

Thailand Energy Sector

Dividends amid the rough

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	BUY	32.00	37.00	1,355	(16.5)	25.6	8.0	6.3	0.7	0.6	3.5	4.7
Bangchak Sriracha	BSRC TB	BUY	4.64	5.20	494	51.8	43.4	9.9	6.9	0.6	0.6	2.4	4.1
IRPC Pcl	IRPC TB	SELL	0.88	0.77	553	na	na	na	na	0.3	0.3	3.4	3.4
Indorama Ventures	IVL TB	SELL	22.00	18.00	3,797	(32.9)	53.7	29.8	19.4	0.9	0.9	2.0	2.6
PTT Pcl	PTT TB	BUY	31.50	37.00	27,660	(8.4)	2.8	10.7	10.4	0.8	0.8	6.7	6.7
PTT Exploration	PTTEP TB	BUY	113.00	125.00	13,791	(18.5)	(8.7)	7.0	7.7	0.8	0.7	7.1	6.9
PTT Global Chemical	PTTGC TB	SELL	22.20	18.00	3,077	na	na	na	25.6	0.4	0.4	2.3	2.3
Siam Cement Pcl	SCC TB	SELL	190.00	128.00	7,009	(9.7)	18.9	31.3	26.4	0.6	0.6	3.2	3.7
Star Petroleum	SPRC TB	BUY	5.20	6.20	693	27.6	(19.0)	7.5	9.3	0.6	0.6	6.7	6.7
Thai Oil Pcl	TOP TB	BUY	30.50	34.00	2,095	(40.4)	3.2	6.6	6.4	0.3	0.3	6.1	5.4

Source: Thanachart estimates, Based on 17 July 2025 closing prices

We upgrade the Thai energy sector to NEUTRAL on more attractive dividend yields amid the business downcycles. We prefer E&P and refinery to petrochemical stocks. PTT and PTTEP are our top picks.

Dividend story in the trough cycles

We upgrade the Thai energy sector to NEUTRAL from Underweight. *First*, despite the industry outlook remaining weak, we see attractive dividend yields from already low-base cash flows at the trough of industry cycles. The yields should also help reduce the downside risk for share prices. *Second*, many companies in the sector have adopted more conservative investment and asset monetization efforts. *Third*, the overall industry outlook remains weak due to the global economic slowdown and continued supply cycles that extend the cycle troughs.

Petrochemical the weakest link

The global slowdown, combined with rising supply from both OPEC and the US, is the primary factor behind low oil prices. But the worst is being supported by shale oil's cost structure and the geopolitical risk premium. Our Brent oil price assumptions are US\$70/65/65/bbl in 2025-27F. We expect the refinery sector to have seen its trough and estimate the Singapore GRM to stabilize at US\$5.5-5.8/bbl in 2025-27F on lower new supply and supply rationalization. The petrochemical sector seems to be in the worst situation on weak demand given the global slowdown, a large supply cycle from China's self-sufficiency policy, and Thailand structurally becoming a higher-cost producer due to falling cheap gas supply, China's larger scale, and the US being gas-rich with scale.

Unattractive valuations except for yields

Despite having de-rated a long way, we still see the valuations of the Thai energy sector as unattractive. The sector is trading at average PE 2025-26F multiples of 13.9/13.2x vs. normalized EPS growth of -6/+15%. Its P/BV at 0.6x is set against very low ROE of 6.8/6.5% in 2025-27F. Dividend yield appears to be the only angle to play selective stocks.

6 BUYs in the sector

PTT is our top sector pick, and we estimate an affordable and stable Bt2.1 DPS, or 6.7% yield in 2025-27F. We believe PTTEP's valuation reflects low oil prices, and its earnings at such prices can pay a 7.1% yield in 2025F. SPRC is a cash cow refiner without new investment risk, and we forecast a 6.7% yield. We also BUY BCP, BSRC, and TOP due to more reasonable valuations and a stable GRM outlook. What we view as pricey stocks on our SELL list are IVL, SCC, PTTGC, and IRPC.

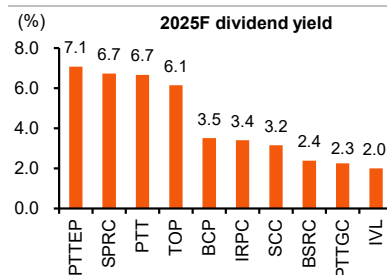


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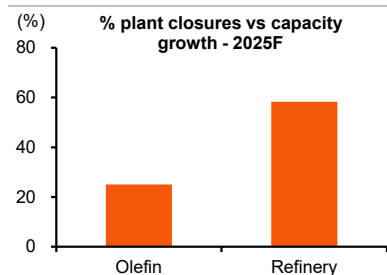
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Dividend Yields – 2025F



Sources: Company, Thanachart estimates

More Refinery Plant Closures



Sources: CMA, TOP, Thanachart estimates

Upgrading to Neutral

We have six BUYs and four SELLs

We upgrade our stance on the Thai energy sector to NEUTRAL from Underweight after years of share price corrections to the point where many stocks are offering decent dividend yields despite being in industry downcycles. We also see clear trends where many companies have adopted more conservative investment policies, with some having adopted asset monetization efforts to weather the cycle. We have six BUYs and four SELLs within our sector coverage as shown in Exhibit 1 below.

Ex 1: Energy Sector's Valuation Table

	Rating		Current price	Target price	Upside/downside	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
	Old	New	(Bt)	(Bt)	(%)	25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)	25F (%)	26F (%)
BCP	SELL	BUY	32.00	37.00	15.6	(16.5)	25.6	8.0	6.3	2.6	2.8	0.7	0.6	3.5	4.7	9.0	10.5
BSRC	SELL	BUY	4.64	5.20	12.1	51.8	43.4	9.9	6.9	5.4	3.4	0.6	0.6	2.4	4.1	6.3	8.8
SPRC	HOLD	BUY	5.20	6.20	19.2	27.6	(19.0)	7.5	9.3	4.0	4.2	0.6	0.6	6.7	6.7	7.6	6.1
TOP	SELL	BUY	30.50	34.00	11.5	(40.4)	3.2	6.6	6.4	6.7	7.5	0.3	0.3	6.1	5.4	6.9	6.1
PTT	BUY	BUY	31.50	37.00	17.5	(8.4)	2.8	10.7	10.4	4.1	3.7	0.8	0.8	6.7	6.7	7.4	7.4
PTTEP	BUY	BUY	113.00	125.00	10.6	(18.5)	(8.7)	7.0	7.7	2.1	2.3	0.8	0.7	7.1	6.9	11.5	9.9
PTTGC	HOLD	SELL	22.20	18.00	(18.9)	na	na	na	25.6	13.7	8.9	0.4	0.4	2.3	2.3	na	1.5
SCC	SELL	SELL	190.00	128.00	(32.6)	(9.7)	18.9	31.3	26.4	19.4	17.5	0.6	0.6	3.2	3.7	1.8	2.4
IVL	BUY	SELL	22.00	18.00	(18.2)	(32.9)	53.7	29.8	19.4	6.9	6.4	0.9	0.9	2.0	2.6	4.2	5.5
IRPC	SELL	SELL	0.88	0.77	(12.5)	na	na	na	na	11.4	8.4	0.3	0.3	3.4	3.4	na	na
Average						(5.9)	15.0	13.9	13.2	7.6	6.5	0.6	0.6	4.3	4.6	6.8	6.5

Sources: Bloomberg, Company data, Thanachart estimates

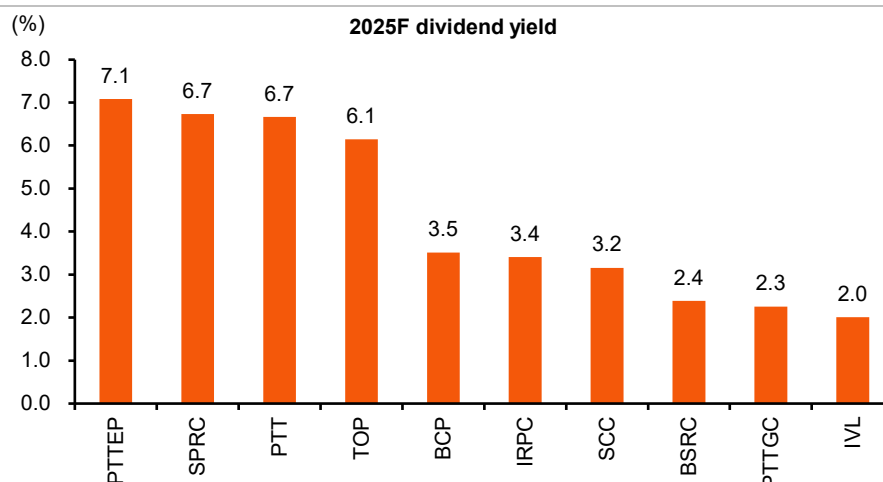
Note : Based on 17 July 2025 closing prices

The dividend story

The narratives of the sector's dividend story

High dividend yields in the trough industry cycles are the key reason for our sector weighting upgrade. The narratives of the dividend story are 1) companies still earn positive free cash flows even at the bottom of the industry's cycles; 2) firms, especially in the PTT group, are mandated to pay a dividend as the parent PTT wants dividends from group companies; 3) share prices have been in freefall far enough in our view, to make dividend yields attractive, which in turn become a cushion against further share price corrections.

