

Energy Sector – Underweight

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News Update

New oil price structure back in discussion

- **Larger than expected crude draw**
- **Energy Minister pushes for “cost plus” oil price structure**
- **EU gas storage fall at fastest rate since energy crisis**
- **Trump threatens EU with tariffs over oil and gas imports**

Weekly US data: Larger than expected crude draw

- The U.S. Energy Information Administration reported a large draw in crude oil inventories for the week to December 20. The change compares with a modest inventory dip of 900,000 barrels for the previous week
- Total motor gasoline inventories added 1.6 million barrels in the period. This compared with a build of 2.3 million barrels for the previous week. In middle distillates, the EIA estimated an inventory fall of 1.7 million barrels for the third week of December. This compared with an inventory draw of an inventory draw of 3.2 million barrels for the previous week.

Energy Minister pushes for “cost plus” structure to stabilize oil prices

- **Energy minister looks to revamp oil price structure.** Mr. Pirapan Salirathavibhaga, Deputy Prime Minister and Minister of Energy, has announced progress in transforming Thailand's energy framework as part of his “Revamp, Reduce, Release, and Build” initiative. A key focus of this effort is the introduction of legislation to regulate oil prices, ensuring fairness and transparency for all stakeholders. Under the proposed law, the “Cost Plus” pricing system will replace the current model, which relies on fluctuating global market prices. The new system calculates prices based on actual costs, reducing the financial burden on consumers. Oil and gas traders will be required to justify any price increases, with adjustments permitted only once per month.
- **Impacts.** We believe implementing this system may be challenging due to the following reasons. First, each refinery operates with a unique cost structure, making standardization difficult. Second, despite the “Cost Plus” approach, costs are still inherently linked to global oil prices. Moreover, there has been no mention of how profit margins will be. Overall, we remain neutral about this development, as there are significant hurdles that need to be addressed.

EU gas storage fall at fastest rate since energy crisis

- **Falling EU gas storage.** The EU is emptying its gas storage facilities at the fastest pace since the energy crisis three years ago as colder weather raises demand and the continent grapples with a decline in seaborne imports. The volume of gas in the bloc's storage sites has dropped about 19 per cent from the end of September, when the refilling season ends in gas markets, to mid-December, according to data from Gas Infrastructure Europe, an industry body. The previous two years only saw single-digit

Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-4.237	-0.700	-0.934
Gasoline	1.630	-1.000	2.348
Distillates	-1.694	-0.700	-3.180

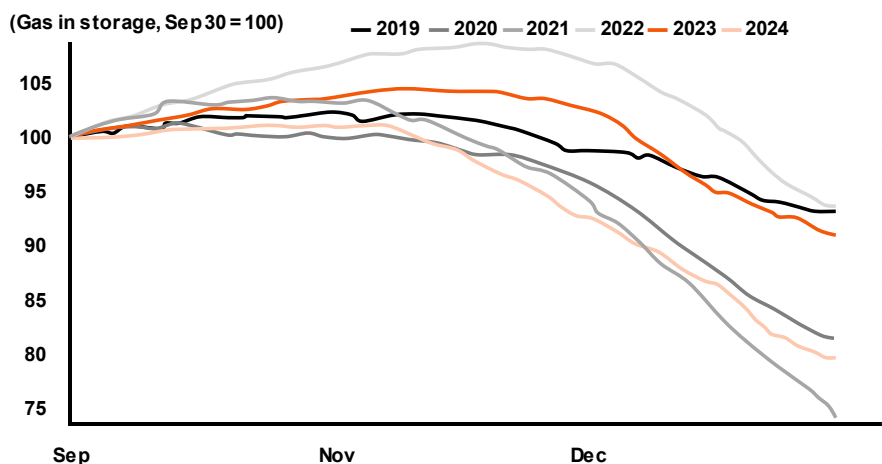
(k bpd)	Weekly change	% Change	Current number
Production	-19	-0.1%	13,585
Refinery Runs	126	+0.7%	16,954

Source: EIA

drops over the same period, when higher than normal temperatures ensured that storage remained relatively full well into the winter heating season, and industries curbed demand due to higher prices.

- **Trump threatens EU with tariffs over oil and gas imports.** President-elect Donald Trump doubled down on his tariff threats, pledging to raise tariffs on European Union nations unless they increase their purchases of American oil and gas to narrow the trade gap with the United States.
- **Impact:** This will continue to support US Henry hub price as the major gas supplier to the region. We see this news as positive for BANPU (BANPU TB, BUY, Bt6.00).

