
Sources: Bloomberg, * Thanachart estimates
Based on 4 July 2024 closing prices

COMPANY DESCRIPTION

PTT Oil and Retail (OR) is the flagship company in the oil and retail business under PTT Group, which is the most comprehensive oil marketing operator in Thailand. OR, as of 1Q22, ran the largest network with a total of 2,312 oil retail stations across the country and a volume market share of 41% (as of 2021). OR also has a presence in Cambodia, Laos, and the Philippines. The company also has a strong non-oil business that accounted for 21% of EBITDA in 2021.

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

- Strong oil retail network that could allow the company to maintain its No.1 ranking
- Owns Thailand's leading coffee brand, Café Amazon, which is the key magnet for its petrol stations.
- Strong partnership with 7-Eleven, Thailand's No.1 convenience store operator.

O — Opportunity

- Overseas markets could offer substantial growth opportunities.
- OR's strong balance sheet could allow it to find new businesses or investments to enhance its existing operation.

W — Weakness

- Highly dependent on 7-Eleven stores. A breaking of the master franchise contract with 7-Eleven could lead to lower profitability for PTTOR's non-oil business.
- Located in the low-growth and competitive oil retail industry.
- Highly volatile earnings due to inventory gains/losses.

T — Threat

- Risk of government intervention when oil prices are high.
- Rising EV penetration rate could lead to lower oil demand.
- Potential cannibalisation of store expansion

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	21.46	13.80	-36%
Net profit 24F (Bt m)	12,356	10,495	-15%
Net profit 25F (Bt m)	13,200	11,164	-15%
Consensus REC	BUY: 14	HOLD: 10	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2024-25F profits are 15% below the Bloomberg consensus estimates. We believe this is due to us having lower margin assumptions for its oil business.
- Consequently, our DCF-based TP is lower.

Sources: Bloomberg consensus, Thanachart estimates

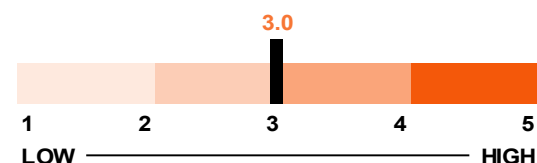
RISKS TO OUR INVESTMENT CASE

- A stronger-than-expected oil demand recovery is the key upside risk to our call.
- OR may acquire a new non-oil business that could lead to higher-than-expected returns and reduce its earnings volatility, and this would represent a secondary upside risk to our call.
- A faster-than-expected expansion of Café Amazon could lead to a potential upside surprise to our EBITDA forecasts.

Source: Thanachart

PTT Oil and Retail (OR) is PTT Group's oil trading and retail business arm. EBITDA breakdown in 1Q24 was 69% oil, 26% retail, and 3% overseas businesses. OR's oil business doesn't involve production or processing, but it trades in the retail market via its 2,664 petrol stations and wholesale trading. Therefore, our ESG score for PTTOR of 2.98 is higher than the sector average of 2.8.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
OR	YES	AAA	YES	AA	52.82	57.3	80.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "term of use" toward the back of this report.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- OR doesn't disclose its carbon emissions. However, in line with PTT Group's policy, the company aims for carbon neutrality by 2030 and net-zero carbon status by 2050. OR isn't involved in actual energy production and processing but is on the trading side of the business, so we believe the company has far fewer concerns and challenges in achieving its environmental targets.
- OR's petrol station design follows the "Friendly Design" concept, which reduces the use of electricity. The decor in its petrol station and Café Amazon outlets is made partly from recycled material and waste products.
- We expect OR to be PTT's investment arm in the EV infrastructure business, which includes EV charging stations. However, the speed of expansion will depend on the pace of EV adoption in Thailand.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- OR continually develops employees' skills to prepare them for new businesses and enhance satisfaction at work as well as their capabilities through flexi-time and work-from-home approaches.
- OR allocates a part of its budget to engage in community activities and services, including providing scholarships, channeling a portion of its treated wastewater to communities to reduce their farming costs and increase their revenue, and offering support during periods of water shortages.
- Café Amazon participates in environmental conservation under the "Go Green" concept by using environmentally friendly and biodegradable materials, such as bio cups.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- OR's board comprises 13 qualified directors with a range of expertise. Seven directors are independent, and two are female.
- The company is 75%-owned by PTT, a state-owned enterprise. This means there is a high risk of government intervention in marketing margins when oil prices are high.
- The company has a strong corporate governance policy in line with PTT Group's award-winning framework.
- OR's balance sheet is also solid with low net gearing. The company has high growth visibility, in our view, supported by its strong non-oil business.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	789,785	769,224	776,914	801,229	820,119
Cost of sales	750,677	728,669	737,336	759,629	778,330
Gross profit	39,108	40,555	39,579	41,600	41,789
% gross margin	5.0%	5.3%	5.1%	5.2%	5.1%
Selling & administration expenses	29,110	31,398	31,077	32,049	32,805
Operating profit	9,998	9,157	8,502	9,551	8,984
% operating margin	1.3%	1.2%	1.1%	1.2%	1.1%
Depreciation & amortization	8,362	8,871	8,764	8,632	8,687
EBITDA	18,360	18,028	17,266	18,183	17,671
% EBITDA margin	2.3%	2.3%	2.2%	2.3%	2.2%
Non-operating income	3,633	5,199	5,199	5,199	5,199
Non-operating expenses	0	0	0	0	0
Interest expense	(1,155)	(1,369)	(1,445)	(1,469)	(1,354)
Pre-tax profit	12,476	12,987	12,257	13,281	12,830
Income tax	2,638	2,437	2,300	2,656	2,566
After-tax profit	9,838	10,550	9,957	10,625	10,264
% net margin	1.2%	1.4%	1.3%	1.3%	1.3%
Shares in affiliates' Earnings	490	539	539	539	539
Minority interests	(2)	(2)	0	0	0
Extraordinary items	44	8	0	0	0
NET PROFIT	10,370	11,094	10,495	11,164	10,802
Normalized profit	10,326	11,086	10,495	11,164	10,802
EPS (Bt)	0.9	0.9	0.9	0.9	0.9
Normalized EPS (Bt)	0.9	0.9	0.9	0.9	0.9