Ex 2: Dividend Yields



Source: Thanachart estimates

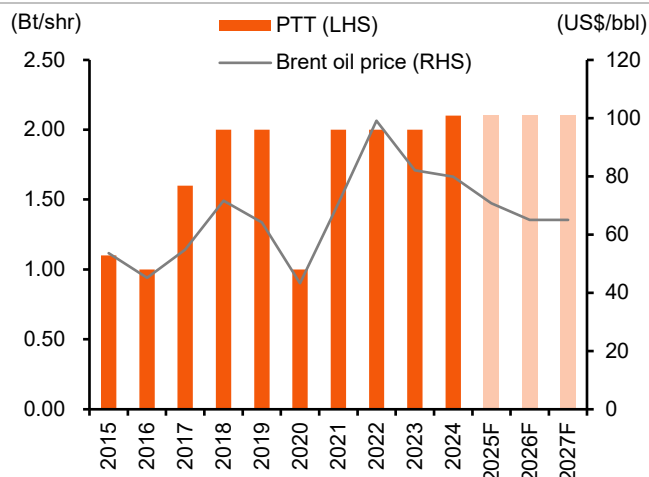
- Coming down to the stock level, we see PTT and PTTEP as the most reliable dividend payers due to their having more exposure to less volatile gas businesses while having strong balance sheets. We show the companies' cash flow statements and balance sheets on the back pages of our company reports at the back of this report. PTT's gas separation plants (GSPs), LNG terminal, gas pipelines, and other energy trading businesses generated 17% of total EBITDA in 2024. PTTEP contributed another 62% of PTT's EBITDA, and OR contributed another 6%. As for PTTEP, even under our conservative oil price assumptions of US\$70/65/65 for 2025-27F, we estimate it to generate EBITDA of Bt197/196bn in 2025-26F, and the company had cash on hand of Bt143bn in 2024 to prepare for any capex needs. Gas, whose pricing is far less volatile than oil, accounts for around 72% of PTTEP's total sales volume in 2025F.
- We also like SPRC and TOP for their yield stories. Although SPRC has not provided explicit guidance, it aims to remain a reliable dividend payer, with an estimated stable DPS of Bt0.35 (6% yield) over 2025-27F and payout ratios of 58-82% vs. 78% in 2024. Our model shows that its free cash flow per share is sufficient to support this. Meanwhile, we expect TOP to generate negative free cash flow due to its Clean Fuel Project's (CFP) capex, but still deliver DPS of Bt1.6-1.8, yielding 5.8-6.8% in 2025-26F. We believe our projected 40% payout ratio is manageable given its relatively modest Bt3bn-4bn annual dividend and TOP's strong, low-debt balance sheet.

Ex 3: Cash Flow Pictures Of Stocks With Dividend Stories

	PTT	PTTEP	SPRC	TOP
Ebitda (Bt m)				
2025F	370,355	196,649	6,221	24,026
2026F	387,475	196,107	5,565	24,696
2027F	399,768	193,227	6,427	22,279
Free cash flow (Bt m)				
2025F	108,288	20,618	6,215	(13,610)
2026F	140,094	23,103	3,202	(20,281)
2027F	187,565	34,837	4,214	(5,583)
FCF/share (Bt)				
2025F	3.79	5.19	1.43	(6.10)
2026F	4.90	5.82	0.74	(9.09)
2027F	6.57	8.77	0.97	(2.50)
DPS (Bt)				
2025F	2.10	8.00	0.35	1.87
2026F	2.10	7.75	0.35	1.63
2027F	2.10	7.75	0.35	1.37
Dividend yield (%)				
2025F	6.7	7.1	6.7	6.1
2026F	6.7	6.9	6.7	5.4
2027F	6.7	6.9	6.7	4.5
Net D/E (%)				
2025F	36.4	(5.5)	5.4	45.5
2026F	30.5	(0.6)	1.8	55.4
2027F	22.5	2.6	(4.3)	57.5

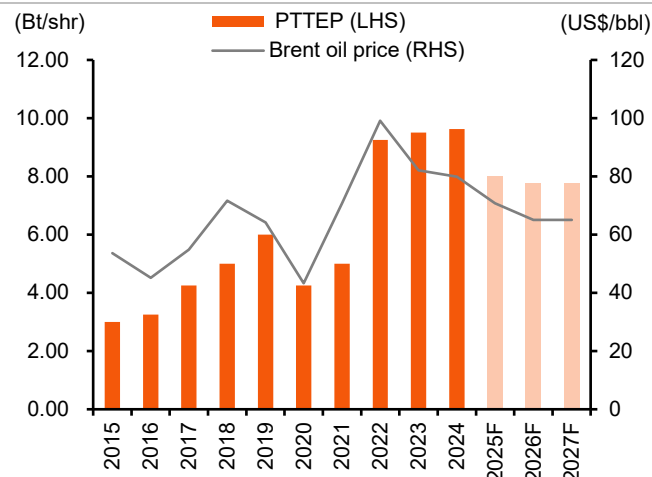
Sources: Company data, Thanachart estimates

Ex 4: PTT's DPS Vs. Oil Price



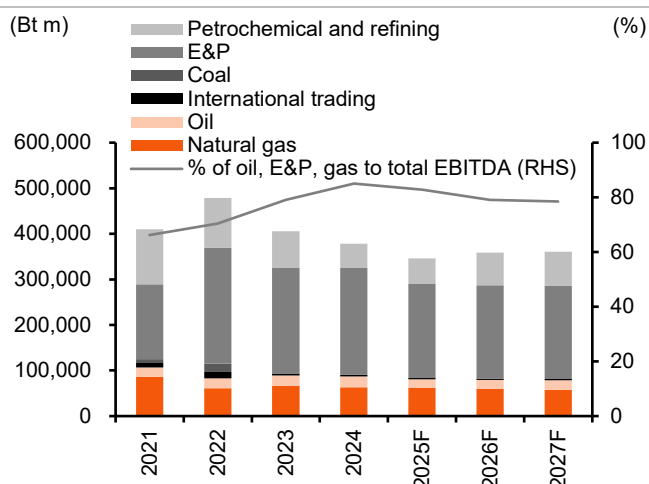
Sources: Company data, Thanachart estimates

Ex 5: PTTEP's DPS Vs. Oil Price



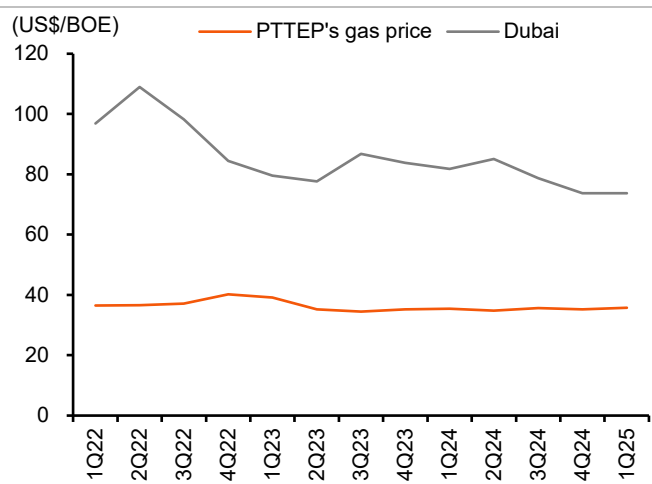
Sources: Company data, Thanachart estimates

Ex 6: PTT's EBITDA Breakdown



Sources: Company data, Thanachart estimates

Ex 7: PTTEP's Gas Price Vs. Dubai



Sources: Company data, Thanachart estimates

Conservative new mindset

Lower capex, asset monetization and deleveraging

Thai energy companies are adopting more conservative investment strategies, which include lower capex budgets for new investments, asset monetization and deleveraging. We believe the companies are taking the view that the industry could remain in a downcycle for some more years.

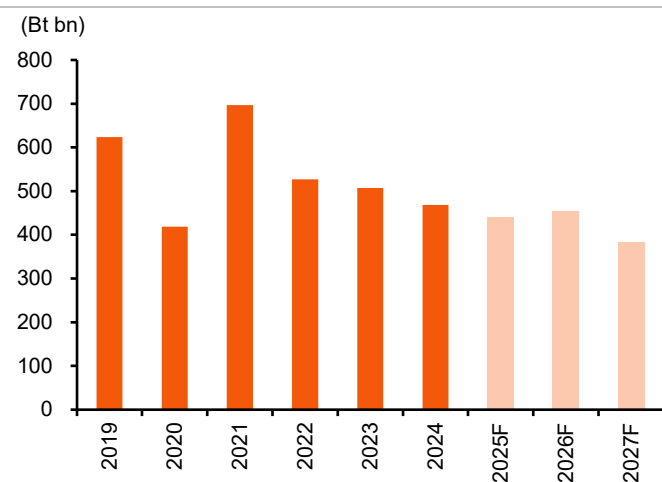
Some of the asset monetization plans are as follows. PTT is moving forward with asset sales and portfolio restructuring, expecting to book gains of around Bt8bn in 2025. PTTEP plans to raise Bt30bn to reduce debt and improve its gearing. TOP aims to fund its CFP through asset divestments, potentially including its stake in Chandra Asri (CAP). SCC is cutting capital expenditure and planning asset sales, while IRPC is working to offload non-core and underperforming assets. Meanwhile, IVL is pushing ahead with its IVL 2.0 strategy, which focuses on deleveraging, asset optimization, and cost control. It plans to raise US\$1bn through subsidiary IPOs to improve its financial flexibility and lower its debt/EBITDA ratio. See our summary of the detail in Exhibit 8 below.

