

# Thailand Energy Sector

## Dust yet to settle

Sector Valuation			Current price	Target price	Market Cap	Norm EPS grw		— Norm PE —		— P/BV —		— Div. yield —	
Company	BBG Code	Rec.	(Bt)	(Bt)	(US\$ m)	2025F (%)	2026F (%)	2025F (x)	2026F (x)	2025F (x)	2026F (x)	2025F (%)	2026F (%)
Bangchak Corp.	BCP TB	SELL	37.50	33.00	1,528	(32.5)	30.8	11.5	8.8	0.8	0.8	2.2	2.8
Bangchak Sriracha	BSRC TB	SELL	5.60	5.00	574	72.4	16.6	10.5	9.0	0.7	0.7	2.2	3.6
Star Petroleum	SPRC TB	HOLD	5.35	5.60	686	21.3	(17.5)	8.1	9.8	0.6	0.6	6.2	6.0
Thai Oil	TOP TB	HOLD	24.80	27.00	1,639	(33.4)	(7.9)	4.8	5.2	0.3	0.3	6.3	6.1

Source: Thanachart estimates, Based on 10 March 2025 closing prices

**We remain bearish on Thai refiners despite sharp corrections in share prices. While the refinery market outlook remains uncertain, valuations are not cheap enough, in our view. TOP is the cheapest stock among the four, but we only assign it a HOLD rating.**

### Unsettled dust in the refining market

We remain bearish on the refinery market. **First**, the market remains weak from continued weak demand amid large new supplies over the past two years. We revise down our benchmark Singapore gross refining margin (GRM) by 9/13/5% to US\$5.0/5.5/6.0 per bbl in 2025-27F. The current GRM is US\$5/bbl. **Second**, the long-term structural trend of clean energy is negative for the sector. **Third**, uncertainties remain in both China's demand-supply outlook and the US stance on the Russia-Ukraine war. We see downside risk from the end of the war that should result in a rise in Russia's supply. **Finally**, despite already hefty share price falls, most refiners under our coverage still look expensive to us.

### GRM remains weak

The benchmark Singapore GRM fell to only US\$2/bbl in January from US\$5.0 in 4Q24 and US\$4.7 in 2024. Even though it has recovered to US\$3.3 in February and US\$5 currently, it is still lower than the US\$6/bbl historical mid-cycle GRM. The recent recovery from its low of \$2/bbl was due to seasonal winter demand, plant maintenance, and refinery run cuts. As the weak market has resulted in some run cuts, we expect GRM to recover to our forecast of US\$5/bbl for the year, which is still below the mid-cycle level due to the poor global macro outlook.

### Troubles of their own

Aside from the highly uncertain industry outlook, Thai refiners also have some troubles of their own. While TOP is seeing its Clean Fuel Project (CFP) delayed with huge cost overruns, BCP is experiencing a squeeze in the product spread of its Sustainable Aviation Fuels (SAF) project to the point of possible project delays. BSRC and SPRC have no new growth drivers except for GRM, which has a weak outlook.

### Prices down, but not yet cheap

We do not have Buy ratings for refinery stocks. We have upgraded TOP to HOLD (from Sell) as we see its de-rating as virtually over to trade at 5-6x 2025F PE and 0.3x P/BV with yield support at 6%. Its valuations seem low, but they are set against a falling earnings trend and ROE declining to 4.5% in 2027F. We have also upgraded SPRC to HOLD (from Sell). SPRC's share price now offers a 6% 2025F dividend yield, backed by management's commitment to enhancing dividend reliability. We have downgraded BSRC to SELL (from Hold) as our sharp earnings cuts make it look expensive at 0.7x P/BV against only 5% ROE in 2025F. BCP also remains a SELL on 12x 2025F PE against its flat earnings outlook.

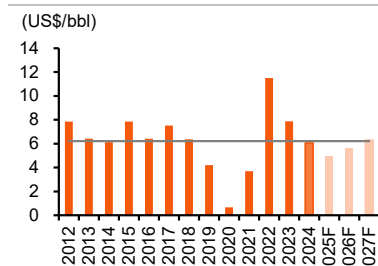


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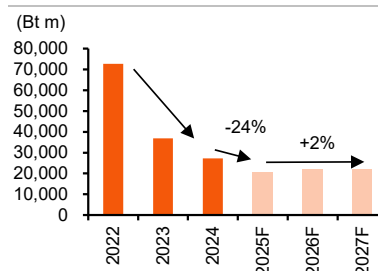
yupapan.pol@thanachartsec.co.th

### GRM To See Another Decline In 25F



Sources: Company data; Thanachart estimates

### Subdued Earnings Outlook



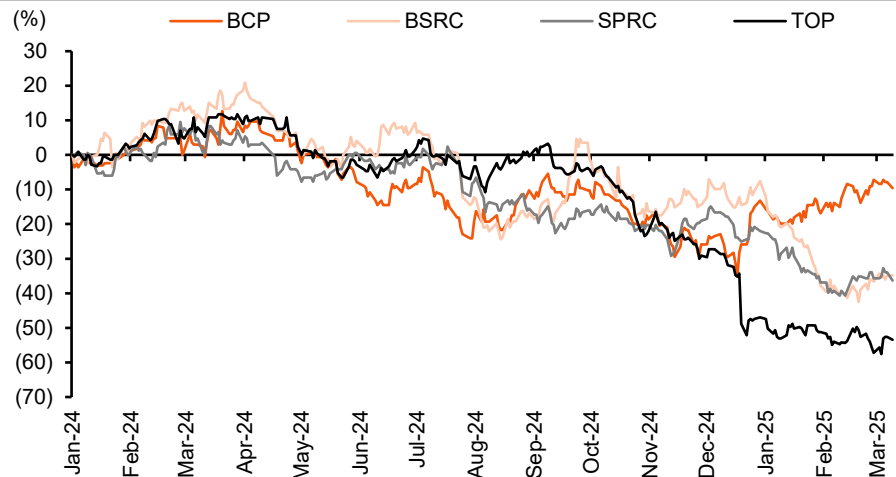
Sources: Company data; Thanachart estimates

## Dust yet to settle

*Valuations not attractive enough for most names despite share corrections*

Despite significant share price corrections, we remain cautious about Thai refinery names. While we do not think further downside risks are significant, we do not see the current risk-reward profile as attractive either. Economic uncertainties continue to pose challenges for the sector, and we believe that a more substantial valuation discount is necessary to justify a more optimistic stance. The combination of volatile refining margins, weak gasoline fundamentals, and macroeconomic headwinds keeps us on the sidelines for now.

**Ex 1: Significant Share Price Corrections**



Sources: Bloomberg, Thanachart estimates

*GRM has been weaker than we had expected*

**First**, the market remains weak from continued soft demand amid substantial new supplies over the past two years. The Singapore complex GRM has been weaker than we anticipated, averaging US\$3.5/bbl. This has led us to lower our Singapore gross refining margin (GRM) benchmark assumptions by 9/13/5% to US\$5.0/5.5/6.0 per bbl in 2025-27F.

**Ex 2: Singapore Complex GRM Assumption Changes**

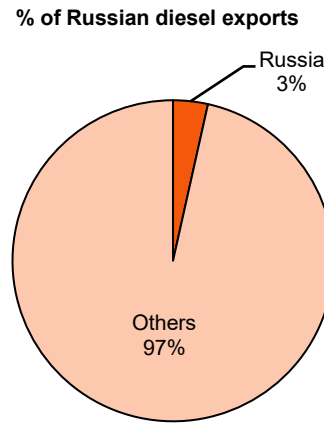
	New				Old			% change		
	2024	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
ULG5-Dubai	12.6	10.0	11.0	12.0	12.0	13.0	13.0	(16.7)	(15.4)	(7.7)
Jet-Dubai	14.5	14.5	15.0	15.5	15.0	15.5	15.5	(3.3)	(3.2)	0.0
Diesel-Dubai	14.5	14.5	15.0	15.5	15.0	15.5	15.5	(3.3)	(3.2)	0.0
HSFO-Dubai	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	0.0	0.0	0.0
Complex SG GRM	<b>6.1</b>	<b>5.0</b>	<b>5.5</b>	<b>6.0</b>	<b>5.5</b>	<b>6.3</b>	<b>6.3</b>	<b>(9.4)</b>	<b>(13.0)</b>	<b>(5.1)</b>

Sources: Bloomberg, Thanachart estimates

*We see downside risk if sanctions on Russia ease*

**Second**, uncertainties remain in China's demand-supply outlook and the US stance on the Russia-Ukraine war. We see downside risk from an end of the war that would likely result in a rise in Russian supplies. Russia is the key global diesel exporter, accounting for around 3.5% of global diesel demand in 2024.

**Ex 3: Russian Diesel Exports As A Percentage Of Global Exports**

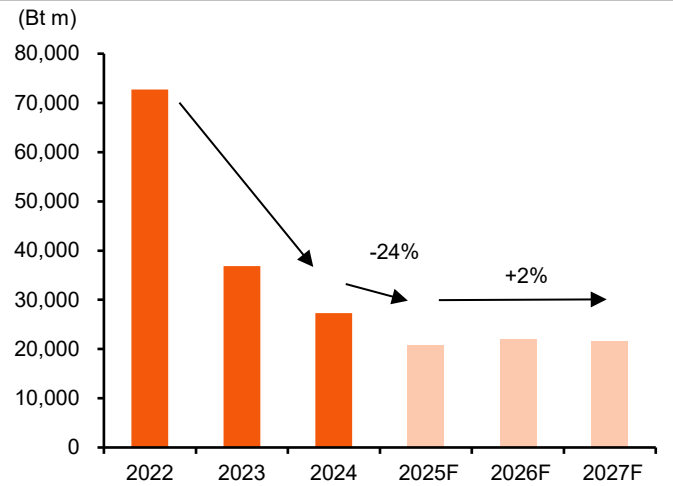


Source: Bloomberg

**We expect another year of declining profits in 2025F**

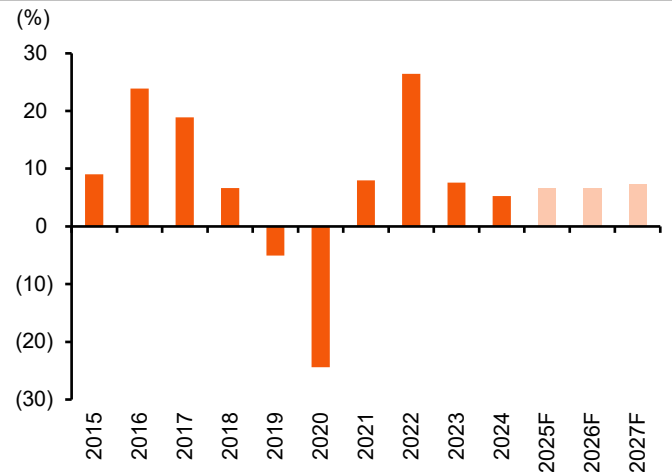
**Third**, we expect sector profit to decline further by 24% in 2025F as we foresee a lower refinery margin and limited volume growth. We only estimate profits to grow modestly by 2% pa. over 2026-27F. Meanwhile, with the weak refinery margin, sector ROE has fallen from a five-year pre-COVID average during 2015-19 of 11% to 7% in 2025F. Even after factoring in GRM improving to the mid-cycle level in 2027F, we still estimate a low ROE of just 7.4%.

**Ex 4: Another Year Of Falling Earnings Growth In 2025F**



Sources: Company data, Thanachart estimates

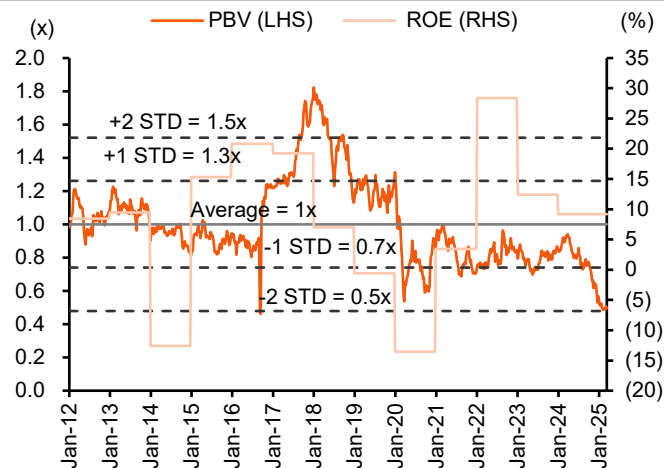
**Ex 5: Weak ROE Outlook**



Sources: Company data, Thanachart estimates

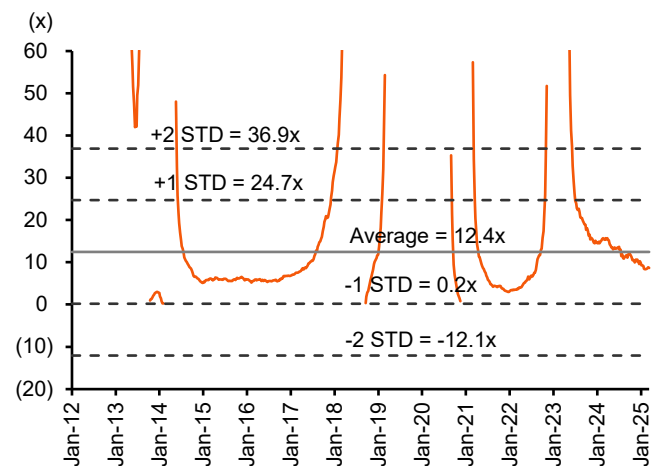
**Finally**, the sector doesn't look cheap to us. Its average 2025F P/BV of 0.6x appears justified by a low ROE of only 6.5% that year. PE looks unattractive to us at an average of 9x in 2025F against negative profit growth of 24%.

Ex 6: P/BV Vs. ROE



Sources: Bloomberg, Thanachart estimates

Ex 7: PE Is Not Attractive Against Lower Profit In 2025F



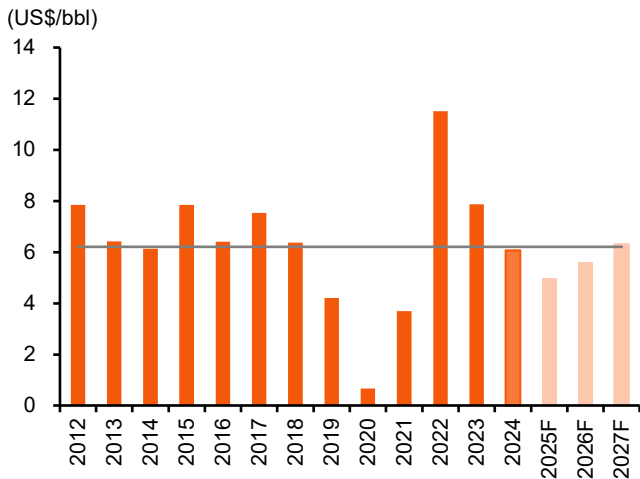
Sources: Bloomberg, Thanachart estimates

**GRM remains weak**

*GRM has been weaker than we'd anticipated YTD*

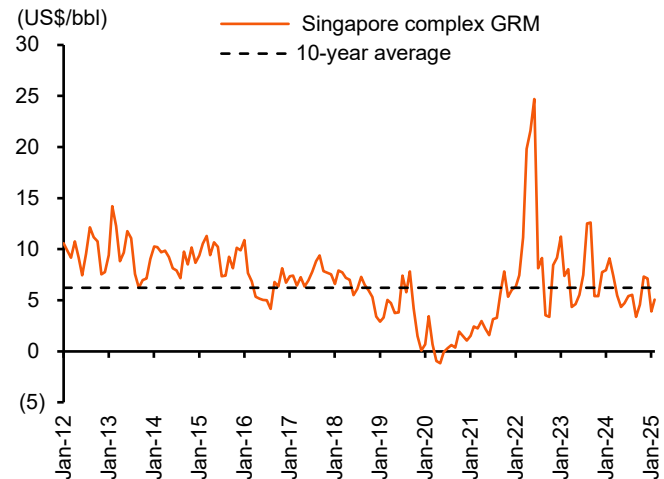
The benchmark Singapore GRM fell to only US\$2/bbl in January from US\$5.0 in 4Q24 and US\$4.7 in 2024. Even though it recovered to US\$3.3 in February and is currently at US\$5, we still consider it low compared to the US\$6/bbl historical mid-cycle GRM. The recent recovery from the low of \$2/bbl was due to seasonal winter demand, plant maintenance, and refinery run cuts.