We expect muted earnings growth over 2024-26F

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	136,552	127,072	127,885	130,224	132,104
Cash & cash equivalent	39,461	52,019	52,019	52,019	52,019
Account receivables	28,083	27,220	27,492	28,352	29,021
Inventories	27,474	33,152	33,547	34,561	35,412
Others	41,534	14,681	14,828	15,292	15,653
Investments & loans	8,743	8,585	8,585	8,585	8,585
Net fixed assets	44,363	48,390	52,656	57,055	61,398
Other assets	35,846	36,189	34,158	32,128	30,097
Total assets	225,504	220,236	223,285	227,991	232,184
LIABILITIES:					
Current liabilities:	68,660	67,679	62,578	64,213	65,333
Account payables	48,414	47,165	47,726	49,169	50,380
Bank overdraft & ST loans	4,689	3,829	0	0	0
Current LT debt	4,630	5,010	3,454	3,326	3,298
Others current liabilities	10,927	11,675	11,398	11,718	11,655
Total LT debt	24,488	16,290	19,572	18,846	18,691
Others LT liabilities	28,595	26,759	27,204	25,928	24,531
Total liabilities	121,744	110,728	109,353	108,987	108,555
Minority interest	60	65	65	65	65
Preferreds shares	0	0	0	0	0
Paid-up capital	120,000	120,000	120,000	120,000	120,000
Share premium	23,497	23,497	23,497	23,497	23,497
Warrants	0	0	0	0	0
Surplus	(66,195)	(66,677)	(66,677)	(66,677)	(66,677)
Retained earnings	26,399	32,624	37,047	42,120	46,745
Shareholders' equity	103,701	109,443	113,867	118,939	123,564
Liabilities & equity	225,504	220,236	223,285	227,991	232,184

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	12,476	12,987	12,257	13,281	12,830
Tax paid	(2,976)	(1,489)	(2,770)	(2,393)	(2,674)
Depreciation & amortization	8,362	8,871	8,764	8,632	8,687
Chg In working capital	249	(6,064)	(105)	(432)	(309)
Chg In other CA & CL / minorities	(23,033)	28,564	584	132	224
Cash flow from operations	(4,922)	42,870	18,730	19,221	18,757
Capex	(8,202)	(10,826)	(11,000)	(11,000)	(11,000)
Right of use	(1,102)	(2,785)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(2,796)	158	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(3,804)	(3,851)	444	(1,276)	(1,397)
Cash flow from investments	(15,904)	(17,304)	(10,556)	(12,276)	(12,397)
Debt financing	550	(7,655)	(2,103)	(854)	(183)
Capital increase	0	0	0	0	0
Dividends paid	(6,464)	(4,789)	(6,072)	(6,091)	(6,178)
Warrants & other surplus	(23)	(563)	0	0	0
Cash flow from financing	(5,937)	(13,008)	(8,174)	(6,945)	(6,361)
Free cash flow	(13,124)	32,043	7,730	8,221	7,757