Ex 8: Thai Energy Sector Company Strategies

Company	Key Strategy / Initiative	Financial Targets / Goals	Strategic Implication / Focus Area
PTT	Asset monetization	Generating Bt8bn+ in P&L gains by 2025	Example: Consolidating non-power infrastructure assets into PTT Tank Terminal under a sale-leaseback model
	Mission X program	Increasing EBITDA by Bt10bn by 2027	Enhancing operational excellence across the group
	Group synergy creation	Realizing cost savings of Bt3bn by 2028	Unlocking value and efficiencies within the group structure
	Digital transformation	Achieving annual cost savings of Bt11bn by 2029	Leveraging digital tools to improve processes and reduce costs
PTTGC	Asset monetization	Raising Bt30bn through asset sales by 2025	Deleveraging its balance sheet
TOP	Fundraising / Asset monetization	Raising Bt32bn–49bn (US\$1.0–1.5bn) via non-debt instruments (likely asset sales); potential divestment of CAP (15% stake)	Supporting the Clean Fuel Project
IRPC	Asset rationalization / Monetization	No specific financial targets listed	Exiting non-core assets and non-performing assets to focus on core operations.
SCC	Capex reduction	Cutting capex to Bt30bn in 2025 (from Bt55bn in 2024)	Reducing capital expenditure for efficiency and financial health.
	Asset monetization	No specific financial targets listed	Example: Plans to divest 10.57% stake in Chandra Asri.
	Ethane project investment	Investing US\$500m; Reducing Long Son Petrochemical's (LSP) feedstock cost (\$250/ton cheaper than naphtha)	Enhancing LSP's competitiveness.
IVL	Deleveraging	Reducing debt/EBITDA ratio from 4.0x (2024) to <3.0x (2027)	Strengthening its financial position.
	Asset optimization & Cost saving	No specific financial targets listed	Strengthening its financial position.
	Capital raising via subsidiary IPOs	Raising US\$1bn by 2026 via IPO of two subsidiaries	Strengthening its financial position and unlocking subsidiary values

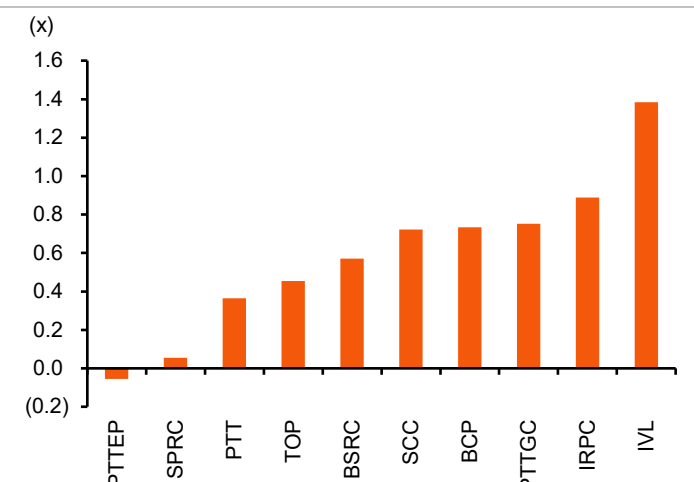
Sources: Company data, Thanachart estimates

Ex 9: Falling Capex And Investments



Sources: Company data, Thanachart estimates

Ex 10: Net D/E Ratio (2025F)



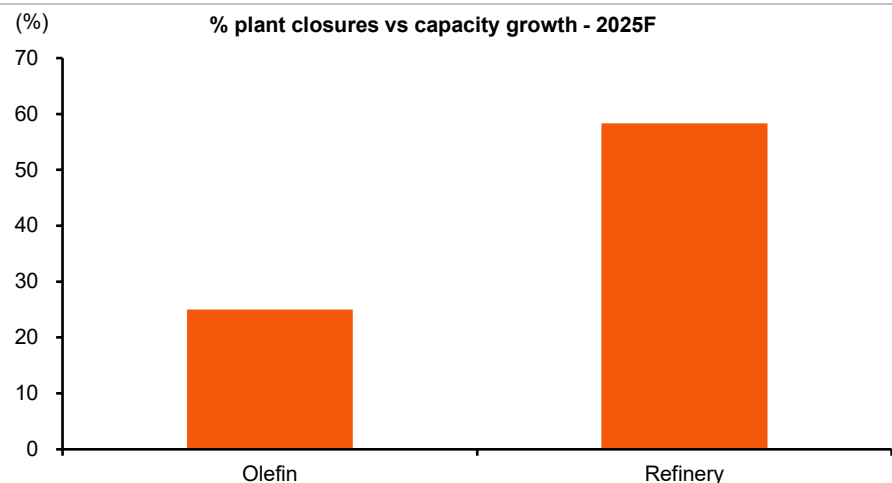
Sources: Company data, Thanachart estimates

Industry still in a downcycle

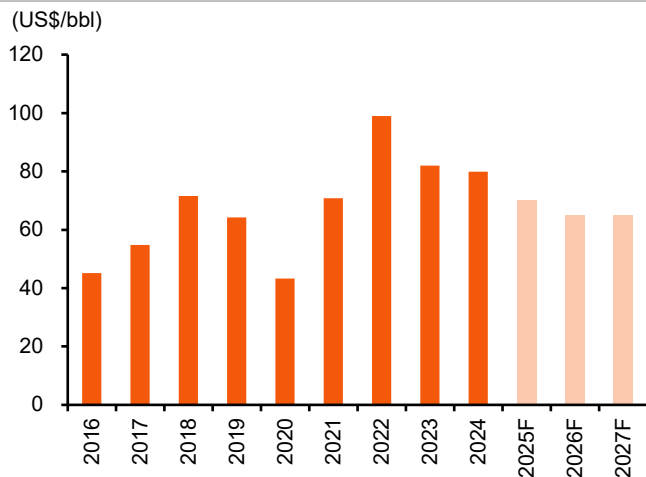
The overall industry outlook in most segments remains weak from both the demand side, due to the global economic slowdown, and the supply side, from prolonged supply cycles.

- Among the sub-sectors, we see the petrochemical sector as the weakest one, still being overwhelmed by new supply over the next three years amid weak demand, given the global economic slowdown. China is also playing an important part in creating new supply in the industry with its self-sufficiency policy. We expand our discussion on this in the following section.
- We have a cautious view on the upstream oil and gas industry, forecasting tame Brent oil prices of US\$70/65/65 per barrel in 2025-27F due to weak demand amid the global economic slowdown and more supply from OPEC and the US. We do not expect the oil price to fall much further as we expect price support from the shale oil industry at around US\$50-60/bbl. Our view isn't as bearish as it is on the petrochemical sector because at such an oil price level, Thai upstream companies can make good profits.
- We see the refinery sector's outlook as better than both the oil and petrochemical sectors. That is due to limited new supply, while there have been closures of inefficient plants in the US and Europe. But with the outlook of weak demand, it is not a bull case view anyway. We estimate the Singapore gross refining margin (GRM) benchmark at mid-cycle levels of US\$5.8/5.5/5.8 per barrel in 2025-27F vs. US\$6.1 in 2024. Note that when we go down to the stock level, despite the refinery outlook being better than the oil outlook in our view, we prefer PTT and PTTEP to TOP and SPRC because 1) TOP and SPRC's earnings fluctuate far more with GRM changes than PTT and PTTEP's do with oil price changes, and 2) TOP and SPRC's earnings can swing to losses more easily with fluctuating GRM while PTT and PTTEP's earnings are more resilient due to relatively stable gas businesses.

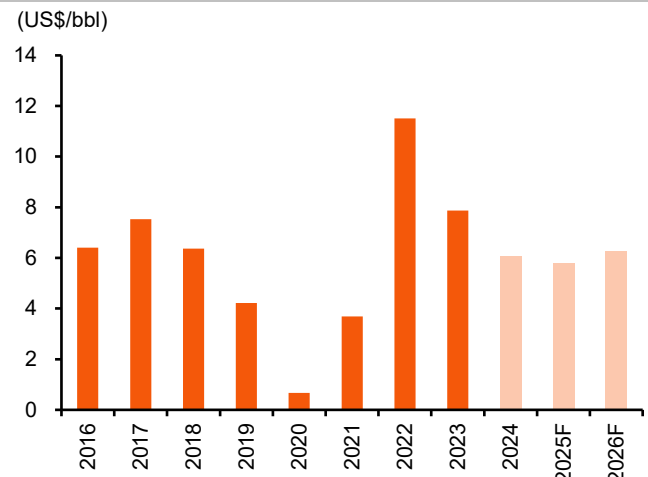
Ex 11: More Plant Closures In Refinery



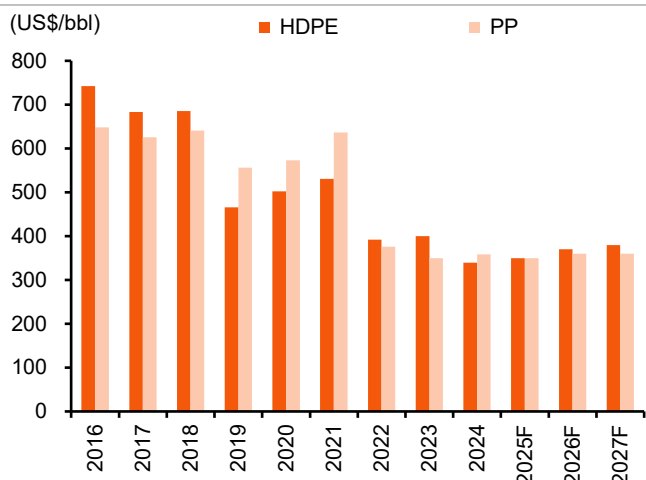
Sources: CMA, TOP, Thanachart estimates

Ex 12: Oil Prices Are Range-Bound

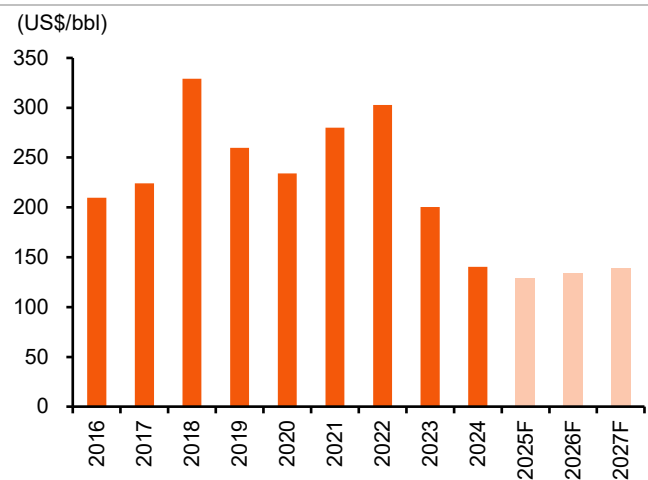
Sources: Bloomberg, Thanachart estimates

Ex 13: As Well As Singapore GRM

Sources: Bloomberg, Thanachart estimates

Ex 14: Petrochemical Trough Prolonged to 2028F

Sources: Bloomberg, Thanachart estimates

Ex 15: PET Also In A Downcycle

Sources: IVL, Thanachart estimates

Petrochemical the weakest link

Better outlook for refinery than oil and petrochemical

We do not see a strong bull case for most segments in the energy sector due to the global economic slowdown outlook and continued rising supply. However, among the segments, we see the refinery sector having a better outlook than oil, while petrochemical has the worst outlook, in our view.