Ex 8: GRM Remain Below Mid-Cycle Level



Sources: Company data, Thanachart estimates

Ex 9: Recent GRM Movements

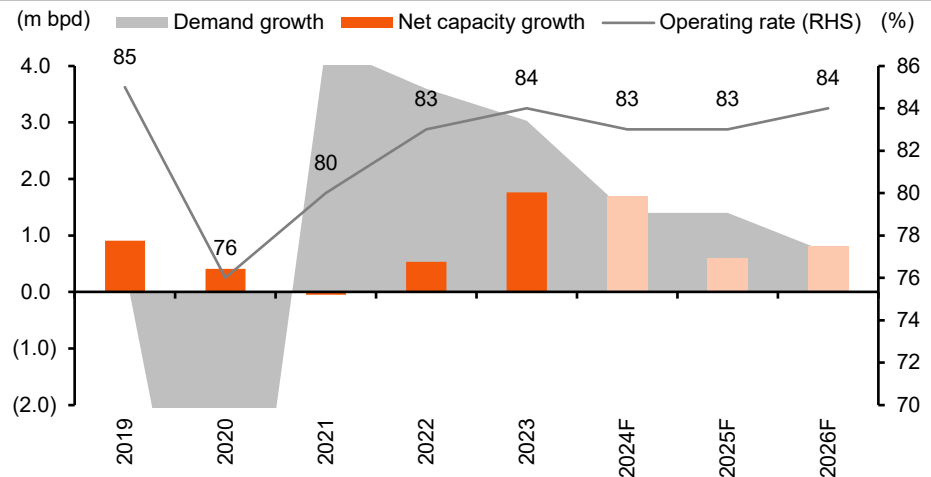


Sources: Bloomberg

*Global refinery operating rate is expected by TOP to be flat in 2025*

According to TOP, global new refinery supply is expected to drop to c. 600k bpd in 2025F from 1.8m bpd in 2024 as more refinery shutdowns are likely in 2025F. However, the global operating rate is only expected to be maintained at 83% in 2025F. We believe this is partly because new refineries are still in the process of ramping up. We also see downside risk if global demand is slower than anticipated.

**Ex 10: Global Refinery Demand Vs. Supply Growth**

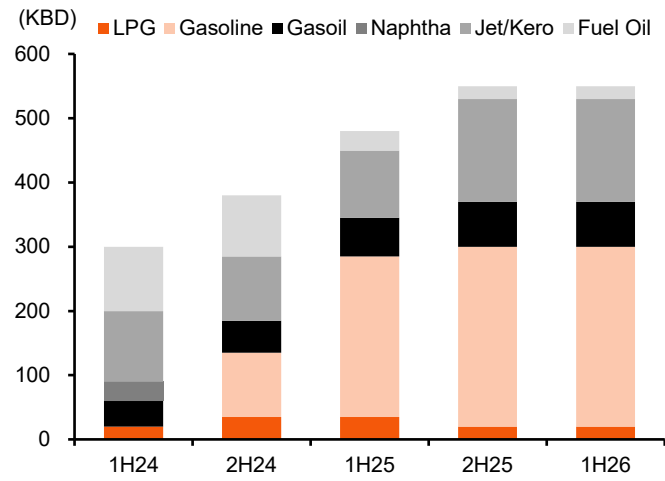


Source: TOP

**New refineries are still not running at full capacity**

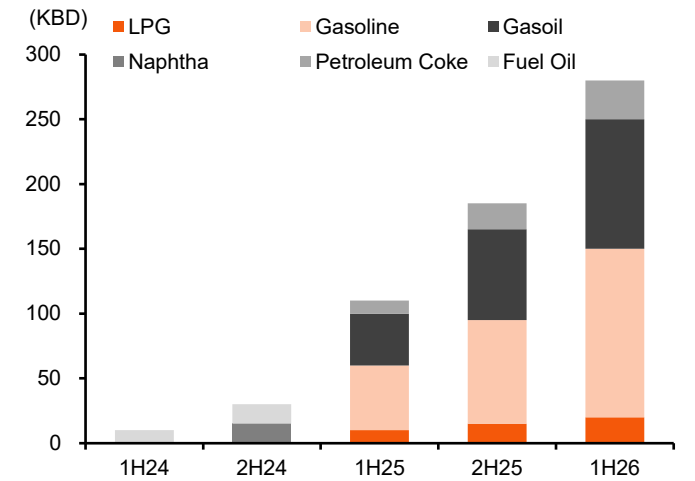
Meanwhile, new refineries are still ramping up, particularly Nigeria's 650k bpd Dangote project and Mexico's 340k bpd Olmeca project. Dangote, Africa's largest refinery, is set to reach full capacity next month, shifting Nigeria from a gasoline importer to an exporter and potentially disrupting the global fuel balance. Olmeca, currently operating below 50% utilization, is scheduled to reach full capacity in 2H25. Given the high gasoline yields, we expect this to be particularly negative for the gasoline market.

**Ex 11: Dangote Product Yields**



Source: TOP

**Ex 12: Olmeca Product Yields**

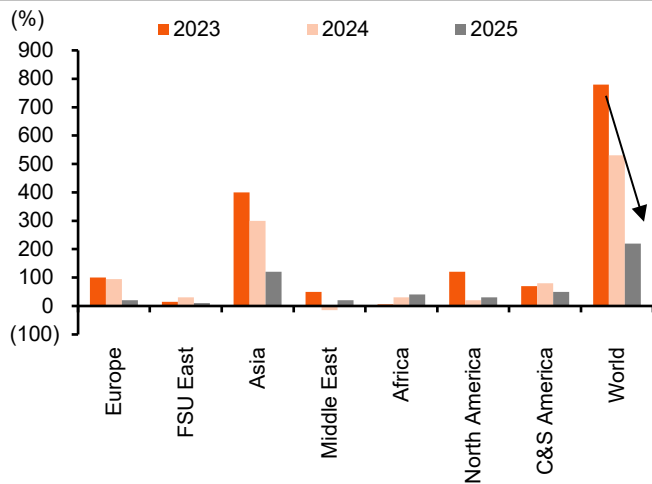


Source: TOP

**Subdued oil product demand outlook**

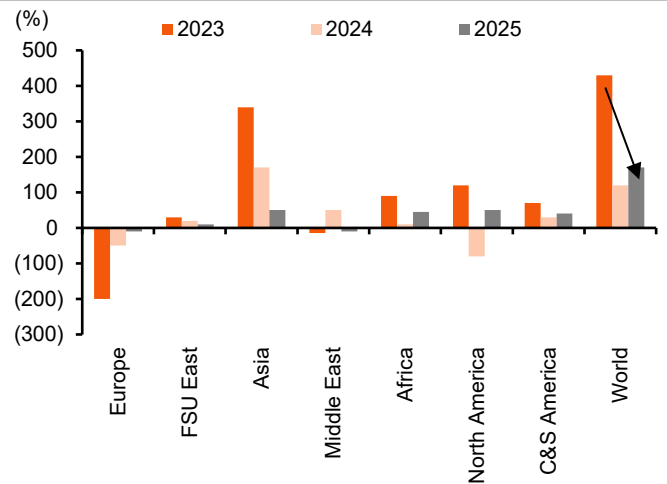
On top of supply pressure, global oil demand growth looks set to slow due to sluggish economic growth and a structural demand shift in the gasoline and diesel market. For gasoline, global demand growth looks set to slow significantly, increasing by just 230k bpd in 2025F, given higher EV penetration. For diesel, global demand growth will likely rebound marginally in 2025F but remain lower than in 2023. Apart from weak economic growth, the surge in the LNG truck fleet as a replacement for diesel trucks in China is another key factor dampening diesel demand. Meanwhile, India is ramping up its LNG truck rollout, aiming to convert a third of its heavy truck fleet within five to seven years. Note that China and India are major diesel consumers in Asia.

**Ex 13: Global Gasoline Demand Growth**



Source: Kepler

**Ex 14: Global Diesel Demand Growth**



Source: Kepler

**Downside risk from easing of Russia sanctions**

**Russia is a major diesel exporter**

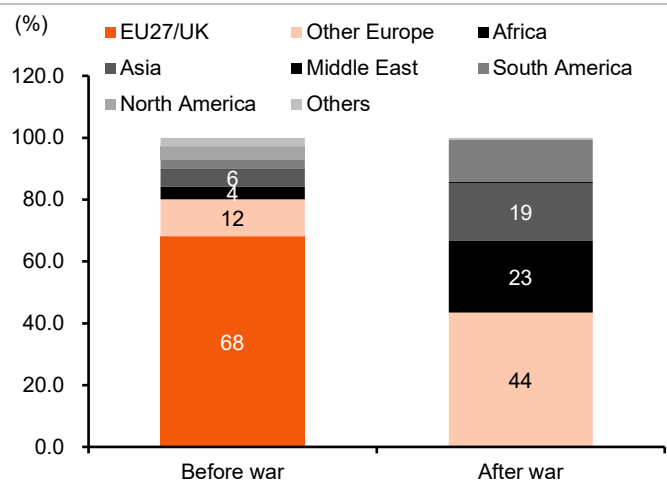
Russia's diesel exports are currently not lower than pre-war levels. In fact, despite sanctions, Russia has found alternative markets for its diesel, particularly in Asia, the Middle East, and Africa, which has helped maintain export volumes. While exports are still high relative to pre-war levels, a lifting of sanctions could allow Russia to redirect more diesel to Europe or other markets it had lost access to, which could increase overall supply in the market. This would exert downward pressure on the diesel spread, as more supply would compete with other exporters. Additionally, the greater availability of Russian diesel could reduce premiums for non-Russian suppliers, particularly in regions like Asia. So, while exports are high, we still see the potential for supply dynamics to shift if sanctions are lifted or adjusted.

**Ex 15: Russian Diesel Exports**



Source: Bloomberg

**Ex 16: Russian Diesel Exports By Region**



Source: Bloomberg

**Prices down but not yet cheap, in our view**

We do not have Buy recommendations for refinery stocks, but have adjusted our ratings as explained below:

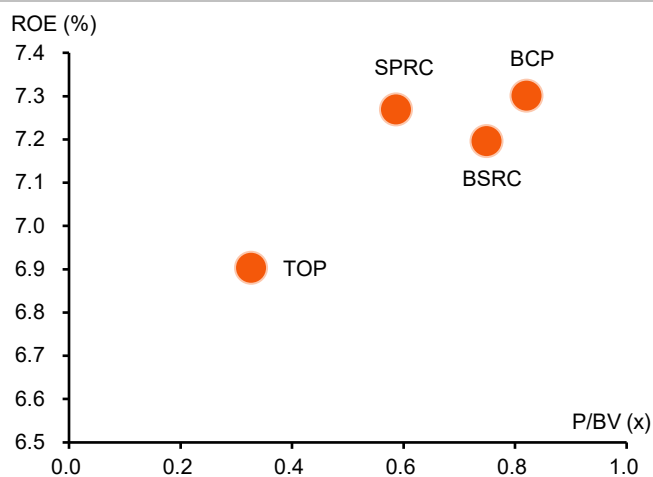
- **TOP (HOLD from Sell):** We have upgraded TOP to HOLD (from Sell) as we see its de-rating as virtually over to trade at 5-6x PE and 0.3x P/BV in 2025F with yield support at 6%. The valuations may seem low, but they are set against a falling earnings trend and ROE declining to 4.5% in 2027F. This is because we expect the Clean Fuel Project (CFP) to contribute losses once it starts up, scheduled for 2Q27, given the absence of an upgrading unit, which we foresee commencing one year later.
- **SPRC (HOLD from Sell)** SPRC's share price has come down to the point where its dividend yield looks decent at 6%. Together with the management's increasing focus on making SPRC a more reliable dividend payer, we have upgraded SPRC to HOLD.
- **BSRC (SELL from Hold):** We have downgraded BSRC to SELL (from Hold) after our sharp earnings cuts make it look expensive at 0.7x 2025F P/BV against only an 8% ROE. We see limited re-rating catalysts due to the weak refinery margin outlook, the ongoing delisting process, and reduced synergy benefits in 2025F.
- **BCP (SELL):** BCP also remains a SELL, trading at 11.5x 2025F PE against its flat earnings outlook.

**Ex 17: Energy Sector's Valuation Table**

	Rating		Current	Target	Upside/	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
	Old	New	price	price	downside	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
			(Bt)	(Bt)	(%)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
BCP	SELL	SELL	37.50	33.00	(12.0)	(32.5)	30.8	11.5	8.8	3.7	3.7	0.8	0.8	2.2	2.8	7.3	9.0
BSRC	HOLD	SELL	5.60	5.00	(10.7)	72.4	16.6	10.5	9.0	5.8	5.8	0.7	0.7	2.2	3.6	7.2	8.1
SPRC	SELL	HOLD	5.35	5.60	4.7	21.3	(17.5)	8.1	9.8	4.5	4.5	0.6	0.6	6.2	6.0	7.3	5.9
TOP	SELL	HOLD	24.80	27.00	8.9	(33.4)	(7.9)	4.8	5.2	7.5	7.5	0.3	0.3	6.3	6.1	6.9	6.6
<b>Average.</b>						<b>7.0</b>	<b>5.5</b>	<b>8.8</b>	<b>8.2</b>	<b>5.4</b>	<b>5.4</b>	<b>0.6</b>	<b>0.6</b>	<b>4.2</b>	<b>4.6</b>	<b>7.2</b>	<b>7.4</b>

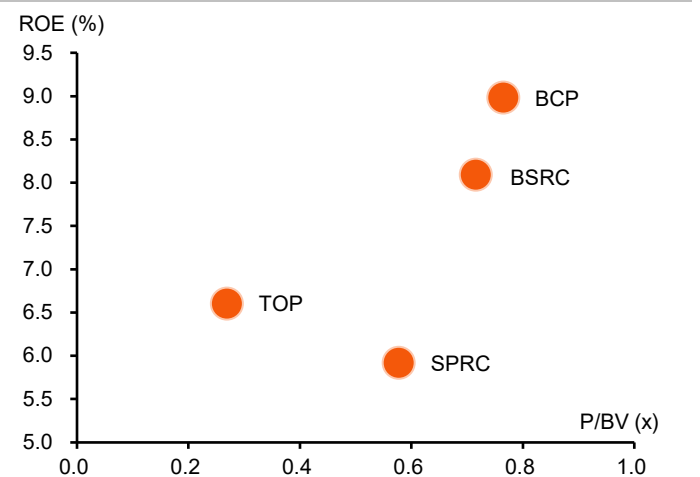
Sources: Company data, Thanachart estimates