OR chooses to use cash
to explore new
businesses

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	18.5	17.2	18.2	17.1	17.7
Normalized PE - at target price (x)	16.0	14.9	15.8	14.8	15.3
PE (x)	18.4	17.2	18.2	17.1	17.7
PE - at target price (x)	16.0	14.9	15.8	14.8	15.3
EV/EBITDA (x)	10.1	9.1	9.4	8.9	9.1
EV/EBITDA - at target price (x)	8.7	7.7	7.9	7.5	7.7
P/BV (x)	1.8	1.7	1.7	1.6	1.5
P/BV - at target price (x)	1.6	1.5	1.5	1.4	1.3
P/CFO (x)	(38.8)	4.5	10.2	9.9	10.2
Price/sales (x)	0.2	0.2	0.2	0.2	0.2
Dividend yield (%)	3.1	3.3	3.1	3.3	3.2
FCF Yield (%)	(6.9)	16.8	4.1	4.3	4.1
(Bt)					
Normalized EPS	0.9	0.9	0.9	0.9	0.9
EPS	0.9	0.9	0.9	0.9	0.9
DPS	0.5	0.5	0.5	0.5	0.5
BV/share	8.6	9.1	9.5	9.9	10.3
CFO/share	(0.4)	3.6	1.6	1.6	1.6
FCF/share	(1.1)	2.7	0.6	0.7	0.6

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	54.3	(2.6)	1.0	3.1	2.4
Net profit (%)	(9.6)	7.0	(5.4)	6.4	(3.2)
EPS (%)	(9.6)	7.0	(5.4)	6.4	(3.2)
Normalized profit (%)	(6.2)	7.4	(5.3)	6.4	(3.2)
Normalized EPS (%)	(6.2)	7.4	(5.3)	6.4	(3.2)
Dividend payout ratio (%)	57.9	56.2	56.2	56.2	56.2
Operating performance					
Gross margin (%)	5.0	5.3	5.1	5.2	5.1
Operating margin (%)	1.3	1.2	1.1	1.2	1.1
EBITDA margin (%)	2.3	2.3	2.2	2.3	2.2
Net margin (%)	1.2	1.4	1.3	1.3	1.3
D/E (incl. minor) (x)	0.3	0.2	0.2	0.2	0.2
Net D/E (incl. minor) (x)	(0.1)	(0.2)	(0.3)	(0.3)	(0.2)
Interest coverage - EBIT (x)	8.7	6.7	5.9	6.5	6.6
Interest coverage - EBITDA (x)	15.9	13.2	12.0	12.4	13.1
ROA - using norm profit (%)	4.8	5.0	4.7	4.9	4.7
ROE - using norm profit (%)	10.1	10.4	9.4	9.6	8.9
DuPont					
ROE - using after tax profit (%)	9.7	9.9	8.9	9.1	8.5
- asset turnover (x)	3.6	3.5	3.5	3.6	3.6
- operating margin (%)	1.7	1.9	1.8	1.8	1.7
- leverage (x)	2.1	2.1	2.0	1.9	1.9
- interest burden (%)	91.5	90.5	89.5	90.0	90.5
- tax burden (%)	78.9	81.2	81.2	80.0	80.0
WACC (%)	7.6	7.6	7.6	8.0	8.0
ROIC (%)	11.6	7.6	8.4	9.0	8.1
NOPAT (Bt m)	7,884	7,439	6,906	7,640	7,187
invested capital (Bt m)	98,047	82,552	84,873	89,092	93,534

Sources: Company data, Thanachart estimates

Despite OR's asset-light strategy, returns are not superior to peers'

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 5/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of SRISAWAD CAPITAL 1969 PUBLIC COMPANY LIMITED (SCAP) No. 2/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of SAHAKOL EQUIPMENT PUBLIC COMPANY LIMITED (SQ) No. 1/2024 (B.E. 2567) which its maturity at 2026 (B.E. 2569)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Subordinated Perpetual Debentures of INDORAMA VENTURES PUBLIC COMPANY LIMITED (IVL) No.1/2024 which payable upon dissolution with the issuer's right to early redemption and unconditional interest deferral, therefore investors need to be aware that there could be conflicts of interest in this research”.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Moshi Moshi Retail Corporation Pcl. (MOSHI TB) and Euroasia Total Logistics Pcl (ETL TB).

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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