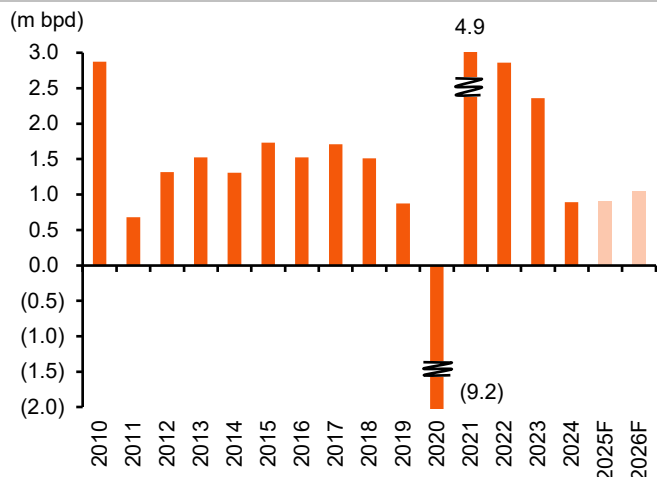
Oil – oversupply market with geopolitical risk

Weak demand, more supply, high geopolitical risk

We expect oil prices to be range-bound with moderate pricing of US\$70/65/65 per barrel over the next three years.

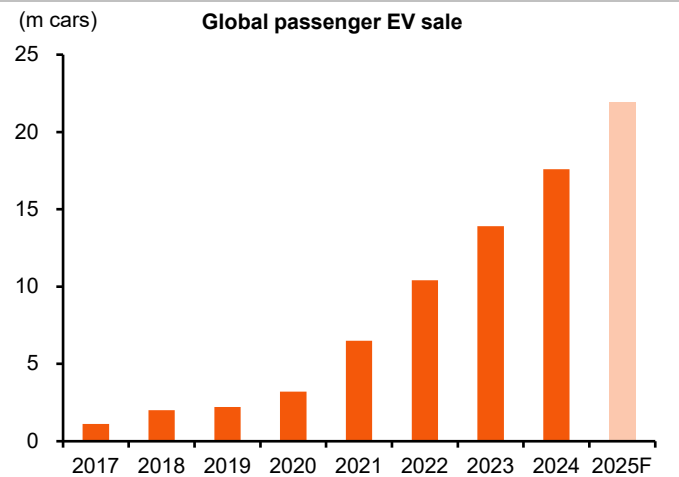
Firstly, the demand factor is weak due to the sluggish global growth outlook, which includes China, and the prevailing long-term trend of green energy, characterized by rising EV adoption. The US Energy Information Administration (EIA) estimates global oil demand growth of 0.8/1.1m bpd into 2025-26 from the average 2m bpd growth during 2022-24.

Ex 16: Weak Oil Demand Growth



Sources: Bloomberg, EIA

Ex 17: Rising Global EV Adoption



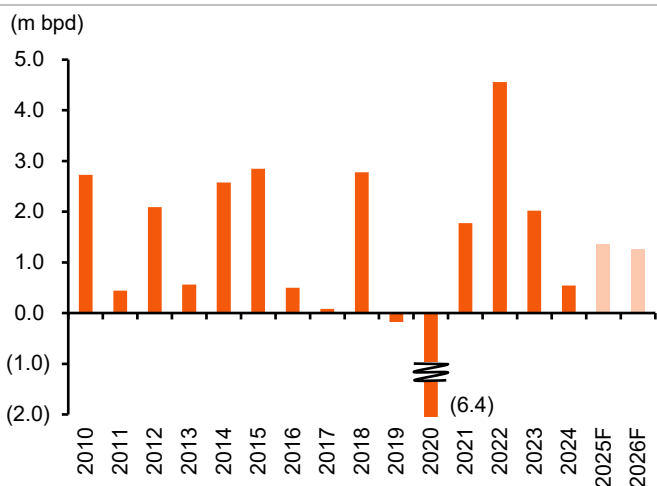
Source: Bloomberg

Well-supplied market

Secondly, we expect looseness on the supply side due to more output from OPEC and the US. Both the IEA and EIA project a well-supplied market. EIA projected a supply growth of 1.8/1.1 m bpd in 2025-26F.

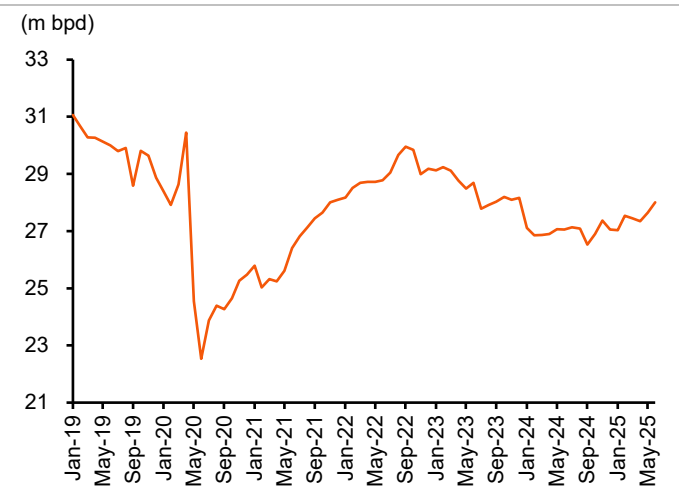
OPEC+ has a history of implementing production cuts to stabilize oil prices. The most notable cut was a historic 9.7m bpd reduction in April 2020 due to the COVID-19 pandemic and plummeting demand. The most recent cuts totaling 2.2m bpd were announced in late 2023 and extended through the first half of 2024. These cuts are being gradually unwound, with a planned monthly increase of 138,000 bpd starting in April 2025, followed by 411,000 bpd boosts each month from May to July. This year, the group approved a combined 1.918m bpd increase through July, and then announced another 548,000 bpd for August. It is widely expected that OPEC+ will increase output by 550,000 bpd more in September to complete the total reversal of all the 2.2m bpd cut. We believe the production hike is due to rising non-OPEC supply, quota cheating, and pressure from the US, with Saudi Arabia and the UAE seeking to win political favor by helping President Donald Trump lower oil prices.

Ex 18: Global Oil Supply Growth

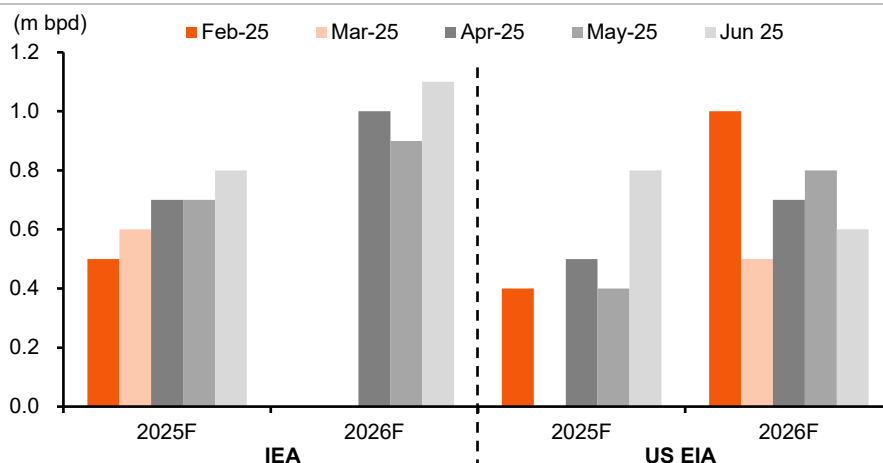


Source: Bloomberg, EIA

Ex 19: Rising OPEC+ Output



Source: Bloomberg

Ex 20: Evolution Of Oil Balance Estimates For 2025-26 By Key Agencies

Source: Bloomberg

Geopolitical risks both from physical and economic standpoints

Thirdly, there is ongoing geopolitical risk. The biggest event was the Russia-Ukraine war that started in 2022. Then there was the Israel-Hamas war, and the latest flare-up was the Israel-Iran conflict. Together with geopolitical risk from economic standpoints that involve the US, China, and Russia, we expect the risk premium to stay and we do not foresee the Brent oil price falling below US\$65/bbl.

Shale oil production is a cushion for oil prices

Lastly, the US's shale oil production cost is around US\$50-60/bbl, and this could act as a cushion for oil prices to stay above this level.