**Ex 18: P/BV Vs. ROE – 2025F**



Sources: Company data, Thanachart estimates

**Ex 19: P/BV Vs. ROE – 2026F**



Sources: Company data, Thanachart estimates

## Ex 20: Sector Valuation Comparison

		BCP	BSRC	SPRC	TOP	Industry
<b>Rating</b>		<b>SELL</b>	<b>SELL</b>	<b>HOLD</b>	<b>HOLD</b>	
<b>Target price (Bt)</b>	<b>Thanachart</b>	<b>33.00</b>	<b>5.00</b>	<b>5.60</b>	<b>27.00</b>	
	Consensus	40.62	6.55	7.98	29.23	
<b>Consensus rec.</b>	BUY	12	4	16	10	
	HOLD	4	3	2	13	
	SELL	3	1	2	6	
<b>Sales (Bt m)</b>	2024	589,877	245,434	270,606	466,777	1,572,694
	2025F	421,362	249,377	215,878	416,207	1,302,824
	2026F	420,449	165,990	186,859	404,106	1,177,403
	2027F	422,766	165,990	203,846	404,106	1,196,708
<b>Norm profits (Bt m)</b>	2024	6,631	1,066	2,358	17,245	27,301
	2025F	4,479	1,837	2,859	11,492	20,667
	2026F	5,858	2,143	2,359	12,381	22,742
	2027F	6,818	2,424	3,003	9,912	22,157
<b>Sales growth (%)</b>	2024	52.9	6.9	13.6	(0.5)	18.2
	2025F	(28.6)	1.6	(20.2)	(10.8)	(14.5)
	2026F	(0.2)	(33.4)	(13.4)	(2.9)	(12.5)
	2027F	0.6	0.0	9.1	0.0	2.4
<b>Norm EPS growth (%)</b>	2024	(31.6)	36.6	na	(37.1)	(10.7)
	2025F	(32.5)	72.4	21.3	(33.4)	7.0
	2026F	30.8	16.6	(17.5)	(7.9)	5.5
	2027F	16.4	13.1	27.3	(23.3)	8.4
<b>Operating margin (%)</b>	2024	3.8	0.4	0.9	4.0	2.3
	2025F	4.3	1.0	1.1	3.9	2.6
	2026F	4.6	1.8	1.1	4.3	3.0
	2027F	5.0	2.0	1.5	3.8	3.1
<b>ROE (%)</b>	2024	10.1	4.0	5.8	10.5	7.6
	2025F	7.3	7.2	7.3	6.9	7.2
	2026F	9.0	8.1	5.9	6.6	7.4
	2027F	9.7	8.7	7.4	4.8	7.6
<b>Dividend yield (%)</b>	2024	2.8	1.4	7.5	7.7	4.8
	2025F	2.2	2.2	6.2	6.3	4.2
	2026F	2.8	3.6	6.0	6.1	4.6
	2027F	3.3	5.0	9.1	5.1	5.6
<b>P/BV (x)</b>	2024	0.9	0.8	0.6	0.3	0.6
	2025F	0.8	0.7	0.6	0.3	0.6
	2026F	0.8	0.7	0.6	0.3	0.6
	2027F	0.7	0.7	0.6	0.3	0.6
<b>Norm PE (x)</b>	2024	7.8	18.2	9.8	3.2	9.8
	2025F	11.5	10.5	8.1	4.8	8.8
	2026F	8.8	9.0	9.8	5.2	8.2
	2027F	7.6	8.0	7.7	6.8	7.5
<b>EV/EBITDA (x)</b>	2024	3.5	8.0	5.4	6.3	5.8
	2025F	3.7	5.8	4.5	7.5	5.4
	2026F	3.7	4.1	4.3	8.3	5.1
	2027F	3.1	3.5	3.4	9.1	4.8
<b>Net D/E (x)</b>	2024	1.1	0.7	0.2	0.7	0.7
	2025F	0.8	0.6	0.1	0.8	0.6
	2026F	0.9	0.3	0.0	0.8	0.5
	2027F	0.7	0.2	(0.0)	0.8	0.4

Sources: Company data; Thanachart estimates

## Valuation Comparison

### Ex 21: Comparison With Regional Peers

Company	Code	Country	EPS Growth		— PE —		— P/BV —		EV/EBITDA		Div. Yield		— ROE —	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)	25F (%)	26F (%)
PetroChina	857 HK	China	(0.5)	1.9	6.4	6.3	0.7	0.6	3.4	3.3	7.1	7.7	10.1	10.2
Sinopec	386 HK	China	8.2	10.6	8.3	7.5	0.6	0.6	5.1	4.9	7.8	8.5	7.2	7.5
<b>Average</b>			<b>3.8</b>	<b>6.2</b>	<b>7.4</b>	<b>6.9</b>	<b>0.6</b>	<b>0.6</b>	<b>4.3</b>	<b>4.1</b>	<b>7.4</b>	<b>8.1</b>	<b>8.6</b>	<b>8.8</b>
SK Innovation	096770	S.Korea	na	120.2	28.2	12.8	0.8	0.8	10.1	7.7	1.5	1.6	3.2	5.8
S-Oil	010950	S.Korea	na	18.4	10.4	8.8	0.8	0.7	6.2	5.4	2.2	2.7	8.2	8.9
<b>Average</b>			<b>na</b>	<b>69.3</b>	<b>19.3</b>	<b>10.8</b>	<b>0.8</b>	<b>0.8</b>	<b>8.1</b>	<b>6.5</b>	<b>1.9</b>	<b>2.1</b>	<b>5.7</b>	<b>7.4</b>
Reliance Industries	RIL IB	India	0.2	20.1	na	na	na	na	11.7	10.2	na	na	8.5	9.2
Indian Oil	IOCL IB	India	(76.1)	89.8	16.2	8.5	0.9	0.8	9.5	6.9	2.9	4.7	6.4	10.2
Bharat Petroleum	BPCL IB	India	(50.3)	1.9	8.2	8.0	1.3	1.2	6.6	6.2	4.8	4.9	16.0	14.9
Hindustan Petroleum	HPCL IB	India	(61.0)	50.7	10.4	6.9	1.3	1.1	8.7	6.9	3.4	4.6	14.9	18.0
<b>Average</b>			<b>(46.8)</b>	<b>40.6</b>	<b>11.6</b>	<b>7.8</b>	<b>1.2</b>	<b>1.0</b>	<b>9.1</b>	<b>7.6</b>	<b>3.7</b>	<b>4.7</b>	<b>11.4</b>	<b>13.1</b>
Marathon Petroleum	MPC US	USA	(3.0)	49.4	16.2	10.9	2.6	2.5	7.7	6.6	2.7	2.9	13.5	21.4
Valero	VLO US	USA	(2.3)	46.3	16.6	11.4	1.6	1.5	7.6	6.3	3.5	3.7	9.5	14.1
Phillips 66	PSX US	USA	23.7	63.8	16.9	10.3	1.9	1.7	8.7	7.3	3.7	3.9	10.9	17.2
PBF Energy <sup>1</sup>	PBF US	USA	39.3	169.6	na	12.5	0.5	0.5	8.6	3.4	5.2	5.2	na	4.7
Delek	DK US	USA	31.9	68.7	na	na	3.0	4.0	7.8	5.0	7.5	7.5	na	4.0
<b>Average</b>			<b>17.9</b>	<b>79.6</b>	<b>16.6</b>	<b>11.3</b>	<b>1.9</b>	<b>2.0</b>	<b>8.1</b>	<b>5.7</b>	<b>4.5</b>	<b>4.7</b>	<b>11.3</b>	<b>12.3</b>
Bangchak Corp*	BCP TB *	Thailand	(32.5)	30.8	11.5	8.8	0.8	0.8	3.7	3.7	2.2	2.8	7.3	9.0
Bangchak Sriracha*	BSRC TB *	Thailand	72.4	16.6	10.5	9.0	0.7	0.7	5.8	4.1	2.2	3.6	7.2	8.1
Star Petroleum Refining *	SPRC TB *	Thailand	21.3	(17.5)	8.1	9.8	0.6	0.6	4.5	4.3	6.2	6.0	7.3	5.9
Thai Oil *	TOP TB *	Thailand	(33.4)	(7.9)	4.8	5.2	0.3	0.3	7.5	8.3	6.3	6.1	6.9	6.6
<b>Average</b>			<b>7.0</b>	<b>5.5</b>	<b>8.8</b>	<b>8.2</b>	<b>0.6</b>	<b>0.6</b>	<b>5.4</b>	<b>5.1</b>	<b>4.2</b>	<b>4.6</b>	<b>7.2</b>	<b>7.4</b>
<b>Total Average</b>			<b>(4.5)</b>	<b>40.2</b>	<b>12.7</b>	<b>9.0</b>	<b>1.0</b>	<b>1.0</b>	<b>7.0</b>	<b>5.8</b>	<b>4.4</b>	<b>4.9</b>	<b>8.8</b>	<b>9.8</b>

Sources: Bloomberg, \* Thanachart estimates  
Based on 10 March 2025 closing prices

## STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
<b>SET INDEX</b>	<b>(8.3)</b>	<b>(18.4)</b>	<b>(14.7)</b>	<b>(15.9)</b>	—	—	—	—
<b>Energy</b>	<b>(4.6)</b>	<b>(19.4)</b>	<b>(35.8)</b>	<b>(16.4)</b>	<b>3.7</b>	<b>(1.0)</b>	<b>(21.1)</b>	<b>(0.5)</b>
BCP TB	3.4	22.0	(11.8)	4.2	11.7	40.4	2.9	20.1
BSRC TB	7.7	(29.1)	(40.7)	(29.6)	16.0	(10.7)	(26.0)	(13.6)
IRPC TB	(11.7)	(33.6)	(52.4)	(26.0)	(3.4)	(15.2)	(37.7)	(10.1)
IVL TB	(10.4)	(20.8)	(14.5)	(17.3)	(2.1)	(2.4)	0.2	(1.4)
PTT TB	(7.4)	(12.4)	(16.3)	(11.0)	0.9	6.0	(1.6)	4.9
PTTEP TB	(14.2)	(13.2)	(27.2)	(8.8)	(5.9)	5.2	(12.5)	7.1
PTTGC TB	(18.6)	(33.6)	(56.0)	(32.0)	(10.3)	(15.2)	(41.3)	(16.1)
SCC TB	(1.0)	(15.9)	(45.9)	(13.4)	7.3	2.5	(31.2)	2.5
SPRC TB	4.9	(23.0)	(36.7)	(18.3)	13.2	(4.6)	(22.0)	(2.4)
TOP TB	1.6	(34.7)	(56.1)	(12.2)	9.9	(16.3)	(41.4)	3.7

Source: Bloomberg

## SECTOR - SWOT ANALYSIS

**S — Strength**

- Synergies within the PTT group could help lower costs and increase competitiveness via integration.
- Strong balance sheets should enable Thai energy companies to take advantage of low oil prices in M&As.

**O — Opportunity**

- Diversifying into new businesses given limited growth of its existing business.
- Expanding further into more high-value products.

**W — Weakness**

- Limited growth to expand capacity in Thailand.
- Several Thai companies have made overseas investments which yield lower return than expected.
- Earnings and cash flows are highly volatile and follow fluctuations in global oil prices.

**T — Threat**

- Regulatory risk, i.e., price caps.
- New chemical and refinery capacity that have lower costs.
- Weak global demand growth.

## REGIONAL COMPARISON

Name	—EPS growth—		— PE —		— P/BV —		— EV/EBITDA —		— Div. Yield —	
	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
China	3.8	6.2	7.4	6.9	0.6	0.6	4.3	4.1	7.4	8.1
S.Korea	na	69.3	19.3	10.8	0.8	0.8	8.1	6.5	1.9	2.1
India	(46.8)	40.6	11.6	7.8	1.2	1.0	9.1	7.6	3.7	4.7
USA	17.9	79.6	16.6	11.3	1.9	2.0	8.1	5.7	4.5	4.7
Thailand	7.0	5.5	8.8	8.2	0.6	0.6	5.4	5.1	4.2	4.6
<b>Average</b>	<b>(4.5)</b>	<b>40.2</b>	<b>12.7</b>	<b>9.0</b>	<b>1.0</b>	<b>1.0</b>	<b>7.0</b>	<b>5.8</b>	<b>4.4</b>	<b>4.9</b>

Sources: Bloomberg Consensus

Note: \* Thanachart estimate – using normalized EPS

**SELL** (Unchanged)

**TP: Bt 33.00**

(Unchanged)

Change in Numbers

Downside : 14.7%

11 MARCH 2025

# Bangchak Corporation Pcl (BCPTB)

## End of the road

We maintain our SELL call on BCP with an unchanged DCF-based 12-month TP of Bt33. We believe BCP has already enjoyed the bulk of the BSRC acquisition synergy benefits while industry challenges look more imminent.



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### Maintaining SELL

We maintain our SELL rating on BCP. *First*, the stock has already outperformed the market and the sector significantly, rising 5% YTD vs. peers, which have dropped between -12% to -29%, and it still looks expensive to us at a 11.5x 2025F PE multiple on our earnings growth estimates of -33/+31/+16% in 2025-27F. *Second*, SAF is no longer its growth driver. BCP is seeing the product spread of its Sustainable Aviation Fuels (SAF) project getting squeezed to the point of possible project delays. *Third*, we believe the bulk of synergy benefits from the acquisition of a 76.34% stake in Bangchak Sriracha Pcl (BSRC TB, Bt5.60, SELL) in October 2023 have been realized, and the remaining benefits are unlikely to be enough to offset the weak refinery margin impact.

### Weaker refining outlook

The Singapore complex gross refining margin (GRM) has been weaker than we had expected, averaging US\$3.5/bbl QTD compared to US\$5/bbl in 4Q24 and US\$6.0/bbl in 2024. The low GRM has been driven by weak gasoline crack spreads caused by lower-than-expected demand, seasonal softness, and additional supply pressure from new refineries coming online. Consequently, we lower our benchmark Singapore GRM estimates by 9/13/5% to US\$5.0/5.5/6.0 per bbl in 2025-27F.

### Sky no longer looks blue for SAF

SAF's profitability outlook has deteriorated significantly. The SAF-UCO (used cooking oil) spread fell to US\$0.3/liter in 4Q24 from US\$0.58/liter in 9M24 and US\$1.1/liter in 2023. The spread is also below BCP's estimated breakeven level of US\$0.4/liter. The low spread is due to slow voluntary adoption by airlines in Asia and rising production capacity in China and ASEAN. We project that SAF's profit will be at breakeven in 2025F. BCP plans to commence operation of its 1m liter/day SAF plant by 2Q25.