Ex 2: EU Has Withdrawn Gas Storage Rapidly This Year



Source: FT

Ex 3: Prices And Spreads

Unit	This week	Last week	% chg	Quarterly						Yearly			
				2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	2022	2023	2024	
Upstream													
Dubai (US\$/bbl)	73	72	1.4%	87	84	82	85	79	74	97	81	82	
Brent (US\$/mmbtu)	74	73	1.7%	86	83	82	85	79	74	99	82	82	
Henry hub (US\$/mmbtu)	3.5	3.7	-6.2%	2.7	2.9	2.1	2.3	2.2	3.0	6.5	2.6	2.2	
JKM Spot (US\$/mmbtu)	14.3	13.7	4.6%	12.3	15.6	9.7	11.2	13.0	13.9	34.0	13.9	11.3	
Dutch TTF (EUR/MWh)	48	44	8.2%	34	43	28	32	36	43	132	41	32	
NEX coal price (US\$/tonne)	127	127	-0.5%	147	136	127	136	140	140	357	188	134	
Crack spreads over Dubai													
Gasoline (US\$/bbl)	11.5	12.8	-10.0%	16.6	18.9	12.6	17.9	11.6	11.6	18.8	16.7	13.1	
Jet fuel (US\$/bbl)	15.1	15.1	0.0%	14.0	26.1	23.6	21.1	13.6	15.0	30.3	22.5	15.7	
Diesel (US\$/bbl)	15.9	15.6	2.2%	14.6	26.9	21.1	21.7	14.0	14.8	34.3	21.9	15.8	
HSFO (US\$/bbl)	(2.6)	(3.8)	-31.3%	(8.7)	(5.4)	(11.0)	(9.7)	(3.4)	(2.2)	(14.1)	(10.3)	(5.2)	
SG GRM (US\$/bbl)	7.2	7.3	-2.0%	5.4	10.9	6.3	8.1	4.9	6.0	11.5	7.9	6.1	
Aromatics													
PX-naphtha (US\$/tonne)	172	175	-2.0%	407	407	349	323	336	174	299	378	307	
BZ-naphtha (US\$/tonne)	277	295	-6.3%	275	273	269	326	391	271	267	267	356	
Olefin													
HDPE-naphtha (US\$/tonne)	337	345	-2.5%	436	361	350	333	350	333	392	390	340	
LDPE-naphtha (US\$/tonne)	477	495	-3.7%	443	363	372	454	519	489	683	427	508	
PP-naphtha (US\$/tonne)	337	345	-2.5%	403	305	303	302	331	339	386	359	321	
Others													
Integrated PET (US\$/tonne)	145	137	5.9%	194	114	134	138	130	146	278	161	140	
Phenol-BZ (US\$/tonne)	33	23	43.5%	79	89	64	(52)	(38)	42	279	80	5	
BPA -Phenol (US\$/tonne)	315	312	1.0%	299	270	327	317	303	307	551	294	299	

Sources: TOP, Bloomberg

Ex 4: Valuation

	Rating	Current	Target	Upside/	Market cap	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
		(Bt)	(Bt)	(%) (US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	
BANPU	BUY	6.00	7.50	25.0	1,762	(87.3)	426.3	57.3	10.9	7.3	5.9	0.5	0.5	2.1	4.6	0.8	4.2
BCP	BUY	35.25	40.00	13.5	1,423	(48.3)	69.9	9.7	5.7	4.5	4.2	0.7	0.6	1.6	3.9	6.9	11.1
BSRC	HOLD	7.70	7.00	(9.1)	781	11.7	(7.0)	9.4	10.1	5.6	5.2	0.9	0.9	2.3	3.5	10.0	8.9
IRPC	SELL	1.23	1.20	(2.4)	737	na	na	na	na	19.0	14.4	0.3	0.4	0.0	0.0	na	na
IVL	BUY	25.50	29.00	13.7	4,198	298.1	28.1	22.5	17.6	7.4	6.6	0.9	0.9	0.0	1.7	4.5	5.8
OR	SELL	13.50	12.60	(6.7)	4,750	(44.7)	50.0	26.4	17.6	10.7	8.2	1.5	1.4	2.1	3.2	5.6	8.1
PTG	SELL	8.30	6.80	(18.1)	406	(0.8)	6.0	14.7	13.9	3.7	3.8	1.5	1.4	3.1	3.2	10.5	10.5
PTT	BUY	31.75	38.00	19.7	26,588	0.7	(3.8)	9.0	9.4	4.2	3.9	0.8	0.8	6.3	6.3	8.9	8.3
PTTEP	BUY	118.50	150.00	26.6	13,793	(6.1)	(13.7)	6.4	7.4	1.9	2.2	0.9	0.8	8.0	7.6	14.2	11.4
PTTGC	SELL	24.30	23.00	(5.3)	3,212	na	na	na	22.1	11.4	8.9	0.4	0.4	3.1	1.6	na	1.8
SCC	SELL	170.00	175.00	2.9	5,981	(44.9)	76.8	24.7	14.0	22.1	11.1	0.6	0.5	2.0	3.6	2.3	3.9
SPRC	SELL	6.65	5.90	(11.3)	845	na	(1.1)	9.0	9.1	5.2	5.2	0.7	0.7	3.4	2.9	8.5	7.9
TOP	SELL	28.00	21.00	(25.0)	1,834	(41.8)	(30.0)	3.9	5.6	6.9	8.2	0.4	0.3	5.5	5.9	9.5	6.9

Sources: Company data, Thanachart estimates

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