Ex 21: Brent Reactions To Recent Conflicts

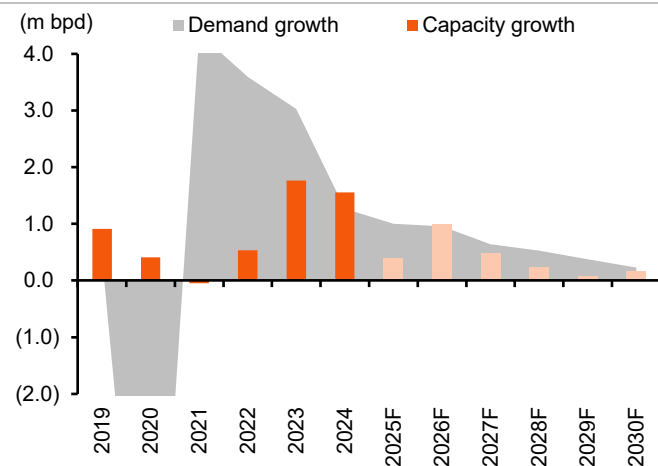
Source: Bloomberg

Refinery – stable margin outlook over the next three years

Stable GRM outlook as weak demand is offset by the weak supply cycle

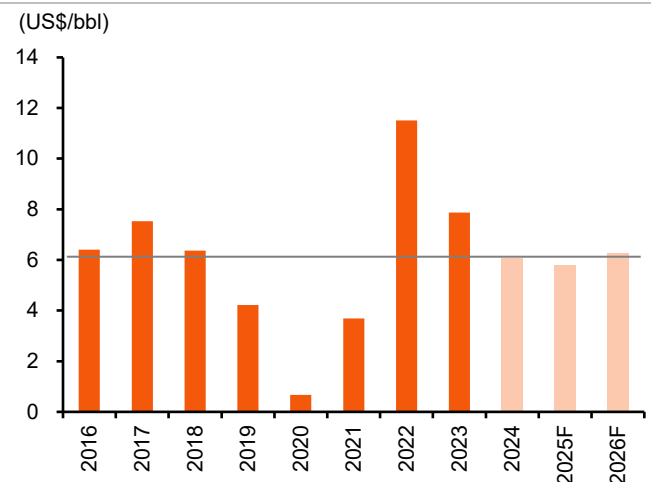
We expect GRM to be stable at the mid-cycle level of US\$5.8/5.5/5.8 per barrel in 2025-27F. Our view is based on the medium-term prospect that, despite the weak demand outlook due to the global slowdown, new supply is limited with supply rationalization from the closure of existing, inefficient plants in the US and Europe.

Ex 22: Refinery Demand-Supply Outlook



Source: TOP

Ex 23: Stable Singapore GRM Outlook

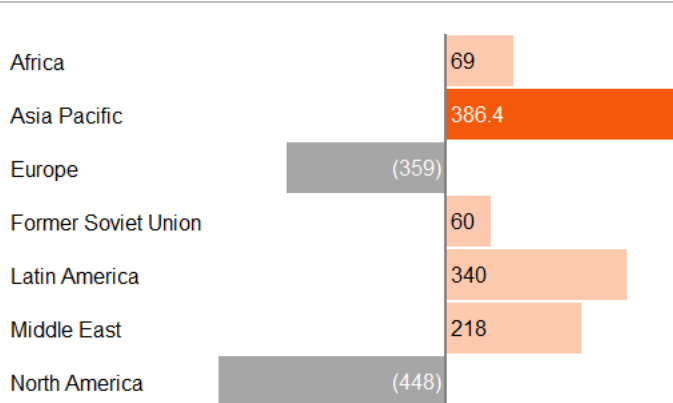


Sources: TOP, Thanachart estimates

Plant closures help cushion margins during periods of weak demand

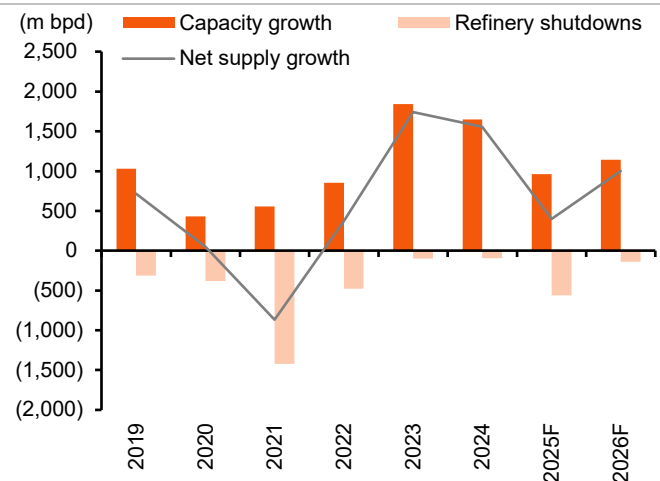
Refinery closures continue to tighten global capacity in 2025. Three major facilities have announced that they will shut down: the Grangemouth refinery — Scotland's only crude processing plant — set to close in 2Q25, LyondellBasell's Houston refinery, and Phillips 66's Los Angeles refinery, both expected to close by the end of 2025. Together, these closures represent a loss of roughly 1m bpd of refining capacity, which is a significant amount compared to annual global demand growth of 0.8-1 million bpd.

Ex 24: Global Refining Capacity Changes In 2025



Source: Reuters

Ex 25: Capacity Growth Vs. Plant Shutdowns



Sources: TOP

One in five refineries faces shutdown

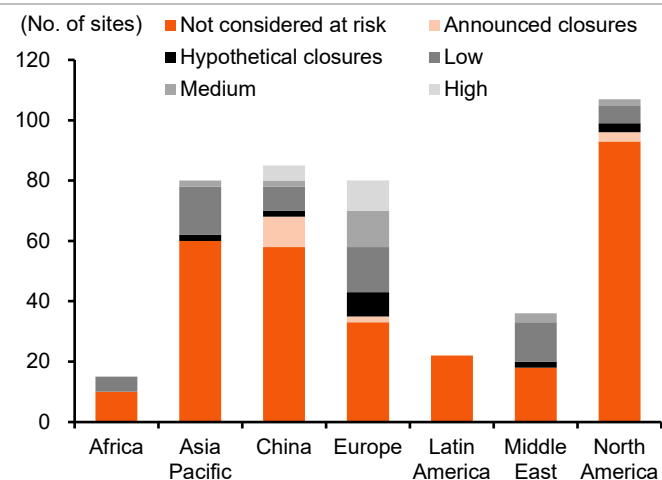
Beyond 2025, a significant number of refineries worldwide appear to be at risk of closure. According to Wood Mackenzie, out of 420 global refineries, as many as 101 could shut down over the next decade — representing 18.4m barrels per day or roughly 21% of total global capacity. Europe accounts for the largest share of at-risk refineries, driven primarily by rising operating costs, especially from carbon taxes. In China, the main pressure comes from its decarbonization agenda, particularly the push toward electric vehicle (EV) adoption.

Could be upside risk if shutdowns accelerate

If these closures proceed as expected — particularly in Europe and Canada — we see a growing risk of fuel shortages. The US Energy Information Administration flagged this concern in its March Short-Term Energy Outlook, noting that demand for fuels such as

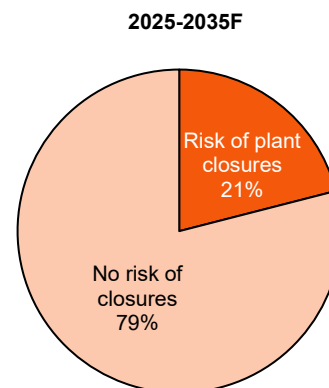
diesel has consistently outperformed expectations, even as global refining capacity continues to decline.

Ex 26: Number Of Sites At Risk Per Region



Source: McKinsey

Ex 27: Many Refineries At Risk Of Shutdown

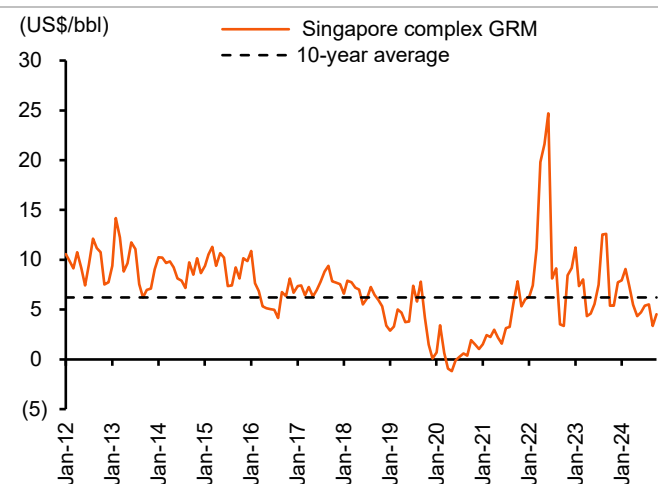


Source: McKinsey

High short-term volatility looks set to persist

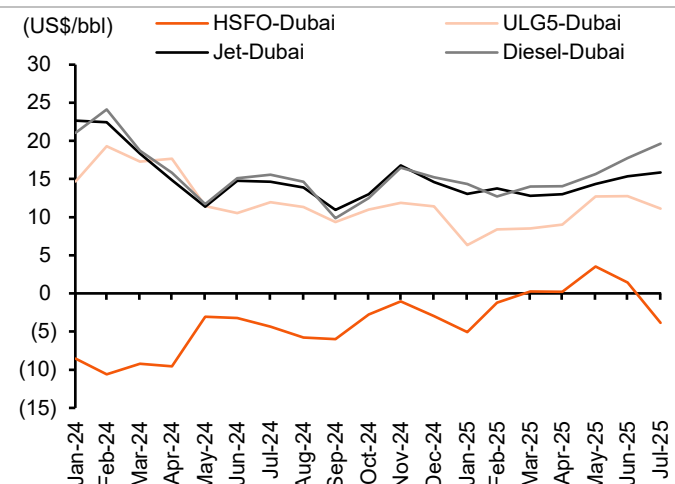
Though we foresee stable GRM over the medium term, the fact remains that GRM looks highly volatile in the short term. This year, after a sharp fall to US\$4.6/bbl in 1Q25 due to a weak gasoline margin, the Singapore GRM benchmark shot up to an average of US\$7/bbl in 2Q25 due to a jump in the diesel spread as a result of fears of supply disruption because of the Israel-Iran conflict. However, we do not expect the spike in GRM to be sustained, given weak demand, and anticipate that geopolitical risk and limited new supply will balance the GRM at the mid-cycle level over the next three years.