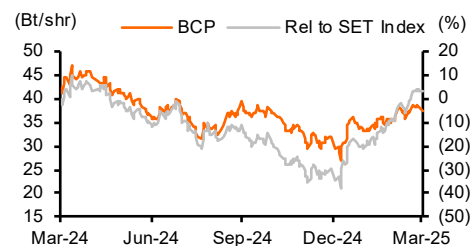
### Synergy benefits update

We believe most of the synergies from BSRC's acquisition were realized in 2024. BCP already achieved Bt6bn in synergy benefits last year. The company aims to achieve Bt5.5bn in 2025, which is lower than 2024 as there is no one-time synergy benefit amount of Bt500m during BCP's refinery maintenance turnaround. A key driver of these synergies is BSRC's higher utilization, with more of its products now sold through BCP's petrol stations. BSRC's utilization has risen to 85% in 2024, up from 74% pre-acquisition. However, with utilization nearing its peak, the potential for further synergy gains appears limited.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	589,877	421,362	420,449	422,766
Net profit	2,185	4,479	5,858	6,818
Consensus NP	—	6,599	8,602	10,806
Diff frm cons (%)	—	(32.1)	(31.9)	(36.9)
Norm profit	6,631	4,479	5,858	6,818
Prev. Norm profit	—	4,231	5,621	6,424
Chg frm prev (%)	—	5.8	4.2	6.1
Norm EPS (Bt)	4.8	3.3	4.3	5.0
Norm EPS grw (%)	(31.6)	(32.5)	30.8	16.4
Norm PE (x)	7.8	11.5	8.8	7.6
EV/EBITDA (x)	3.5	3.7	3.7	3.1
P/BV (x)	0.9	0.8	0.8	0.7
Div yield (%)	2.8	2.2	2.8	3.3
ROE (%)	10.1	7.3	9.0	9.7
Net D/E (%)	113.4	83.7	92.4	73.1

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 10-Mar-25 (Bt)	37.50
Market Cap (US\$ m)	1,528.0
Listed Shares (m shares)	1,376.9
Free Float (%)	55.9
Avg Daily Turnover (US\$ m)	13.3
12M Price H/L (Bt)	46.75/27.00
Sector	Energy
Major Shareholder	Social Security Office 14.18%

Sources: Bloomberg, Company data, Thanachart estimates



**Ex 1: 12-month DCF-based TP Calculation, Using A Base Year Of 2025F**

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA	35,368	38,919	42,189	42,047	41,893	34,278	35,356	33,834	32,944	33,440	33,697	34,507	
Free cash flow *	11,312	15,727	18,360	22,454	17,823	14,701	17,441	17,378	20,120	16,786	13,263	9,770	122,052
PV of free cash flow *	10,460	13,443	14,507	16,398	12,032	8,946	9,771	8,960	9,550	7,334	5,334	3,440	42,969
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.3												
WACC (%)	8.2												
Terminal growth (%)	1.0												
Enterprise value - add investments	152,684												
Net debt	77,763												
Minority interest	30,019												
Equity value	44,902												
# of shares (m)	1,377												
<b>Equity value/share (Bt)</b>	<b>33</b>												

Sources: Company data, Thanachart estimates

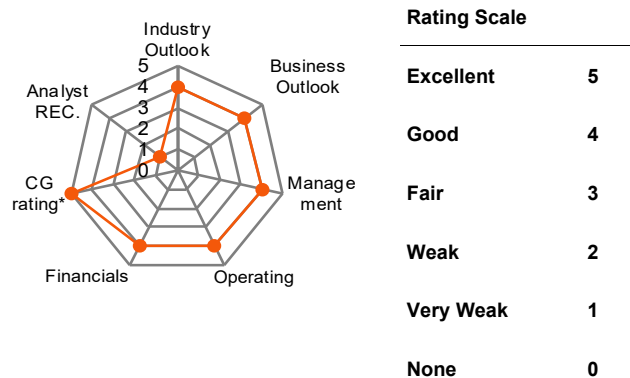
Note: \*Excluding solar farm cash flows, our TP is rounded up

## COMPANY DESCRIPTION

Bangchak Corporation Pcl (BCP) engages in a number of businesses, with its core operations centering on oil refining (capacity 120,000bpd) and marketing (the No.3 player in Thailand with a 16% market share). In recent years, the company has invested heavily in the power business, chiefly renewable energy, via its 70%-owned subsidiary BCPG. It also diversified into new industries, such as oil & gas exploration and production.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \*CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- An integrated refinery and marketing model. This provides BCP with a high-margin outlet for its refinery.
- Access to high-quality yet relatively low-priced domestic crude oil helps improve its GRM vs. peers.

### O — Opportunity

- Diversifying into green energy.

### W — Weakness

- Volatile earnings due to its refinery exposure.
- Significant investments in new businesses have yet to pay off.
- Limited opportunity to expand its refinery given constraints over land availability.

### T — Threat

- The government intervenes in the marketing margin at the gas station business, especially when oil prices increase rapidly.
- Overpaying for acquisitions and higher-than-expected expansion costs.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	40.64	33.00	-19%
<b>Net profit 25F (Bt m)</b>	6,599	4,479	-32%
<b>Net profit 26F (Bt m)</b>	8,602	5,858	-32%
<b>Consensus REC</b>	<b>BUY: 11</b>	<b>HOLD: 5</b>	<b>SELL: 3</b>

## RISKS TO OUR INVESTMENT CASE

- GRM represents the key risk to our forecasts. If GRM were to decrease substantially, it would be the key upside risk to our SELL call.
- Higher-than-expected synergies from acquiring BSRC would lead to upside risk to our EPS forecasts and TP.

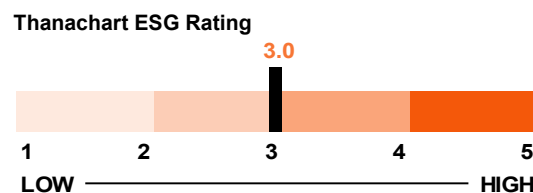
## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025F earnings are lower than the Bloomberg consensus estimate, likely because we are more conservative on GRM.
- Our DCF-based TP is below the Street's on the back of our lower earnings forecasts.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

Bangchak Corporation Pcl (BCP) is a refining company with a nationwide network of retail service stations. Our ESG score for BCP is 3.0, which is above the sector average of 2.9 due to its lower energy intensity and clearer targets and initiatives to reduce carbon emissions.



	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)
BCP	-	-	-	AA	60.42	82.38	85.00	-	5*

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)  
 Note: Please see third party on "terms of use" toward the back of this report.

**Factors Our Comments**

**ENVIRONMENT**

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

- BCP is an oil refining company that also runs large petrol station network and has invested in overseas E&P businesses. Given that it is still heavily energy-based company, our E scoring on BCP is only 2.9 (out of scale of 5). However, it has clear plans and targets to reduce greenhouse gas (GHG) emission. BCP targets to achieve net-zero GHG emissions by 2050 and be a carbon-neutral organization by 2030.
- Despite BCP released 0.94m tonnes of CO2 equivalent in 2023, which was the similar level to 2022, emission intensity was 120kg/BOE (barrels of crude oil equivalent), below Thai energy peers' average of 280kg/BOE.
- BCP's main strategy to reduce carbon emissions is by introducing green innovations and products, improving plant efficiency, and promoting the circular economy. BCP is also increasing the production of Sustainable Aviation Fuel (SAF) to meet the needs of airlines that prioritize reducing greenhouse gas emissions from air travel, with a planned production capacity of 1m liters per day. This would help reduce GHG emissions by approximately 80,000 tonnes of carbon dioxide equivalent per year.

**SOCIAL**

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

- BCP group's occupational health and safety management system is in line with international standards. The company had zero cases of significant oil and chemical spills and zero lost-time injury frequency (LTI) in 2023.
- According to BCP, the company tries to ensure employee development and happiness. In 2023, employees, on average, received 33.75 hours of training.
- In 2023, satisfaction with the company's community engagement activities was 96.3%.

**GOVERNANCE & SUSTAINABILITY**

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

- We give a fair governance and sustainability score to BCP at 3.0.
- BCP has a good score on board structure as board chairman is independent while over two-third of board members are independent directors.
- BCP has audit committee and remuneration committee.
- However, its past M&A track records have caused some concerns with investments in non-core assets such as its lithium and E&P businesses. Also, BCP recorded substantial impairments in its E&P assets. That said, this situation has now improved, with the company focusing more on its core businesses. On a positive side, we are positive about ESSO's acquisition and expect synergies to lead to higher returns.
- BCP's balance sheet strength is better and clear of debt covenants post-capital increase and the IPO of its power and bio-based subsidiaries. However, BCP is subject to forex and commodity price fluctuation risks.

Sources: Thanachart, Company data

## INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	385,853	589,877	421,362	420,449	422,766
Cost of sales	354,055	552,412	390,728	388,380	388,923
<b>Gross profit</b>	<b>31,798</b>	<b>37,465</b>	<b>30,634</b>	<b>32,069</b>	<b>33,843</b>
% gross margin	8.2%	6.4%	7.3%	7.6%	8.0%
Selling & administration expenses	11,781	15,275	12,641	12,613	12,683
<b>Operating profit</b>	<b>20,018</b>	<b>22,190</b>	<b>17,993</b>	<b>19,456</b>	<b>21,160</b>
% operating margin	5.2%	3.8%	4.3%	4.6%	5.0%
Depreciation & amortization	14,370	20,056	17,375	19,463	21,029
<b>EBITDA</b>	<b>34,388</b>	<b>42,246</b>	<b>35,368</b>	<b>38,919</b>	<b>42,189</b>
% EBITDA margin	8.9%	7.2%	8.4%	9.3%	10.0%
Non-operating income	1,766	8,755	5,323	5,323	5,323
Non-operating expenses	0	0	0	0	0
Interest expense	(4,980)	(7,001)	(7,083)	(6,987)	(7,099)
<b>Pre-tax profit</b>	<b>16,803</b>	<b>23,944</b>	<b>16,233</b>	<b>17,791</b>	<b>19,384</b>
Income tax	8,766	16,818	9,825	9,689	10,090
<b>After-tax profit</b>	<b>8,037</b>	<b>7,127</b>	<b>6,408</b>	<b>8,102</b>	<b>9,294</b>
% net margin	2.1%	1.2%	1.5%	1.9%	2.2%
Shares in affiliates' Earnings	340	1,361	1,361	1,361	1,200
Minority interests	1,322	(1,856)	(3,290)	(3,605)	(3,676)
Extraordinary items	3,532	(4,447)	0	0	0
<b>NET PROFIT</b>	<b>13,231</b>	<b>2,185</b>	<b>4,479</b>	<b>5,858</b>	<b>6,818</b>
<b>Normalized profit</b>	<b>9,699</b>	<b>6,631</b>	<b>4,479</b>	<b>5,858</b>	<b>6,818</b>
EPS (Bt)	9.6	1.6	3.3	4.3	5.0
Normalized EPS (Bt)	7.0	4.8	3.3	4.3	5.0

*We expect lower profit this year due to a lower GRM.*

## BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	121,881	105,231	73,873	63,644	63,821
Cash & cash equivalent	36,795	29,408	20,000	10,000	10,000
Account receivables	33,274	33,169	23,693	23,642	23,772
Inventories	47,840	41,210	29,148	28,973	29,013
Others	3,972	1,445	1,032	1,030	1,035
Investments & loans	29,382	32,895	32,895	32,895	32,895
Net fixed assets	119,374	115,748	128,373	126,910	123,881
Other assets	69,792	62,667	52,855	75,864	75,999
<b>Total assets</b>	<b>340,429</b>	<b>316,542</b>	<b>287,997</b>	<b>299,314</b>	<b>296,596</b>
<b>LIABILITIES:</b>					
Current liabilities:	87,879	81,177	59,397	57,998	56,739
Account payables	41,287	34,252	24,227	24,081	24,115
Bank overdraft & ST loans	13,354	15,030	4,888	5,173	4,522
Current LT debt	14,501	16,131	13,320	14,096	12,322
Others current liabilities	18,738	15,764	16,962	14,648	15,780
<b>Total LT debt</b>	<b>100,414</b>	<b>96,349</b>	<b>79,555</b>	<b>84,190</b>	<b>73,594</b>
Others LT liabilities	52,104	52,542	56,085	55,995	56,223
<b>Total liabilities</b>	<b>240,397</b>	<b>230,068</b>	<b>195,037</b>	<b>198,183</b>	<b>186,556</b>
Minority interest	27,920	26,729	30,019	33,624	37,300
Preferreds shares	0	0	0	0	0
Paid-up capital	1,377	1,377	1,377	1,377	1,377
Share premium	11,157	11,157	11,157	11,157	11,157
Warrants	0	0	0	0	0
Surplus	10,839	(384)	(384)	(384)	(384)
<b>Retained earnings</b>	<b>48,738</b>	<b>47,594</b>	<b>50,790</b>	<b>55,356</b>	<b>60,589</b>
Shareholders' equity	72,112	59,745	62,940	67,507	72,740
<b>Liabilities &amp; equity</b>	<b>340,429</b>	<b>316,542</b>	<b>287,997</b>	<b>299,314</b>	<b>296,596</b>

*BCP's balance sheet to remain strong despite BSRC acquisition*

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	16,803	23,944	16,233	17,791	19,384
Tax paid	(8,766)	(16,818)	(9,825)	(9,689)	(10,090)
Depreciation & amortization	14,370	20,056	17,375	19,463	21,029
Chg In working capital	(17,043)	(300)	11,512	81	(137)
Chg In other CA & CL / minorities	31,349	2,208	2,972	(951)	2,327
<b>Cash flow from operations</b>	<b>36,713</b>	<b>29,091</b>	<b>38,267</b>	<b>26,695</b>	<b>32,512</b>
Capex	(60,725)	(16,430)	(30,000)	(18,000)	(18,000)
Right of use	(1,725)	1,553	0	0	0
ST loans & investments	(169)	260	0	0	0
LT loans & investments	(25,877)	(3,513)	0	0	0
Adj for asset revaluation	67	310	0	0	0
Chg In other assets & liabilities	(2,197)	(2,925)	13,355	(23,098)	93
<b>Cash flow from investments</b>	<b>(90,627)</b>	<b>(20,745)</b>	<b>(16,645)</b>	<b>(41,098)</b>	<b>(17,907)</b>
Debt financing	47,430	(871)	(29,748)	5,696	(13,021)
Capital increase	0	0	0	0	0
Dividends paid	(3,209)	(3,985)	(1,283)	(1,292)	(1,584)
Warrants & other surplus	(681)	(10,877)	0	0	0
<b>Cash flow from financing</b>	<b>43,541</b>	<b>(15,733)</b>	<b>(31,030)</b>	<b>4,404</b>	<b>(14,605)</b>
<b>Free cash flow</b>	<b>(24,012)</b>	<b>12,660</b>	<b>8,267</b>	<b>8,695</b>	<b>14,512</b>

*We include capex of Bt8.5bn from the SAF plant*

## VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	5.3	7.8	11.5	8.8	7.6
Normalized PE - at target price (x)	4.7	6.9	10.1	7.8	6.7
PE (x)	3.9	23.6	11.5	8.8	7.6
PE - at target price (x)	3.4	20.8	10.1	7.8	6.7
EV/EBITDA (x)	4.2	3.5	3.7	3.7	3.1
EV/EBITDA - at target price (x)	4.0	3.4	3.5	3.6	3.0
P/BV (x)	0.7	0.9	0.8	0.8	0.7
P/BV - at target price (x)	0.6	0.8	0.7	0.7	0.6
P/CFO (x)	1.4	1.8	1.3	1.9	1.6
Price/sales (x)	0.1	0.1	0.1	0.1	0.1
Dividend yield (%)	5.3	2.8	2.2	2.8	3.3
FCF Yield (%)	(46.5)	24.5	16.0	16.8	28.1
<b>(Bt)</b>					
Normalized EPS	7.0	4.8	3.3	4.3	5.0
EPS	9.6	1.6	3.3	4.3	5.0
DPS	2.0	1.1	0.8	1.1	1.2
BV/share	52.4	43.4	45.7	49.0	52.8
CFO/share	26.7	21.1	27.8	19.4	23.6
FCF/share	(17.4)	9.2	6.0	6.3	10.5

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	23.6	52.9	(28.6)	(0.2)	0.6
Net profit (%)	5.2	(83.5)	105.0	30.8	16.4
EPS (%)	5.2	(83.5)	105.0	30.8	16.4
Normalized profit (%)	(36.8)	(31.6)	(32.5)	30.8	16.4
Normalized EPS (%)	(36.8)	(31.6)	(32.5)	30.8	16.4
Dividend payout ratio (%)	20.8	66.2	25.0	25.0	25.0
<b>Operating performance</b>					
Gross margin (%)	8.2	6.4	7.3	7.6	8.0
Operating margin (%)	5.2	3.8	4.3	4.6	5.0
EBITDA margin (%)	8.9	7.2	8.4	9.3	10.0
Net margin (%)	2.1	1.2	1.5	1.9	2.2
D/E (incl. minor) (x)	1.3	1.5	1.1	1.0	0.8
Net D/E (incl. minor) (x)	0.9	1.1	0.8	0.9	0.7
Interest coverage - EBIT (x)	4.0	3.2	2.5	2.8	3.0
Interest coverage - EBITDA (x)	6.9	6.0	5.0	5.6	5.9
ROA - using norm profit (%)	3.3	2.0	1.5	2.0	2.3
ROE - using norm profit (%)	14.4	10.1	7.3	9.0	9.7
<b>DuPont</b>					
ROE - using after tax profit (%)	11.9	10.8	10.4	12.4	13.3
- asset turnover (x)	1.3	1.8	1.4	1.4	1.4
- operating margin (%)	5.6	5.2	5.5	5.9	6.3
- leverage (x)	4.3	5.0	4.9	4.5	4.2
- interest burden (%)	77.1	77.4	69.6	71.8	73.2
- tax burden (%)	47.8	29.8	39.5	45.5	47.9
WACC (%)	#N/A	8.2	8.2	8.2	8.2
ROIC (%)	9.9	4.0	4.5	6.3	6.3
NOPAT (Bt m)	9,575	6,604	7,102	8,860	10,146
invested capital (Bt m)	163,584	157,847	140,703	160,965	153,178

Sources: Company data, Thanachart estimates

*Expect ROE to trend lower with lower profit in 2025F*

**SELL** (From HOLD)

**TP: Bt 5.00** (From: Bt 7.00)

Change in Recommendation

Downside : 10.7%

11 MARCH 2025

# Bangchak Sriracha Pcl (BSRC TB)

## Lacking catalysts

We downgrade BSRC to SELL with a lower TP of Bt5.0. This follows our earnings cuts due to the weak refining margin outlook. We also expect merger benefits with BCP to peak this year. BSRC looks unattractive to us at 10.5x PE and 0.7x P/BV in 2025F vs. just 7% ROE.