Ex 28: Singapore Refinery Margin – Monthly



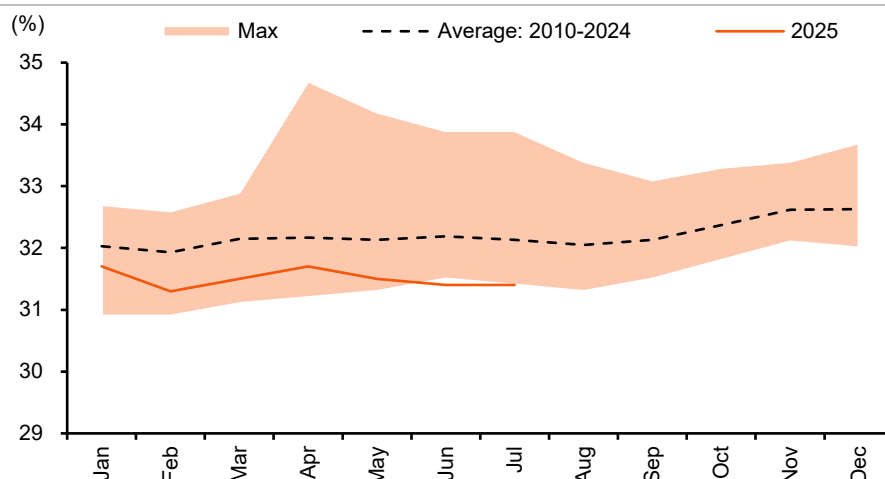
Sources: Company data, Thanachart estimates

Ex 29: Key Product Margin – Monthly



Source: Company data, Bloomberg

Ex 30: Diesel's Share Of Global Output Is Unusually Low



Sources: Energy Aspects data, compiled by Bloomberg News

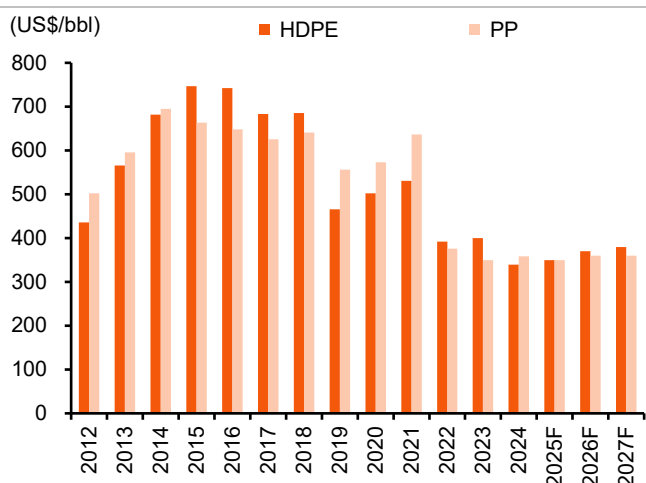
Note: Figures show global gasoil/diesel yields; average, max and mins. Figures apply to the 2010-2024 range.

Petrochemicals – prevailing structural and cyclical downturn

Remains in both cyclical and structural down cycles

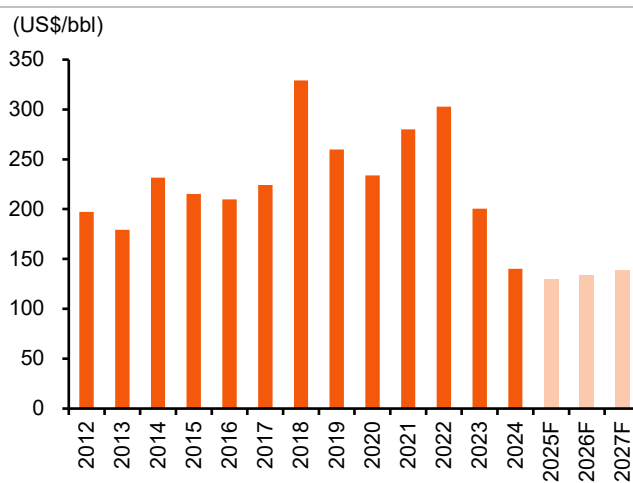
We continue to be bearish on the petrochemical sector as we see the current downturn being caused by both cyclical and structural factors. We expect weak spreads to continue for the next three years. Our HDPE-naphtha benchmark spread assumptions are US\$350/370/380 per tonne in 2025-27F. Note that we consider these spread levels as being in a thin-red-line zone where a small drop can cause the business to incur a loss. Over the past 10 years, the trough spread was around US\$300/tonne and the peak was around US\$750/tonne.

Ex 31: HDPE And PP Over Naphtha Spreads



Sources: Bloomberg, Thanachart estimates

Ex 32: Integrated PET Spread – Asia

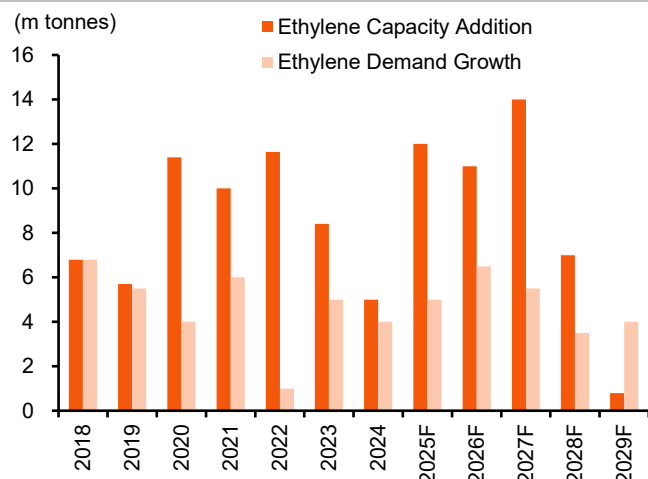


Sources: IVL, Thanachart estimates

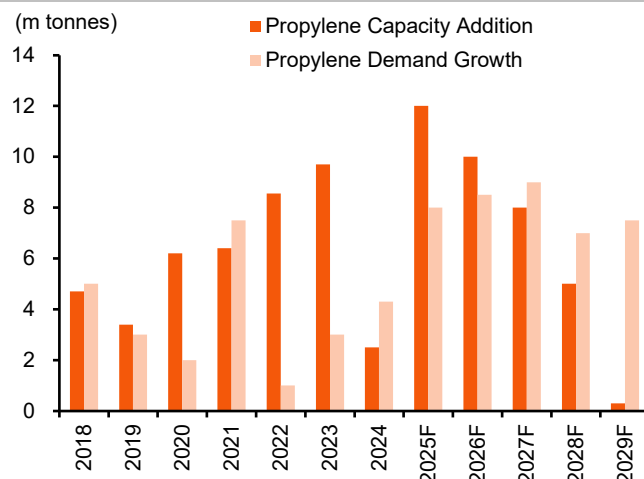
Strong supply cycle

First of all, the petrochemical industry remains in a strong supply cycle with large supplies continuing for the next three years. The supply cycle this time has been very long, starting in 2020 and widely expected to last into 2028. Even though demand growth is forecast to outpace supply growth beyond 2028, we think the huge capacity build-up since 2020 could continue to keep spreads low. The demand outlook over the next three years is also weak due to the prospects of a global slowdown.

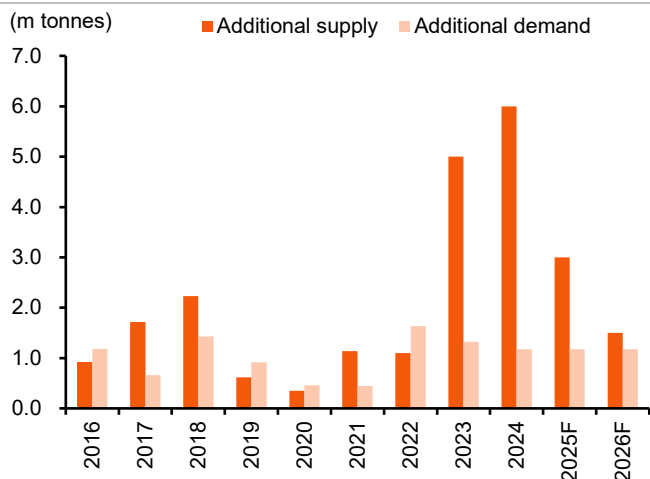
We expect global ethylene capacity to increase by an average of 12m tpa between 2025 and 2027, while demand is projected to grow only 6m tpa over the same period. Similarly, global propylene capacity is expected to rise by 10m tpa, outpacing demand growth of 8.5m tpa. This substantial capacity expansion adds to the severe oversupply that has persisted. Beyond the major polymer chains, significant capacity increases are also anticipated by CMA for Phenol, benzene, and PET.

Ex 33: Ethylene Demand Vs. Supply Growth

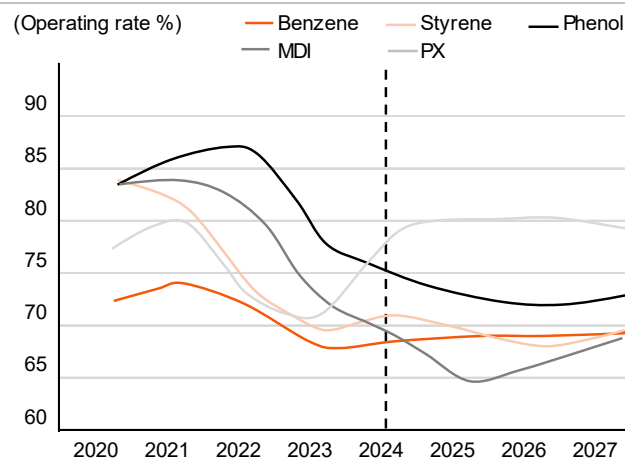
Source: CMA, Thanachart estimates

Ex 34: Propylene Demand Vs. Supply Growth

Source: CMA, Thanachart estimates

Ex 35: PET Demand Vs. Supply Growth

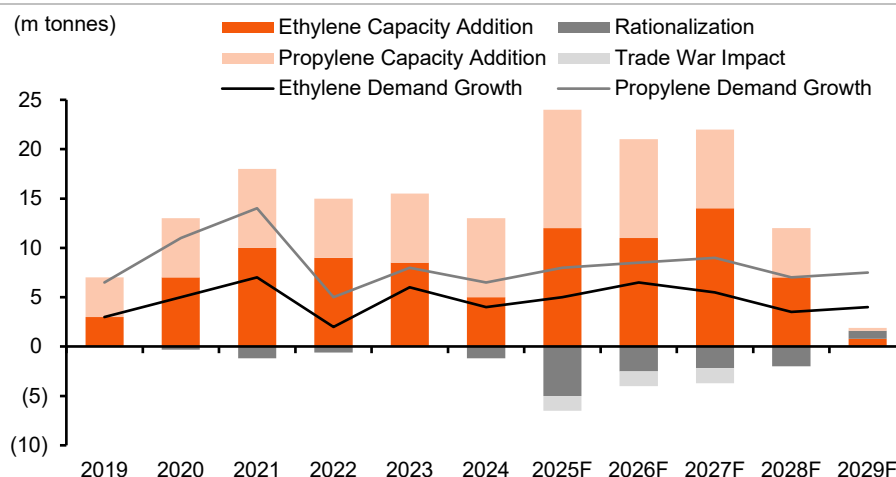
Sources: Company data, Thanachart estimates

Ex 36: Other Petrochemical Products' Operating Rates

Source: CMA

Limited capacity closures

Secondly, unlike in refining, capacity closures in the petrochemical industry have been limited despite very poor margins. According to Chemical Market Analytics (CMA), ethylene and propylene capacity closures are expected to reach only around 2.5m tonnes to 5m tonnes in 2025-26, which is less than one-third of the new capacity scheduled to come online during the same period. We believe closures have been and will likely continue to be slow because of companies' efforts to improve operations and ongoing protectionist trade policies.

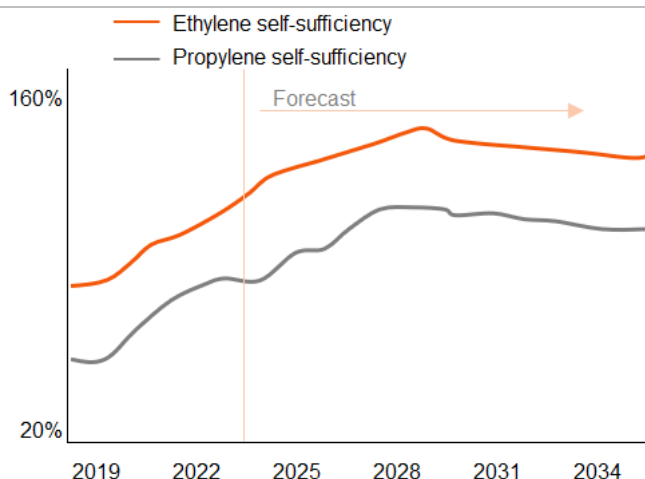
Ex 37: Olefin Capacity Addition Vs. Demand Growth

Source: CMA

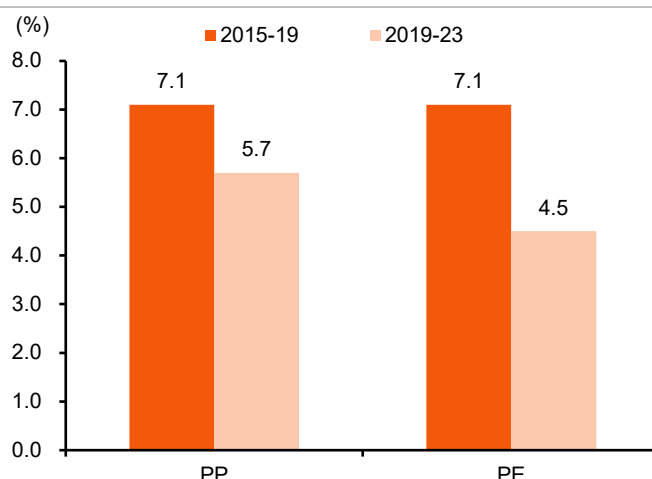
China makes the down cycle not only cyclical but structural

Thirdly, China has a self-sufficiency policy to change from being a large net importer of key petrochemical products to being more self-supplied. Since China plays a key part in new supplies, it makes the matter a long-term structural factor, too. That is, with its aggressive expansions, it becomes a lower-cost producer due to business scale. We believe that after China becomes a major player with scale, while the US, with its domestic shale gas supply, has already also become a low-cost producer, Thailand is being pushed outward in the cost comparison scale from quartile two after Middle East producers to quartile three after the US and China.

Additionally, given the situation where China can source Russian crude at a discount and has experienced a 14% RMB depreciation since early 2022, China has gained further competitiveness over petrochemical companies in Thailand and some other nations.

Ex 38: China's Push Toward Self-Sufficiency

Source: CMA

Ex 39: China Demand Growing At A Lower Rate

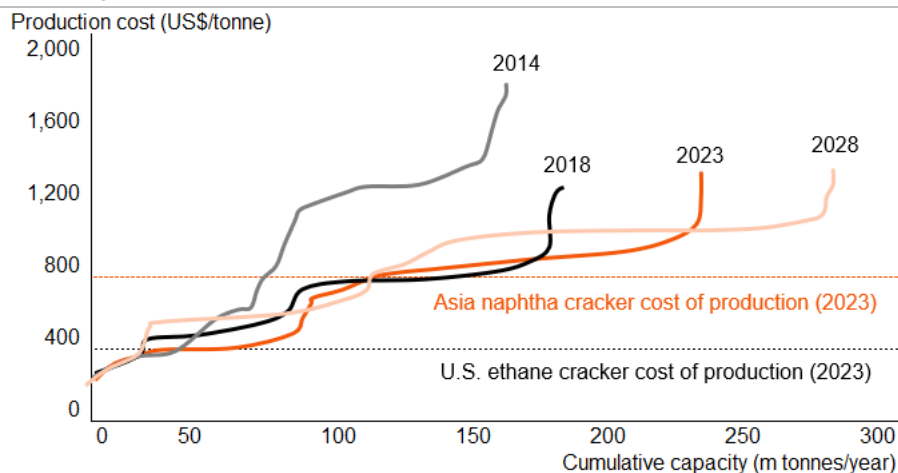
Source: CMA

Future spreads in the upcycle should be lower than in the past

Fourthly, we expect the industry cost curve, which has decreased due to China's scale and the US's low feedstock costs, to shift down, resulting in narrower petrochemical spreads over the long term. We therefore forecast future spreads in the mid and up-cycles to be lower than historical spread levels.

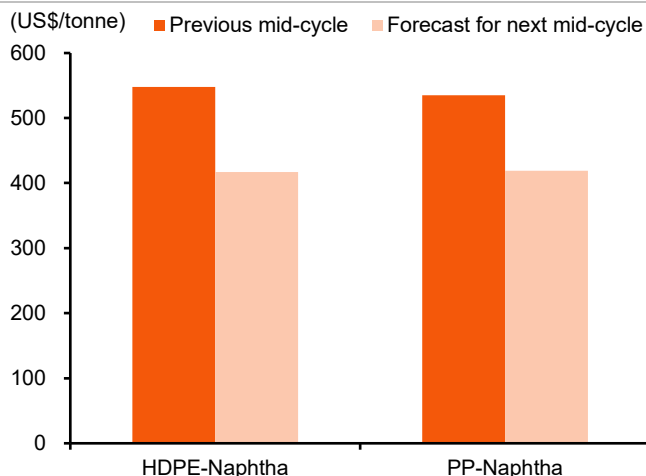
Exhibit 40 below shows the global production cost curves for naphtha and ethane crackers from 2014 to projections in 2028, plotted against cumulative capacity. Over time, the cost curve has become significantly flatter and shifted lower, especially by 2023, reflecting the impact of new, lower-cost capacity, largely driven by China. The 2023 curve (dark orange) illustrates that Asia's naphtha cracker costs are now generally below the 2014 and 2018 levels, with much more capacity operating at or below the US ethane cracker cost line, indicating stronger cost competitiveness. By 2028, the curve flattens further, signaling that new capacity additions continue to push the global marginal cost down and reduce cost dispersion, intensifying competitive pressure on higher-cost producers.

Ex 40: Ethylene Production Cost Curves Flatten



Sources: SP Platts

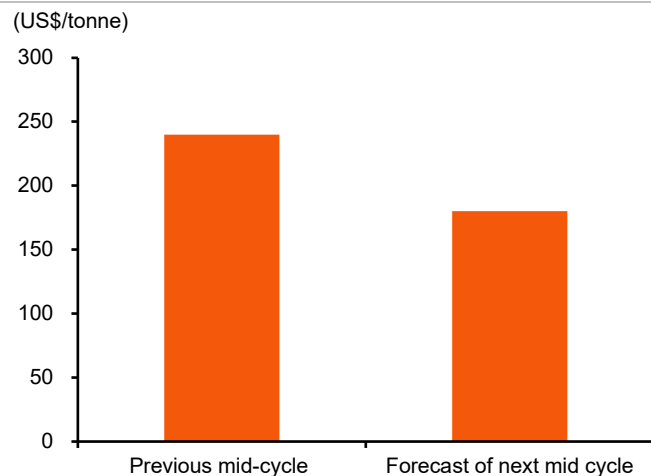
Ex 41: Future Spreads To Be Lower Than In The Past



Sources: Bloomberg; Thanachart estimates

Note: We use HDPE and PP over naphtha spreads in 2014-24 as the mid-cycle level in the previous upcycle compared to our mid-cycle assumptions in 2025-35F.