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### Downgrading to SELL

This report is part of Energy Sector – *Dust yet to settle*, dated 11 March 2025. We downgrade BSRC to SELL from Hold. **First**, due to our lower gross refining margin (GRM) assumptions, we cut our earnings estimates for BSRC by -30/-36% in 2025-26F and our DCF-based 12-month TP (2025F base year) to Bt5.0 (from Bt7.0). **Second**, we remain cautious on the refinery margin outlook because of ongoing supply pressure and a structural shift in demand. **Third**, growth from synergy benefits with its parent, Bangchak Corporation Pcl (BCP TB, Bt37.50, SELL), looks set to peak in 2025F. **Lastly**, we consider BSRC's valuations unattractive, trading at 10.5x PE and 0.7x P/BV in 2025F against its ROE of 7/8% in 2025-26F. BSRC is also undergoing de-listing, which we believe will likely cap its share price.

### Cutting refinery margin

We lower our benchmark Singapore GRM estimates by 9/13/5% to US\$5.0/5.5/6.0 per bbl in 2025-27F, driven by weak demand and persistent supply pressure. Gasoline remains the weakest product, and BSRC has the high exposure at 30% of its total products 2024 vs. its peer average of 20%. The gasoline market continues to face mounting pressure from oversupply due to high-yielding new refineries and the accelerating adoption of EVs.

### In the de-listing process

BCP has launched a tender offer for the remaining 18.3% stake in BSRC, proposing a cashless share swap at a ratio of 1 BCP share for 6.5 BSRC shares. The offer period is from mid-September to November 2025, with BSRC's de-listing expected in December. We see this development as placing a ceiling on BSRC's share price since the swap ratio is tied to BCP shares, on which we have a SELL rating with a DCF-based TP of Bt33.

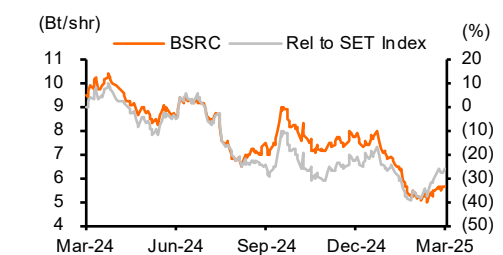
### Peaking synergy benefits

We believe most of the synergies from BSRC's acquisition were realized in 2024. BCP already achieved Bt6bn in synergy benefits last year. The company aims to achieve Bt5.5bn in 2025, which is lower than in 2024 as there is no one-time synergy benefit of Bt500m during BCP's refinery turnaround.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	245,434	249,377	165,990	165,990
Net profit	(1,688)	1,053	1,747	2,424
Consensus NP	—	2,158	3,040	2,920
Diff frm cons (%)	—	(51.2)	(42.5)	(17.0)
Norm profit	1,066	1,837	2,143	2,424
Prev. Norm profit	—	2,629	3,338	2,193
Chg frm prev (%)	—	(30.1)	(35.8)	10.5
Norm EPS (Bt)	0.3	0.5	0.6	0.7
Norm EPS grw (%)	36.6	72.4	16.6	13.1
Norm PE (x)	18.2	10.5	9.0	8.0
EV/EBITDA (x)	8.0	5.8	4.1	3.5
P/BV (x)	0.8	0.7	0.7	0.7
Div yield (%)	1.4	2.2	3.6	5.0
ROE (%)	4.0	7.2	8.1	8.7
Net D/E (%)	65.1	58.5	25.1	15.7

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 10-Mar-25 (Bt)	5.60
Market Cap (US\$ m)	573.5
Listed Shares (m shares)	3,460.9
Free Float (%)	23.7
Avg Daily Turnover (US\$ m)	0.5
12M Price H/L (Bt)	10.40/4.94
Sector	Energy
Major Shareholder	Bangchak Corp. Pcl 76.34%

Sources: Bloomberg, Company data, Thanachart estimates



**Ex 1: 12-month DCF-based TP Calculation, Using A Base Year Of 2025F**

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA + dividend	5,920	6,428	6,843	6,861	5,936	5,973	5,580	5,187	5,227	4,993	5,308	5,349	
Free cash flow	2,788	9,707	3,607	3,641	2,860	2,874	2,498	2,128	2,107	1,848	2,040	1,992	27,587
PV of free cash flow	2,571	8,254	2,828	2,632	1,906	1,722	1,375	1,075	977	787	762	680	9,418
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	8.5												
Terminal growth (%)	2.0												
Enterprise value - add investments	32,415												
Net debt (2025F)	15,135												
Minority interest	0												
Equity value	17,280												
# of shares (m)	3,461												
<b>Equity value/share (Bt)</b>	<b>5.0</b>												

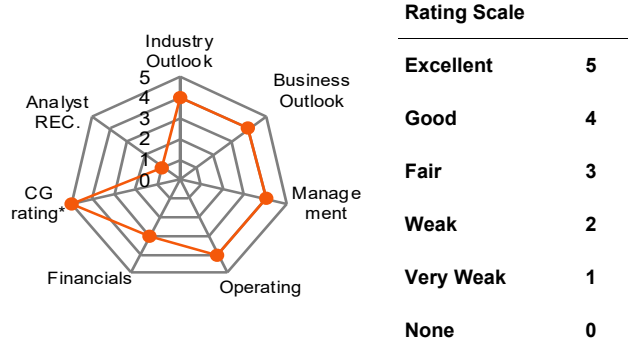
Sources: Company data, Thanachart estimates

## COMPANY DESCRIPTION

Bangchak Sriracha Pcl (BSRC) is one of the leading refining companies in Thailand. It operates a 177,000bpd complex refinery with a Nelson Complexity of 6.6. It controls 13% of Thailand's refining production capacity and commands around a 15% oil retail market share. BSRC also has a PX capacity of 0.5m tonnes. The company is a 76%-owned subsidiary of Bangchak Corporation Pcl, its new parent. The company rebranded all of its petrol stations into Bangchak stations by the end of 2024.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \*CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Synergies post-BCP acquisition.

### O — Opportunity

- Its retail network and refinery are still underutilized. We expect more optimization after BCP's acquisition back in 2023.

### W — Weakness

- Government intervention in retail refined oil price easier than at the wholesale level via control of marketing margins.
- Being a less complex refinery would cause the company to have a higher cost structure and make it less competitive.

### T — Threat

- Rivals under the PTT group are active in capacity expansion and new areas of growth potential.
- Threat of substitutes such as electric vehicles may lower the demand for oil products.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	6.55	5.00	-24%
Net profit 25F (Bt m)	2,158	1,053	-51%
Net profit 26F (Bt m)	3,040	1,747	-43%
Consensus REC	BUY: 4	HOLD: 3	SELL: 1

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F profits are lower than the Bloomberg consensus estimates, likely as we incorporate more conservative GRM assumptions.
- Our TP is below the Street's, given our lower earnings forecasts.

Sources: Bloomberg consensus, Thanachart estimates

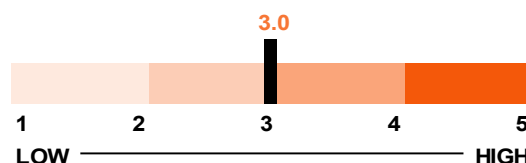
## RISKS TO OUR INVESTMENT CASE

- Higher-than-expected refining margins would be the key upside risk to our call.
- Higher-than-expected domestic demand growth would negatively impact BSRC's oil retail business, which offers an upside risk to our call.

Source: Thanachart

Bangchak Sriracha Pcl (BSRC) is a mid-scale Thai refining company 174kbd capacity. It's now 82% owned by BCP. BSRC also has petrol stations which has been all converted into BCP's Bangchak brand. Our ESG score for BSRC is 3.0, which is slightly above sector average of 2.9. Its S and G scores are higher than E, which is due to its green energy strategy lagging behind its peers.

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)
<b>BSRC</b>	-	-	-	<b>B</b>	<b>57.58</b>	<b>54.62</b>	<b>38.00</b>	-	<b>5.0</b>

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

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

**Factors**

**Our Comments**

**ENVIRONMENT**

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

- BSRC's environmental score is 2.7, below the peers' average of 2.9, due to limited green investment. However, following the acquisition by Bangchak Corporation (BCP) in 2023, the company has set a target to achieve carbon neutrality by 2026 and net-zero GHG emissions by 2050.
- BSRC's carbon emission intensity is at 161kg/BOE which is below sector average of 280kg/BOE.
- In 2023, BSRC released 0.9m tonnes of CO2 equivalent, a 9% reduction in emissions from 2022, and reduced GHG emissions intensity by about 1.2% compared to 2021.
- The company has allocated Bt1bn towards expenses related to environmental conservation in 2023.

**SOCIAL**

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

- BSRC's social score is decent at 3.3 due to its high operational safety standards and achievements of several safety milestones in 2023. There were no safety lost-time incidents and no reportable spills in 2023. Neither its refinery nor its aromatics plants have reported any spills for 16 years, while there have been no lost-time incidents for its employees and contractors for 12 years.
- BSRC has won the Platinum Award for 13 consecutive years from the American Chamber of Commerce in Thailand in recognition of its outstanding Corporate Social Responsibility (CSR) efforts.

**GOVERNANCE & SUSTAINABILITY**

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

- BSRC also has decent governance and sustainability score of 3.2.
- BSRC has an appropriate board structure with independent board chair and more than half (7 out of 12) of board members being independent directors. The board has three female directors.
- BSRC has all key committees, including audit, remuneration and risk committees.
- We see that its business sustainability has improved by the acquisition by BCP. Following the acquisition in 2023, BSRC achieved synergies of approximately Bt6bn and was able to achieve higher utilization rate.
- Earnings volatility remains high due to the company's exposure to fluctuations in oil prices and refining margins. However, BSRC maintains low net gearing and limited capital expenditure requirements, mainly for its petrol station business and refinery maintenance.
- The company still doesn't diversify itself outside the energy space and still lacks of green initiatives.

Sources: Company data, Thanachart

## INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	229,538	245,434	249,377	165,990	165,990
Cost of sales	223,344	238,904	241,360	159,355	158,975
<b>Gross profit</b>	<b>6,194</b>	<b>6,530</b>	<b>8,017</b>	<b>6,634</b>	<b>7,014</b>
% gross margin	2.7%	2.7%	3.2%	4.0%	4.2%
Selling & administration expenses	5,217	5,440	5,527	3,679	3,679
<b>Operating profit</b>	<b>976</b>	<b>1,091</b>	<b>2,490</b>	<b>2,955</b>	<b>3,335</b>
% operating margin	0.4%	0.4%	1.0%	1.8%	2.0%
Depreciation & amortization	2,912	3,396	3,430	3,473	3,507
<b>EBITDA</b>	<b>3,888</b>	<b>4,487</b>	<b>5,920</b>	<b>6,428</b>	<b>6,843</b>
% EBITDA margin	1.7%	1.8%	2.4%	3.9%	4.1%
Non-operating income	289	154	268	318	318
Non-operating expenses	0	0	0	0	0
Interest expense	(735)	(1,062)	(1,040)	(1,078)	(1,007)
<b>Pre-tax profit</b>	<b>531</b>	<b>183</b>	<b>1,717</b>	<b>2,196</b>	<b>2,646</b>
Income tax	110	(542)	263	437	606
<b>After-tax profit</b>	<b>420</b>	<b>726</b>	<b>1,454</b>	<b>1,759</b>	<b>2,040</b>
% net margin	0.2%	0.3%	0.6%	1.1%	1.2%
Shares in affiliates' Earnings	361	340	384	384	384
Minority interests	(1)	0	0	0	0
Extraordinary items	0	(2,754)	(784)	(396)	0
<b>NET PROFIT</b>	<b>780</b>	<b>(1,688)</b>	<b>1,053</b>	<b>1,747</b>	<b>2,424</b>
<b>Normalized profit</b>	<b>780</b>	<b>1,066</b>	<b>1,837</b>	<b>2,143</b>	<b>2,424</b>
EPS (Bt)	0.2	(0.5)	0.3	0.5	0.7
Normalized EPS (Bt)	0.2	0.3	0.5	0.6	0.7

*We expect BSRC's profit to recover in 2025F given absence of turnaround.*

## BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	36,408	33,052	35,278	24,395	24,369
Cash & cash equivalent	976	1,191	3,000	3,000	3,000
Account receivables	15,373	13,589	13,807	9,190	9,190
Inventories	18,713	16,467	16,636	10,984	10,958
Others	1,345	1,806	1,835	1,221	1,221
Investments & loans	2,079	2,259	2,259	2,259	2,259
Net fixed assets	22,888	21,857	21,057	20,214	19,337
Other assets	9,688	8,666	8,754	6,897	6,897
<b>Total assets</b>	<b>71,062</b>	<b>65,834</b>	<b>67,347</b>	<b>53,765</b>	<b>52,862</b>
<b>LIABILITIES:</b>					
Current liabilities:	22,618	26,151	25,701	16,167	14,533
Account payables	8,371	11,429	11,547	7,624	7,605
Bank overdraft & ST loans	8,234	5,995	6,184	3,339	2,561
Current LT debt	4,641	4,969	5,126	2,768	2,123
Others current liabilities	1,372	3,758	2,845	2,436	2,244
<b>Total LT debt</b>	<b>15,433</b>	<b>6,617</b>	<b>6,826</b>	<b>3,686</b>	<b>2,827</b>
Others LT liabilities	4,688	7,884	8,936	6,839	6,839
<b>Total liabilities</b>	<b>42,739</b>	<b>40,653</b>	<b>41,462</b>	<b>26,693</b>	<b>24,200</b>
Minority interest	7	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	17,075	17,075	17,075	17,075	17,075
Share premium	4,032	4,032	4,032	4,032	4,032
Warrants	0	0	0	0	0
Surplus	530	98	98	98	98
<b>Retained earnings</b>	<b>6,679</b>	<b>3,976</b>	<b>4,681</b>	<b>5,868</b>	<b>7,457</b>
Shareholders' equity	28,315	25,181	25,885	27,072	28,662
<b>Liabilities &amp; equity</b>	<b>71,062</b>	<b>65,834</b>	<b>67,347</b>	<b>53,765</b>	<b>52,862</b>

*Despite benefit from synergies, ROE remains weak.*

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

*We expect strong FCF,  
but there is risk from  
lower GRM.*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	531	183	1,717	2,196	2,646
Tax paid	(110)	542	(263)	(437)	(606)
Depreciation & amortization	2,912	3,396	3,430	3,473	3,507
Chg In working capital	737	7,088	(270)	6,346	8
Chg In other CA & CL / minorities	7,466	2,349	(558)	588	192
<b>Cash flow from operations</b>	<b>11,535</b>	<b>13,559</b>	<b>4,055</b>	<b>12,166</b>	<b>5,747</b>
Capex	(2,818)	(2,366)	(2,630)	(2,630)	(2,630)
Right of use	388	234	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	791	(179)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(2,218)	1,139	180	(635)	0
<b>Cash flow from investments</b>	<b>(3,856)</b>	<b>(1,172)</b>	<b>(2,450)</b>	<b>(3,265)</b>	<b>(2,630)</b>
Debt financing	(7,627)	(10,726)	553	(8,341)	(2,283)
Capital increase	0	0	0	0	0
Dividends paid	(1,038)	(1,142)	(349)	(560)	(834)
Warrants & other surplus	(161)	(432)	0	0	0
<b>Cash flow from financing</b>	<b>(8,826)</b>	<b>(12,301)</b>	<b>204</b>	<b>(8,901)</b>	<b>(3,117)</b>
<b>Free cash flow</b>	<b>8,718</b>	<b>11,193</b>	<b>1,425</b>	<b>9,536</b>	<b>3,117</b>

## VALUATION

*We think BSRC's  
valuation is unattractive*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	24.8	18.2	10.5	9.0	8.0
Normalized PE - at target price (x)	22.2	16.2	9.4	8.1	7.1
PE (x)	24.8	na	18.4	11.1	8.0
PE - at target price (x)	22.2	na	16.4	9.9	7.1
EV/EBITDA (x)	12.0	8.0	5.8	4.1	3.5
EV/EBITDA - at target price (x)	11.5	7.5	5.5	3.7	3.2
P/BV (x)	0.7	0.8	0.7	0.7	0.7
P/BV - at target price (x)	0.6	0.7	0.7	0.6	0.6
P/CFO (x)	1.7	1.4	4.8	1.6	3.4
Price/sales (x)	0.1	0.1	0.1	0.1	0.1
Dividend yield (%)	4.5	1.4	2.2	3.6	5.0
FCF Yield (%)	45.0	57.8	7.4	49.2	16.1
<b>(Bt)</b>					
Normalized EPS	0.2	0.3	0.5	0.6	0.7
EPS	0.2	(0.5)	0.3	0.5	0.7
DPS	0.3	0.1	0.1	0.2	0.3
BV/share	8.2	7.3	7.5	7.8	8.3
CFO/share	3.3	3.9	1.2	3.5	1.7
FCF/share	2.5	3.2	0.4	2.8	0.9

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	(12.7)	6.9	1.6	(33.4)	0.0
Net profit (%)	(91.8)	na	na	65.9	38.8
EPS (%)	(91.8)	na	na	65.9	38.8
Normalized profit (%)	(92.9)	36.6	72.4	16.6	13.1
Normalized EPS (%)	(92.9)	36.6	72.4	16.6	13.1
Dividend payout ratio (%)	110.9	(16.4)	40.0	40.0	40.0
<b>Operating performance</b>					
Gross margin (%)	2.7	2.7	3.2	4.0	4.2
Operating margin (%)	0.4	0.4	1.0	1.8	2.0
EBITDA margin (%)	1.7	1.8	2.4	3.9	4.1
Net margin (%)	0.2	0.3	0.6	1.1	1.2
D/E (incl. minor) (x)	1.0	0.7	0.7	0.4	0.3
Net D/E (incl. minor) (x)	1.0	0.7	0.6	0.3	0.2
Interest coverage - EBIT (x)	1.3	1.0	2.4	2.7	3.3
Interest coverage - EBITDA (x)	5.3	4.2	5.7	6.0	6.8
ROA - using norm profit (%)	1.0	1.6	2.8	3.5	4.5
ROE - using norm profit (%)	2.8	4.0	7.2	8.1	8.7
<b>DuPont</b>					
ROE - using after tax profit (%)	1.5	2.7	5.7	6.6	7.3
- asset turnover (x)	2.9	3.6	3.7	2.7	3.1
- operating margin (%)	0.6	0.5	1.1	2.0	2.2
- leverage (x)	2.8	2.6	2.6	2.3	1.9
- interest burden (%)	41.9	14.7	62.3	67.1	72.4
- tax burden (%)	79.2	395.9	84.7	80.1	77.1
WACC (%)	8.5	8.5	8.5	8.5	8.5
ROIC (%)	1.2	7.8	5.1	5.8	7.6
NOPAT (Bt m)	773	4,319	2,108	2,368	2,572
invested capital (Bt m)	55,647	41,572	41,020	33,866	33,173

Sources: Company data, Thanachart estimates

*ROE to remain low despite profit recover in 2025F.*

**HOLD** (From: SELL)**TP: Bt 5.60**

(From: Bt 5.90)

Change in Recommendation

Upside : 4.7%

11 MARCH 2025

# Star Petroleum Refining (SPRC TB)

## A more reliable yield

SPRC's share price has come down to the point where its 2025F dividend yield looks decent at 6.2%, and together with the management's increasing focus on making SPRC a more reliable dividend payer, we upgrade our rating to HOLD.

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### Limited downside, upgrading to HOLD

This report is part of Energy Sector – *Dust yet to settle*, dated 11 March 2025. We have upgraded SPRC to HOLD from Sell. **First**, SPRC's share price has come down a long way, and we now see limited potential downside at 0.6x 2025F P/BV vs. 7.3% ROE. **Second**, with limited capex and low gearing, we expect SPRC to pay 6.2/6.0% dividend yields in 2025-26F, which should support its share price. Management is now more focused on making SPRC a more reliable dividend payer. **Third**, we don't see the stock as worth a Buy due to the lack of earnings growth at 5.7/-6.4% in 2025-26F, while the industry outlook remains weak. In this report, we revise our 2025-27F earnings by -10/-13/-21% to factor in lower GRM assumptions. Our DCF-based 12-month TP (2025F base year) is lowered to Bt5.6/share from Bt5.9.

### Focus shifted to dividend

Given its low gearing, high free cash flow generation, and no major expansion plans, we believe SPRC can afford to pay a large portion of its earnings as dividends. Management's focus has shifted towards becoming a reliable dividend payer. That is to prioritize stable return over expansion and growth. The payout ratio rose to 78% in 2024 from 63%/0% in 2022-23 and the five-year average of 31%. With an estimated free cash flow yield of 10-15% over 2025-27F, we believe SPRC can sustain a healthy dividend yield of around 6% p.a. We assume a 70% payout ratio for the period.

### Full impact from SPM resumption

We expect SPRC's gross refining margin (GRM) to decline less than the benchmark Singapore GRM this year due to the full-year resumption of Single Point Mooring (SPM) operations in July 2024. To recap, SPRC shut down its SPM in January 2022 due to an oil spill. This resulted in a shipping cost increase of US\$1.5-2/bbl, a major drag on its GRM. With SPMs back in operation, we estimate SPRC's GRM at US\$4.5/4.6/5.0 per bbl in 2025-27F vs. an average of US\$4.9/bbl during 2023-24.

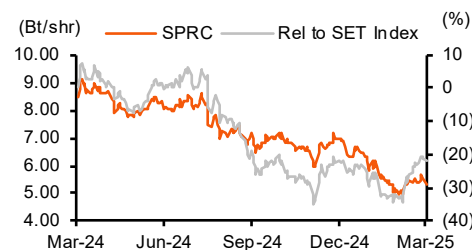
### Gasoline oversupply a key risk

As discussed in the sector report, we are still bearish on the overall refinery market outlook. Among refined products, gasoline has a weaker outlook than other product types, and SPRC has high gasoline exposure at 26% of total output vs. its domestic peer average of 20%. There is more of an oversupply of gasoline than other product types due to the high gasoline-yield supply from new refineries and rising EV adoption. The gasoline crack spread is at only US\$8/bbl now and US\$7.3/bbl YTD vs. the 10-year average of US\$12.6/bbl. Our Singapore GRM estimates are cut by 9/13/5% to US\$5.0/5.5/6.0 per barrel for 2025-27F due to weak gasoline margins.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	270,606	215,878	186,859	203,846
Net profit	2,235	2,063	2,001	3,003
Consensus NP	—	3,611	3,992	5,069
Diff frm cons (%)	—	(42.9)	(49.9)	(40.8)
Norm profit	2,358	2,859	2,359	3,003
Prev. Norm profit	—	3,175	2,712	3,807
Chg frm prev (%)	—	(9.9)	(13.0)	(21.1)
Norm EPS (Bt)	0.5	0.7	0.5	0.7
Norm EPS grw (%)	na	21.3	(17.5)	27.3
Norm PE (x)	9.8	8.1	9.8	7.7
EV/EBITDA (x)	5.4	4.5	4.3	3.4
P/BV (x)	0.6	0.6	0.6	0.6
Div yield (%)	7.5	6.2	6.0	9.1
ROE (%)	5.8	7.3	5.9	7.4
Net D/E (%)	17.9	7.6	0.8	(2.6)

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 10-Mar-25 (Bt)	5.35
Market Cap (US\$ m)	686.5
Listed Shares (m shares)	4,335.9
Free Float (%)	39.4
Avg Daily Turnover (US\$ m)	3.3
12M Price H/L (Bt)	9.10/4.98
Sector	Energy
Major Shareholder	Chevron Asia Holdings 60.56%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ..... P28



## Ex 1: Earnings Revisions

	2021	2022	2023	2024	2025F	2026F	2027F
<b>Normalized profit (Bt m)</b>							
- New	(1,542)	8,538	(1,012)	2,358	2,859	2,359	3,003
- Old					3,175	2,712	3,807
- Change (%)					(9.9)	(13.0)	(21.1)
<b>Net profit (Bt m)</b>							
- New	4,746	7,703	(1,230)	2,235	2,063	2,001	3,003
- Old					2,821	2,712	3,435
- Change (%)					(26.9)	(26.2)	(12.6)
<b>Market GRM (US\$/bbl)</b>							
- New	3.7	9.7	4.5	5.2	4.6	4.7	4.8
- Old					4.9	5.2	5.0
- Change (%)					(4.9)	(10.2)	(3.1)
<b>Utilization (%)</b>							
- New	77	89	87	91	90	85	90
- Old					95	85	100
- Change (ppt)					(5)	0	(10)

Sources: Company data, Thanachart estimates

## Ex 2: 12-month DCF-based TP Calculation, Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA + dividend	5,795	5,452	6,506	6,124	7,006	6,498	5,987	5,471	5,405	5,336	5,261	4,899	
Free cash flow	4,823	4,143	2,593	3,934	4,708	4,264	3,857	3,441	3,413	3,366	3,313	2,999	25,501
PV of free cash flow	4,354	3,375	1,907	2,610	2,819	2,246	1,825	1,463	1,304	1,155	1,022	789	6,712
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.3												
WACC (%)	10.8												
Terminal growth (%)	0.0												
Enterprise value - add	27,229												
Investments													
Net debt (2025F)	3,026												
Minority interest	5												
Equity value	24,197												
# of shares (m)	4,336												
<b>Equity value/sh (Bt)</b>	<b>5.6</b>												

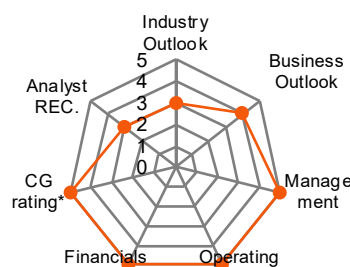
Sources: Thanachart estimates

## COMPANY DESCRIPTION

Star Petroleum Refining Plc's (SPRC) refinery produces petroleum products, which include LPG, premium and regular grades of unleaded gasoline, high-speed diesel, jet fuel, and fuel oil, as well as petrochemical feedstocks used in the petrochemical industry, which include PGP, LPG, chemical-grade naphtha, mixed C4, and reformate. The company has a refining capacity of 175k b/d.

Source: Thanachart

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: Thanachart; \*CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Strong operator with a very high utilization rate and high plant reliability.
- Procurement, distribution, and technical support from parent Chevron.

### O — Opportunity

- Opportunities to upgrade and/or expand its refinery to meet higher local demand.
- Expansion into new businesses or securing its own retail channel.

### W — Weakness

- Volatile earnings due to its pure refinery exposure.
- Lack of company-owned retail channel limits upside from domestic product placement and higher marketing margin.
- Limited growth potential to expand its refinery business given that Thailand is a net export country for refined oil products.

### T — Threat

- High oil prices could slow local demand and force it to sell in the lower-margin export market.
- Threat of substitutes such as electric vehicles may lower demand for oil products.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	7.86	5.60	-29%
<b>Net profit 25F (Bt m)</b>	3,611	2,063	-43%
<b>Net profit 26F (Bt m)</b>	3,992	2,001	-50%
<b>Consensus REC</b>	<b>BUY: 16</b>	<b>HOLD: 2</b>	<b>SELL: 2</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- We are significantly below the Bloomberg consensus with our 2025-26F net profit projections, which we attribute to us having lower GRM assumptions.
- Our TP is consequently lower than the consensus number.

## RISKS TO OUR INVESTMENT CASE

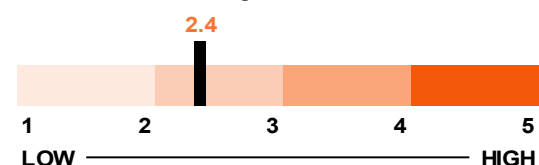
- A higher-than-expected GRM outlook is the key upside risk to our negative view.
- Lower-than-expected oil prices is a key downside risk to our view.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

SPRC is an oil refiner of 175kbd capacity with a petrol station network. We assign its ESG score at 2.4 vs. 2.9 peer average. The lower score than peers is due to lack of green investments and business diversification, and the 2022 oil spill.

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)
SPRC	-	-	-	BBB	58.92	47.42	30.00	-	5.0

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

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

**Factors Our Comments**

**ENVIRONMENT**

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

- SPRC's environmental score is at 2.4 which is below peers' average of 2.9 due to its lack of green investment initiative.
- In 2023, SPRC released 1.2mt of CO2 equivalent, an increase of 10% from 2022. However, its emission intensity of 194kg/BOE (barrels of crude oil equivalent) was below Thai energy peers' average of 280kg/BOE.
- SPRC doesn't have clear emission reduction targets. However, the company aims to maintain the Solomon Energy Intensity Index (EII) in the 1st Quartile of Asia Pacific. In addition, SPRC plans to partner with Chevron, a leading global refiner, to study and establish continuous improvements that need to be made to bring down energy usage and greenhouse gas (GHG) emissions
- SPRC lags behind global peers in diversifying into the biofuel or renewable business that could help it reduce carbon emissions. We believe the company is maintaining its goal to use capex for efficiency improvements.

**SOCIAL**

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

- SPRC's social score is 2.2 vs average peers of 2.8. This is mainly due to its oil spill incident in 2022.
- On a positive side, SPRC managed its 2022 oil spill incidents by quickly activating its emergency response plan, containing the spill, and coordinating with local authorities for cleanup.
- Since then, the company has continuously provided occupational health and safety training for employees and contractors to enhance their knowledge and skills for safe work practices. There is no major incident since last oil spills.

**GOVERNANCE & SUSTAINABILITY**

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

- We assign governance and sustainability score of 2.8, which is higher than its E and S scores.
- SPRC's board structure is less than ideal with the board chair being a representative from its major shareholder and independent directors comprising less than half of total board members. Chevron South Asia Limited is SPRC's major shareholder holding a 60.6% stake in the company.
- There was the 2019 business email compromise (BEC) attack incident, where attackers impersonated vendors and misdirected US\$22m in payments to fraudulent accounts. This incident raised concerns about SPRC's internal controls and cybersecurity measures.
- Operating performance are in line with the benchmarks and can be cross-checked easily. Audit fees are reported, and IFRS accounting standards are used. While there is some risk from contingent liabilities, commodities prices, and forex rates, the balance sheet is generally strong.

Sources: Company data, Thanachart

## INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	238,284	270,606	215,878	186,859	203,846
Cost of sales	238,059	264,988	210,085	181,512	197,558
<b>Gross profit</b>	<b>225</b>	<b>5,617</b>	<b>5,793</b>	<b>5,347</b>	<b>6,289</b>
% gross margin	0.1%	2.1%	2.7%	2.9%	3.1%
Selling & administration expenses	1,302	3,311	3,311	3,311	3,311
<b>Operating profit</b>	<b>(1,077)</b>	<b>2,306</b>	<b>2,482</b>	<b>2,035</b>	<b>2,977</b>
% operating margin	-0.5%	0.9%	1.1%	1.1%	1.5%
Depreciation & amortization	2,599	3,282	3,313	3,417	3,529
<b>EBITDA</b>	<b>1,521</b>	<b>5,588</b>	<b>5,795</b>	<b>5,452</b>	<b>6,506</b>
% EBITDA margin	0.6%	2.1%	2.7%	2.9%	3.2%
Non-operating income	139	1,065	0	0	0
Non-operating expenses	0	0	0	0	0
Interest expense	(367)	(426)	(275)	(343)	(391)
<b>Pre-tax profit</b>	<b>(1,306)</b>	<b>2,945</b>	<b>2,208</b>	<b>1,692</b>	<b>2,586</b>
Income tax	(294)	587	275	260	510
<b>After-tax profit</b>	<b>(1,012)</b>	<b>2,358</b>	<b>1,932</b>	<b>1,432</b>	<b>2,076</b>
% net margin	-0.4%	0.9%	0.9%	0.8%	1.0%
Shares in affiliates' Earnings	0	0	927	927	927
Minority interests	0	0	0	0	0
Extraordinary items	(218)	(123)	(797)	(358)	0
<b>NET PROFIT</b>	<b>(1,230)</b>	<b>2,235</b>	<b>2,063</b>	<b>2,001</b>	<b>3,003</b>
<b>Normalized profit</b>	<b>(1,012)</b>	<b>2,358</b>	<b>2,859</b>	<b>2,359</b>	<b>3,003</b>
EPS (Bt)	(0.3)	0.5	0.5	0.5	0.7
Normalized EPS (Bt)	(0.2)	0.5	0.7	0.5	0.7

*We expect SPRC's GRM to be supported by SPM resumption*

## BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	46,603	39,471	39,504	38,834	44,002
Cash & cash equivalent	1,374	575	5,000	9,000	11,500
Account receivables	18,352	14,923	13,980	12,101	13,201
Inventories	26,459	23,482	20,132	17,394	18,932
Others	418	491	392	339	370
Investments & loans	0	0	0	0	0
Net fixed assets	24,143	22,300	20,417	20,900	19,221
Other assets	4,822	6,665	5,390	4,713	5,109
<b>Total assets</b>	<b>75,567</b>	<b>68,435</b>	<b>65,310</b>	<b>64,447</b>	<b>68,332</b>
<b>LIABILITIES:</b>					
Current liabilities:	30,120	20,010	17,145	15,062	16,604
Account payables	14,156	16,726	13,183	11,390	12,397
Bank overdraft & ST loans	12,483	592	626	726	814
Current LT debt	0	394	1,110	1,288	1,444
Others current liabilities	3,481	2,299	2,227	1,658	1,949
<b>Total LT debt</b>	<b>0</b>	<b>6,606</b>	<b>6,290</b>	<b>7,298</b>	<b>8,182</b>
Others LT liabilities	2,677	2,712	2,294	1,929	2,136
<b>Total liabilities</b>	<b>32,797</b>	<b>29,329</b>	<b>25,730</b>	<b>24,288</b>	<b>26,922</b>
Minority interest	5	5	5	5	5
Preferreds shares	0	0	0	0	0
Paid-up capital	30,004	30,004	30,004	30,004	30,004
Share premium	978	978	978	978	978
Warrants	0	0	0	0	0
Surplus	3,330	(1,544)	(1,544)	(1,544)	(1,544)
<b>Retained earnings</b>	<b>8,453</b>	<b>9,663</b>	<b>10,136</b>	<b>10,715</b>	<b>11,966</b>
Shareholders' equity	42,765	39,101	39,575	40,153	41,405
<b>Liabilities &amp; equity</b>	<b>75,567</b>	<b>68,435</b>	<b>65,310</b>	<b>64,447</b>	<b>68,332</b>

*SPRC's balance sheet is relatively strong with limited capex and healthy cash generation*

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Earnings before tax	(1,306)	2,945	2,208	1,692	2,586
Tax paid	294	(587)	(275)	(260)	(510)
Depreciation & amortization	2,599	3,282	3,313	3,417	3,529
Chg In working capital	(5,346)	8,976	750	2,824	(1,631)
Chg In other CA & CL / minorities	1,801	(1,130)	951	407	1,184
<b>Cash flow from operations</b>	<b>(1,958)</b>	<b>13,486</b>	<b>6,947</b>	<b>8,081</b>	<b>5,158</b>
Capex	(3,966)	(1,430)	(1,430)	(3,900)	(1,850)
Right of use	0	0	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(100)	(2,773)	64	(44)	(186)
<b>Cash flow from investments</b>	<b>(4,066)</b>	<b>(4,203)</b>	<b>(1,366)</b>	<b>(3,944)</b>	<b>(2,036)</b>
Debt financing	2,034	(4,183)	434	1,285	1,129
Capital increase	0	0	0	0	0
Dividends paid	(650)	(1,084)	(1,589)	(1,422)	(1,751)
Warrants & other surplus	5,939	(4,815)	0	0	0
<b>Cash flow from financing</b>	<b>7,322</b>	<b>(10,082)</b>	<b>(1,155)</b>	<b>(137)</b>	<b>(622)</b>
<b>Free cash flow</b>	<b>(5,924)</b>	<b>12,056</b>	<b>5,517</b>	<b>4,181</b>	<b>3,308</b>

*With limited capex and high GRM, FCF is strong over the next three years*

**VALUATION**

<b>FY ending Dec</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Normalized PE (x)	na	9.8	8.1	9.8	7.7
Normalized PE - at target price (x)	na	10.3	8.5	10.3	8.1
PE (x)	na	10.4	11.2	11.6	7.7
PE - at target price (x)	na	10.9	11.8	12.1	8.1
EV/EBITDA (x)	22.6	5.4	4.5	4.3	3.4
EV/EBITDA - at target price (x)	23.3	5.6	4.7	4.5	3.6
P/BV (x)	0.5	0.6	0.6	0.6	0.6
P/BV - at target price (x)	0.6	0.6	0.6	0.6	0.6
P/CFO (x)	(11.8)	1.7	3.3	2.9	4.5
Price/sales (x)	0.1	0.1	0.1	0.1	0.1
Dividend yield (%)	0.0	7.5	6.2	6.0	9.1
FCF Yield (%)	(25.5)	52.0	23.8	18.0	14.3
<b>(Bt)</b>					
Normalized EPS	(0.2)	0.5	0.7	0.5	0.7
EPS	(0.3)	0.5	0.5	0.5	0.7
DPS	0.0	0.4	0.3	0.3	0.5
BV/share	9.9	9.0	9.1	9.3	9.5
CFO/share	(0.5)	3.1	1.6	1.9	1.2
FCF/share	(1.4)	2.8	1.3	1.0	0.8

Sources: Company data, Thanachart estimates

*We see SPRC as fairly valued at 0.6x 2025F P/BV with a 7% dividend yield*

## FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	(16.5)	13.6	(20.2)	(13.4)	9.1
Net profit (%)	na	na	(7.7)	(3.0)	50.1
EPS (%)	na	na	(7.7)	(3.0)	50.1
Normalized profit (%)	na	na	21.3	(17.5)	27.3
Normalized EPS (%)	na	na	21.3	(17.5)	27.3
Dividend payout ratio (%)	0.0	77.6	70.0	70.0	70.0
<b>Operating performance</b>					
Gross margin (%)	0.1	2.1	2.7	2.9	3.1
Operating margin (%)	(0.5)	0.9	1.1	1.1	1.5
EBITDA margin (%)	0.6	2.1	2.7	2.9	3.2
Net margin (%)	(0.4)	0.9	0.9	0.8	1.0
D/E (incl. minor) (x)	0.3	0.2	0.2	0.2	0.3
Net D/E (incl. minor) (x)	0.3	0.2	0.1	0.0	(0.0)
Interest coverage - EBIT (x)	na	5.4	9.0	5.9	7.6
Interest coverage - EBITDA (x)	4.1	13.1	21.1	15.9	16.6
ROA - using norm profit (%)	na	3.3	4.3	3.6	4.5
ROE - using norm profit (%)	na	5.8	7.3	5.9	7.4
<b>DuPont</b>					
ROE - using after tax profit (%)	na	5.8	4.9	3.6	5.1
- asset turnover (x)	3.4	3.8	3.2	2.9	3.1
- operating margin (%)	na	1.2	1.1	1.1	1.5
- leverage (x)	1.7	1.8	1.7	1.6	1.6
- interest burden (%)	139.1	87.4	88.9	83.1	86.9
- tax burden (%)	na	80.1	87.5	84.6	80.3
WACC (%)	10.8	10.8	10.8	10.8	10.8
ROIC (%)	(2.2)	3.4	4.7	4.2	6.3
NOPAT (Bt m)	(1,077)	1,846	2,190	1,801	2,545
invested capital (Bt m)	53,875	46,118	42,601	40,465	40,345

*ROE should trend lower  
with earnings*

Sources: Company data, Thanachart estimates

**HOLD** (From: SELL)**TP: Bt 27.00** (From: Bt 21.00)**11 MARCH 2025**

Change in Recommendation

Upside : 8.9%

# Thai Oil Public Co Ltd (TOP TB)

## Fairly valued

After TOP's 26% share price decline in the wake of its announcement last year of additional capex for its CFP project, TOP is now trading at just 4.8x 2025F PE with a 6.3% dividend yield. The stock looks fairly priced to us, and we upgrade our call to HOLD.

**YUPAPAN POLPORNPRASERT**

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### Upgrading to HOLD

This report is part of Energy Sector – *Dust yet to settle*, dated 11 March 2025. We have upgraded our rating for TOP to HOLD from Sell. **First**, after its 26% share price decline in the wake of the announcement in December 2024 of substantial Bt63bn additional capex for its Clean Fuel Project (CFP), we see limited potential downside as the stock is already trading at 4.8x PE and 0.3x P/BV with a 6.3% yield in 2025F. **Second**, we don't see the stock as being in Buy territory yet as its low valuations reflect weak EPS growth of -33/-8% in 2025-26F and a low ROE of 7%. **Third**, there is still uncertainty about the timeline for the CFP project and its return because of the hefty additional capex. In this report, we revise our earnings estimates by -11/8/9% to factor in lower GRM assumptions, the restart of Single Buoy Mooring (SBM), and compensation for the CFP project delay. Our DCF-based 12-month TP (2025F base year) is lifted to Bt27/share from Bt21 previously.

### Cutting our GRM assumptions

We have lowered our benchmark Singapore GRM forecasts by 14/11/3% to US\$5.0/5.6/6.3 per bbl for 2025-27F due to weak demand and ongoing supply pressure. The current GRM is US\$2.9/bbl, significantly below the historical mid-cycle level of US\$6/bbl. Although some run cuts have helped stabilize margins, and we forecast a recovery to US\$5/bbl, it remains below the mid-cycle level.

### Compensation for CFP delays

In January 2025, TOP received Bt12.3bn (~US\$358m) in compensation (called a performance bond) from its EPC contractor related to CFP project delays. The company recognized Bt98m as other income in its income statement and Bt11.2bn as a contra in fixed assets on its balance sheet. We estimate depreciation will decrease by approximately Bt480m p.a. (5% of 2027F profit). We also believe TOP could claim another US\$125m more from the performance bond.

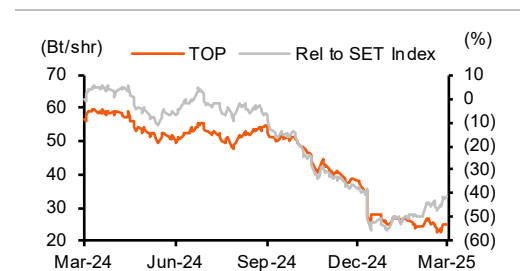
### Restart of SBM to support margins

TOP successfully trialed Single Buoy Mooring (SBM) #2 in mid-February 2025. Once fully operational, we expect the new SBM to reduce transportation costs by US\$0.5/bbl. The SBM had been shut down since the 2023 oil spill.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	466,777	416,207	404,106	404,106
Net profit	9,959	9,917	11,478	9,912
Consensus NP	—	12,887	13,859	14,024
Diff frm cons (%)	—	(23.0)	(17.2)	(29.3)
Norm profit	17,245	11,492	12,381	9,912
Prev. Norm profit	—	12,966	11,436	9,079
Chg frm prev (%)	—	(11.4)	8.3	9.2
Norm EPS (Bt)	7.7	5.1	4.7	3.6
Norm EPS grw (%)	(37.1)	(33.4)	(7.9)	(23.3)
Norm PE (x)	3.2	4.8	5.2	6.8
EV/EBITDA (x)	6.3	7.5	8.3	9.1
P/BV (x)	0.3	0.3	0.3	0.3
Div yield (%)	7.7	6.3	6.1	5.1
ROE (%)	10.5	6.9	6.6	4.8
Net D/E (%)	69.1	75.5	80.2	82.0

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 10-Mar-25 (Bt)	24.80
Market Cap (US\$ m)	1,638.3
Listed Shares (m shares)	2,232.3
Free Float (%)	52.0
Avg Daily Turnover (US\$ m)	18.9
12M Price H/L (Bt)	59.50/22.60
Sector	Energy
Major Shareholder	PTT Pcl 45.03%

Sources: Bloomberg, Company data, Thanachart estimates

**Ex 1: Key Assumption Changes**

	2023	2024	2025F	2026F	2027F
<b>Reported profit (Bt m)</b>					
- New	19,768	9,959	9,917	11,478	9,912
- Old			12,380	10,557	9,079
- Change (%)			(19.9)	8.7	9.2
<b>Normalized profit (Bt m)</b>					
- New	27,412	17,245	11,492	12,381	9,912
- Old			12,966	11,436	9,079
- Change (%)			(11.4)	8.3	9.2

Sources: Company data, Thanachart estimates

**Ex 2: 12-month DCF-based TP Calculation For Downstream Business, Using A Base Year Of 2025F**

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA	24,606	26,709	25,285	35,518	41,947	40,257	38,566	36,875	36,875	36,875	36,875	36,875	
Free cash flow	(8,401)	(56,636)	2,008	19,279	25,299	23,376	22,087	20,970	21,239	21,302	21,365	21,436	262,058
PV of free cash flow	(7,834)	(49,238)	1,627	14,566	17,820	14,962	13,124	11,565	10,874	10,125	9,427	8,341	101,964
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.0												
WACC (%)	7.3												
Terminal growth (%)	0.0												
Enterprise value - add investments	165,155												
Net cash/(debt)	130,056												
Minority interest	2,759												
Equity value	32,340												
# of shares (m)	2,232												
<b>Equity value/share (Bt)</b>	<b>14</b>												
<b>Sum-of-the-parts valuation</b>							<b>Value (Bt m)</b>	<b>Per share (Bt/shr)</b>	<b>% of total</b>				<b>Methodology</b>
Downstream							32,340	14	52%				DCF
Power (GPSC)							5,992	3	10%				DCF
Chandra Asri							22,440	10	38%				
<b>Total value per share</b>							<b>60,772</b>	<b>27</b>					

Sources: Thanachart estimates

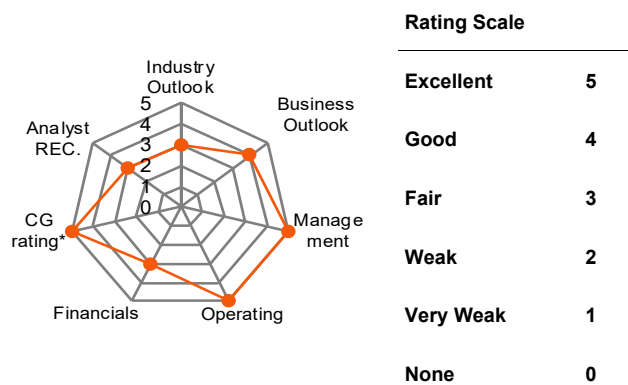
Note: Net debt position is for all businesses except GPSC, which is not consolidated

## 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 0.8m tpa of aromatics and 0.3m tpa of lube base oil and bitumen. The company also recently purchased a 15% stake in listed company Chandra Asri, one of the leading petrochemical complexes in Indonesia, which is also owned by Siam Cement (SCC TB, Bt145.50, SELL) with a 30.5% stake. Its other businesses include power, marine transport, and ethanol production.

Source: Thanachart

## COMPANY RATING



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.

### O — Opportunity

- Potential further chemical expansion following its investment in Chandra Asri.
- Ability to upgrade derivatives into value-added plastic products.

### W — Weakness

- Volatile earnings due to commodity exposure especially in the refining business where demand outlook is weak.
- Weak balance sheet with substantial capex over the next two years due to the USD4bn investment in clean fuel project (CFP).

### 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)	29.23	27.00	-8%
Net profit 25F (Bt m)	12,887	9,917	-23%
Net profit 26F (Bt m)	13,859	11,478	-17%
Consensus REC	BUY: 10	HOLD: 13	SELL: 6

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025F-26F net profits are lower than the Bloomberg consensus estimates, likely because we are more cautious about the GRM outlook.
- Consequently, our DCF-derived SOTP-based TP is lower than the consensus number.

Sources: Bloomberg consensus, Thanachart forecasts

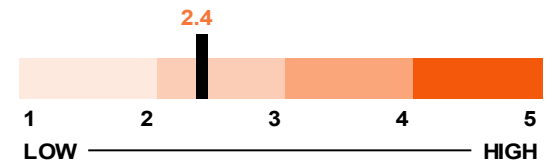
## RISKS TO OUR INVESTMENT CASE

- The key upside risk to our call is higher-than-expected GRMs.
- A secondary upside risk to our call is lower oil prices, leading to stock gains.
- Lower-than-expected light-sweet crude premium is a downside risk to our call.
- Downside risk would also come from a sudden increase in China's oil exports.

Source: Thanachart

TOP is Thailand's second largest oil refiner, with a total capacity of 275kbd. We rate TOP's ESG score at 2.4, which is below 2.9 sector average. Its refinery business nature, limited business diversification, the past oil spill and the CFP's project cost overrun contribute to the low score.

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)
TOP	YES	-	YES	BBB	58.95	73.27	83.00	47.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)  
 Note: Please see third party on "terms of use" toward the back of this report.

Factors	Our Comments
<p><b>ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>Environmental Policies &amp; Guidelines</li> <li>Energy Management</li> <li>Carbon Management</li> <li>Water Management</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>TOP runs a refinery business which is by nature emits high level of greenhouse gas (GHG). Although it has plans to reduce emission, it will take quite a long time, especially when its new Clean Fuel Project (CFP) will add to the emission footprint in 2027F.</li> <li>In 2023, total GHG emissions fell by 28,003 tonnes of carbon dioxide equivalent through energy efficiency improvement projects.</li> <li>We expect its GHG intensity to rise in 2027F once CFP begins operations. CFP is designed to use heavy crude oil as feedstock and upgrading high-sulfur oil into high-value products means more heat and GHG emissions.</li> <li>TOP targets to reduce greenhouse gas emissions by 15% by 2035F from the base year of 2026F to achieve carbon neutrality by 2050F and net zero GHG emissions by 2060F by implementing its net zero GHG emissions strategy.</li> </ul>
<p><b>SOCIAL</b></p> <ul style="list-style-type: none"> <li>Human Rights</li> <li>Staff Management</li> <li>Health &amp; Safety</li> <li>Product Safety &amp; Quality</li> <li>Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>TOP's social score stands at 2.2, which is not very high due to the September 2023 oil spill. While the response was swift, with containment and cleanup completed in days, concerns linger over the environmental impact of dispersant use.</li> <li>TOP's staff health and safety management system is in accordance with ISO standards. In 2023, TOP reported one Tier-1 chemical leak, with a severity of 0.04 events per million hours worked, missing its target of zero.</li> <li>TOP is participating in a government-led reforestation project covering 8,656 rai, aiming to absorb 92,800 tons of CO2 equivalent by 2060F.</li> </ul>
<p><b>GOVERNANCE &amp; SUSTAINABILITY</b></p> <ul style="list-style-type: none"> <li>Board</li> <li>Ethics &amp; Transparency</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Innovation</li> </ul>	<ul style="list-style-type: none"> <li>TOP's governance and business sustainability score is 2.8. It is 45% owned by PTT. Therefore, there are many related-party transactions with PTT, including crude feedstock purchases. However, measures are taken to ensure market-based pricing.</li> <li>TOP has a decent board structure with eight of the 15 board members are independent and board chair is independent.</li> <li>Accounting and audit are generally easy to cross-check and seem transparent.</li> <li>TOP's business isn't diversified and has very high earnings volatility in nature. It is also in the middle of a heavy capex cycle due to the new CFP.</li> </ul>

Source: Thanachart

**INCOME STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Sales	469,244	466,777	416,207	404,106	404,106
Cost of sales	435,217	444,016	395,857	382,599	384,838
<b>Gross profit</b>	<b>34,027</b>	<b>22,761</b>	<b>20,350</b>	<b>21,507</b>	<b>19,267</b>
% gross margin	7.3%	4.9%	4.9%	5.3%	4.8%
Selling & administration expenses	3,521	3,874	4,162	4,041	4,041
<b>Operating profit</b>	<b>30,507</b>	<b>18,887</b>	<b>16,188</b>	<b>17,466</b>	<b>15,226</b>
% operating margin	6.5%	4.0%	3.9%	4.3%	3.8%
Depreciation & amortization	7,799	8,106	8,418	9,243	10,058
<b>EBITDA</b>	<b>38,306</b>	<b>26,993</b>	<b>24,606</b>	<b>26,709</b>	<b>25,285</b>
% EBITDA margin	8.2%	5.8%	5.9%	6.6%	6.3%
Non-operating income	1,138	2,008	1,871	1,817	1,817
Non-operating expenses	(86)	556	0	0	0
Interest expense	(4,089)	(4,052)	(4,147)	(4,246)	(4,889)
<b>Pre-tax profit</b>	<b>27,470</b>	<b>17,399</b>	<b>13,912</b>	<b>15,037</b>	<b>12,154</b>
Income tax	(0)	(1)	2,484	2,874	2,483
<b>After-tax profit</b>	<b>27,470</b>	<b>17,400</b>	<b>11,428</b>	<b>12,163</b>	<b>9,671</b>
% net margin	5.9%	3.7%	2.7%	3.0%	2.4%
Shares in affiliates' Earnings	84	(132)	84	238	260
Minority interests	(142)	(22)	(20)	(19)	(19)
Extraordinary items	(7,645)	(7,287)	(1,574)	(903)	0
<b>NET PROFIT</b>	<b>19,768</b>	<b>9,959</b>	<b>9,917</b>	<b>11,478</b>	<b>9,912</b>
<b>Normalized profit</b>	<b>27,412</b>	<b>17,245</b>	<b>11,492</b>	<b>12,381</b>	<b>9,912</b>
EPS (Bt)	8.9	4.5	4.4	4.3	3.6
Normalized EPS (Bt)	12.3	7.7	5.1	4.7	3.6

*TOP's normalized earnings to drop in 2025F as GRM normalizes*

**BALANCE SHEET**

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
<b>ASSETS:</b>					
Current assets:	125,371	112,222	123,659	101,323	91,572
Cash & cash equivalent	34,376	39,738	50,000	30,000	20,000
Account receivables	31,154	27,601	25,763	25,014	25,014
Inventories	52,656	40,577	44,056	42,581	42,830
Others	7,185	4,306	3,840	3,728	3,728
Investments & loans	32,039	31,427	31,427	31,427	31,427
Net fixed assets	218,618	224,153	239,371	279,789	292,580
Other assets	43,964	41,209	39,719	39,743	40,243
<b>Total assets</b>	<b>419,993</b>	<b>409,010</b>	<b>434,177</b>	<b>452,281</b>	<b>455,822</b>
<b>LIABILITIES:</b>					
Current liabilities:	73,501	67,663	83,666	30,303	31,496
Account payables	50,184	51,579	44,870	10,482	11,598
Bank overdraft & ST loans	3,198	2,725	3,173	3,472	3,424
Current LT debt	10,061	5,177	28,301	9,678	9,544
Others current liabilities	10,058	8,182	7,322	6,671	6,930
<b>Total LT debt</b>	<b>149,858</b>	<b>146,717</b>	<b>148,582</b>	<b>183,874</b>	<b>181,343</b>
Others LT liabilities	28,322	28,445	29,678	29,900	30,390
<b>Total liabilities</b>	<b>251,681</b>	<b>242,826</b>	<b>261,926</b>	<b>244,077</b>	<b>243,230</b>
Minority interest	2,744	2,739	2,759	2,778	2,797
Preferreds shares	0	0	0	0	0
Paid-up capital	22,338	22,338	22,323	22,323	22,323
Share premium	10,699	10,699	10,699	10,699	10,699
Warrants	0	0	0	0	0
Surplus	(11,317)	(14,574)	(14,574)	15,426	15,426
<b>Retained earnings</b>	<b>143,848</b>	<b>144,984</b>	<b>151,045</b>	<b>156,979</b>	<b>161,347</b>
Shareholders' equity	165,568	163,446	169,492	205,426	209,795
<b>Liabilities &amp; equity</b>	<b>419,993</b>	<b>409,010</b>	<b>434,177</b>	<b>452,281</b>	<b>455,822</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Earnings before tax	27,470	17,399	13,912	15,037	12,154
Tax paid	2,723	(2,708)	(1,332)	(3,503)	(2,192)
Depreciation & amortization	7,799	8,106	8,418	9,243	10,058
Chg In working capital	(23,678)	17,027	(8,351)	(32,163)	866
Chg In other CA & CL / minorities	14,520	(2,277)	(5,610)	(4,861)	(5,748)
<b>Cash flow from operations</b>	<b>28,834</b>	<b>37,547</b>	<b>7,037</b>	<b>(16,248)</b>	<b>15,139</b>
Capex	(19,942)	(13,641)	(23,637)	(49,660)	(22,850)
Right of use	1,814	1,842	(500)	(500)	(500)
ST loans & investments	0	0	0	0	0
LT loans & investments	564	612	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(87)	(120)	5,796	4,985	6,466
<b>Cash flow from investments</b>	<b>(17,651)</b>	<b>(11,307)</b>	<b>(18,341)</b>	<b>(45,175)</b>	<b>(16,884)</b>
Debt financing	(10,149)	(8,799)	25,437	16,967	(2,711)
Capital increase	0	0	(15)	0	0
Dividends paid	(5,249)	(8,823)	(3,856)	(5,544)	(5,543)
Warrants & other surplus	(4,985)	(3,257)	0	30,000	0
<b>Cash flow from financing</b>	<b>(20,383)</b>	<b>(20,879)</b>	<b>21,566</b>	<b>41,423</b>	<b>(8,255)</b>
<b>Free cash flow</b>	<b>8,893</b>	<b>23,906</b>	<b>(16,600)</b>	<b>(65,908)</b>	<b>(7,711)</b>

*TOP will likely enter into another capex cycle*

**VALUATION**

<b>FY ending Dec</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Normalized PE (x)	2.0	3.2	4.8	5.2	6.8
Normalized PE - at target price (x)	2.2	3.5	5.2	5.7	7.4
PE (x)	2.8	5.6	5.6	5.7	6.8
PE - at target price (x)	3.0	6.1	6.1	6.2	7.4
EV/EBITDA (x)	4.8	6.3	7.5	8.3	9.1
EV/EBITDA - at target price (x)	4.9	6.5	7.7	8.5	9.3
P/BV (x)	0.3	0.3	0.3	0.3	0.3
P/BV - at target price (x)	0.4	0.4	0.4	0.3	0.3
P/CFO (x)	1.9	1.5	7.9	(3.4)	3.7
Price/sales (x)	0.1	0.1	0.1	0.1	0.1
Dividend yield (%)	13.7	7.7	6.3	6.1	5.1
FCF Yield (%)	16.1	43.2	(30.0)	(119.0)	(13.9)
<b>(Bt)</b>					
Normalized EPS	12.3	7.7	5.1	4.7	3.6
EPS	8.9	4.5	4.4	4.3	3.6
DPS	3.4	1.9	1.6	1.5	1.3
BV/share	74.2	73.2	75.9	92.0	94.0
CFO/share	12.9	16.8	3.2	(7.3)	6.8
FCF/share	4.0	10.7	(7.4)	(29.5)	(3.5)

Sources: Company data, Thanachart estimates

*We see TOP's 4.8x 2025F PE multiple as fair*

## FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	(11.4)	(0.5)	(10.8)	(2.9)	0.0
Net profit (%)	(39.5)	(49.6)	(0.4)	15.7	(13.6)
EPS (%)	(42.8)	(49.6)	(0.4)	(2.4)	(16.2)
Normalized profit (%)	(27.5)	(37.1)	(33.4)	7.7	(19.9)
Normalized EPS (%)	(31.5)	(37.1)	(33.4)	(7.9)	(23.3)
Dividend payout ratio (%)	38.4	42.6	35.0	35.0	35.0
<b>Operating performance</b>					
Gross margin (%)	7.3	4.9	4.9	5.3	4.8
Operating margin (%)	6.5	4.0	3.9	4.3	3.8
EBITDA margin (%)	8.2	5.8	5.9	6.6	6.3
Net margin (%)	5.9	3.7	2.7	3.0	2.4
D/E (incl. minor) (x)	1.0	0.9	1.0	0.9	0.9
Net D/E (incl. minor) (x)	0.8	0.7	0.8	0.8	0.8
Interest coverage - EBIT (x)	7.5	4.7	3.9	4.1	3.1
Interest coverage - EBITDA (x)	9.4	6.7	5.9	6.3	5.2
ROA - using norm profit (%)	6.3	4.2	2.7	2.8	2.2
ROE - using norm profit (%)	17.0	10.5	6.9	6.6	4.8
<b>DuPont</b>					
ROE - using after tax profit (%)	17.1	10.6	6.9	6.5	4.7
- asset turnover (x)	1.1	1.1	1.0	0.9	0.9
- operating margin (%)	6.7	4.6	4.3	4.8	4.2
- leverage (x)	2.7	2.5	2.5	2.4	2.2
- interest burden (%)	87.0	81.1	77.0	78.0	71.3
- tax burden (%)	100.0	100.0	82.1	80.9	79.6
WACC (%)	7.3	7.3	7.3	7.3	7.3
ROIC (%)	10.7	6.4	4.8	4.7	3.3
NOPAT (Bt m)	30,507	18,887	13,297	14,127	12,116
invested capital (Bt m)	294,309	278,328	299,548	372,450	384,107

Sources: Company data, Thanachart estimates

*We expect ROE to drop once the CFP starts up in 2Q27*

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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

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80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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