Ex 42: Similarly For PET



Sources: IVL, Thanachart estimates

Note: We use IVL's integrated PET Asia spread in 2014-24 as the mid-cycle level in the previous upcycle compared to our mid-cycle assumptions in 2025-35F.

Earnings revisions

We revise our sector profit forecasts for 2025–2027 by -2.5%, +4.9%, and +2.6%, respectively. Our Singapore complex GRM assumptions are raised by 25%/7%/3% to US\$5.8/5.5/5.8 per bbl for 2025–2027, reflecting better-than-expected margins due to capacity closures. We lower our aromatics spread outlook due to persistent oversupply but maintain our assumptions for HDPE, PP spreads, and oil prices.

Ex 43: Our Key Assumption Changes

Assumption	(Unit)	2021	2022	2023	2024	2025F	2026F	2027F
New								
Brent oil price	(US\$/bbl)	69	101	83	80	75	65	65
Singapore GRM	(US\$/bbl)	3.7	11.5	8.2	6.1	5.8	5.5	5.8
HDPE-naphtha	(US\$/tonne)	548	392	386	340	350	370	380
PP-naphtha	(US\$/tonne)	655	407	356	320	380	390	400
PX-Naphtha	(US\$/tonne)	294	243	274	302	240	260	280
BZ-Naphtha	(US\$/tonne)	339	175	179	324	200	230	250
Old								
Brent oil price	(US\$/bbl)					75	65	65
Singapore GRM	(US\$/bbl)					4.7	5.1	5.6
HDPE-naphtha	(US\$/tonne)					350	370	380
PP-naphtha	(US\$/tonne)					350	360	360
PX-Naphtha	(US\$/tonne)					302	322	342
BZ-Naphtha	(US\$/tonne)					334	344	344
Change								
Brent oil price	(US\$/bbl)					-	-	-
Singapore GRM	(US\$/bbl)					25	7	3
HDPE-naphtha	(US\$/tonne)					-	-	-
PP-naphtha	(US\$/tonne)					9	8	11
PX-Naphtha	(US\$/tonne)					(21)	(19)	(18)
BZ-Naphtha	(US\$/tonne)					(40)	(33)	(27)

Sources: Bloomberg, Thanachart estimates

Given the above changes to our key assumptions, plus a few minor adjustments, we have revised our earnings forecasts and TP as follows:

Ex 44: Our Earnings And TP Revisions

(Bt/shr)	Norm EPS			TP	REC
	2025F	2026F	2027F		
New					
BCP	4.02	5.05	5.19	37.00	BUY
BSRC	0.47	0.67	0.66	5.20	BUY
IRPC	(0.10)	(0.03)	(0.01)	0.77	SELL
IVL	0.74	1.13	1.32	18.00	SELL
PTT	2.94	3.02	3.05	37.00	BUY
PTTEP	16.07	14.68	14.69	125.00	BUY
PTTGC	(1.43)	0.87	1.49	18.00	SELL
SPRC	0.69	0.56	0.68	6.20	BUY
TOP	4.60	4.75	3.42	34.00	BUY
SCC	6.06	7.21	13.48	128.00	SELL
Old					
BCP	2.95	3.73	4.53	29.00	SELL
BSRC	0.43	0.54	0.61	4.70	SELL
IRPC	(0.12)	(0.04)	(0.02)	0.70	SELL
IVL	0.99	1.39	1.61	22.00	BUY
PTT	2.99	2.83	2.83	35.00	BUY
PTTEP	16.07	14.68	14.69	125.00	BUY
PTTGC	(0.42)	1.02	1.75	16.00	HOLD
SPRC	0.58	0.50	0.64	4.80	HOLD
TOP	4.37	4.05	3.08	20.00	SELL
SCC	6.06	7.21	13.48	128.00	SELL
Change (%)					
BCP	36.5	35.6	14.5	27.6	Upgrade
BSRC	8.0	25.3	8.2	10.6	Upgrade
IRPC	na	na	na	10.0	Maintain
IVL	(25.3)	(18.5)	(18.2)	(18.2)	Downgrade
PTT	(1.8)	6.8	7.6	5.7	Maintain
PTTEP	0.0	(0.0)	(0.0)	0.0	Maintain
PTTGC	na	(15.1)	(14.6)	12.5	Downgrade
SPRC	19.9	12.3	6.5	29.2	Upgrade
TOP	5.4	17.3	11.3	70.0	Upgrade
SCC	0.0	0.0	0.0	0.0	Maintain

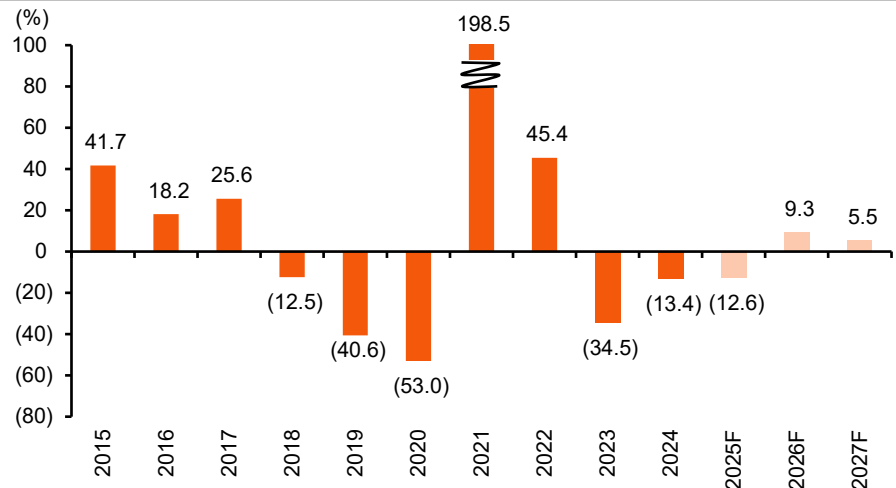
Sources: Thanachart estimates

Unattractive valuation on selective basis

We do not see a growth story

Given the weak sector outlook for the next three years, our BUY recommendations are not based on growth but resiliency of cash flows, balance sheets and dividend yields. We forecast a weak earnings growth outlook for the sector.

Ex 45: Sector's Normalized Earnings Growth

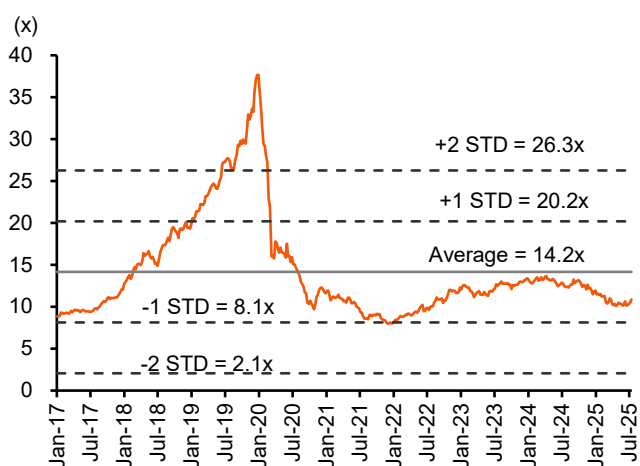


Sources: Company data, Thanachart estimates

Not attractive on PE and P/BV terms, in our view

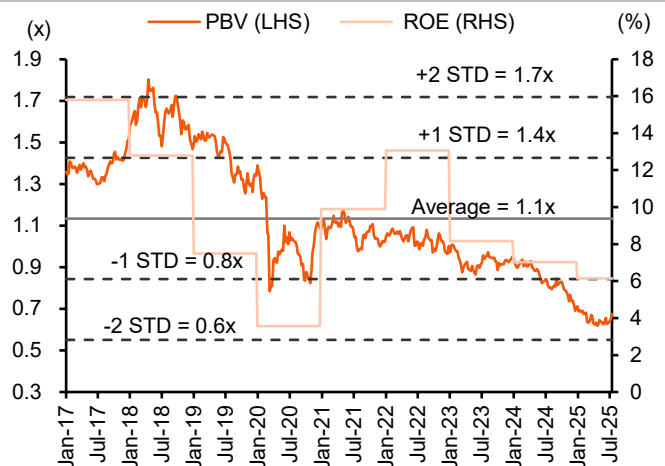
The weak earnings growth makes PE multiples look unattractive even for some stocks that are trading below 10x. Additionally, when examining the sector P/BV ratio during the downturn, where earnings are low, we do not find the P/BV of 0.6x to be as attractive as it appears, given the very low sector ROEs of 6.8% and 6.5% in 2025-26F.

Ex 46: Sector PE



Sources: Bloomberg; Thanachart estimates

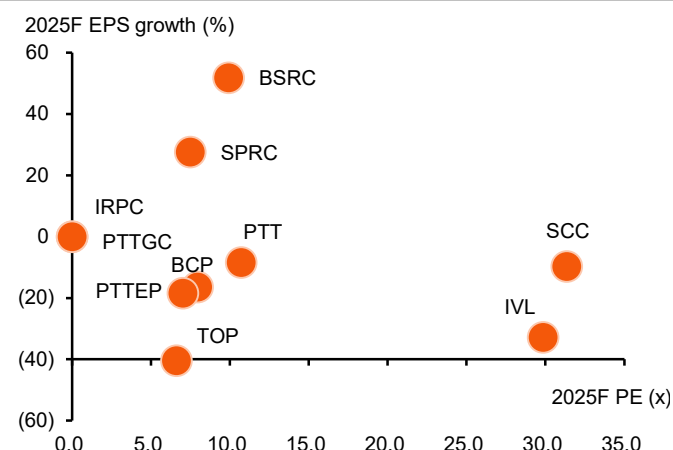
Ex 47: Low P/BV Looks Justified Given Low Sector ROE



Sources: Bloomberg; Thanachart estimates

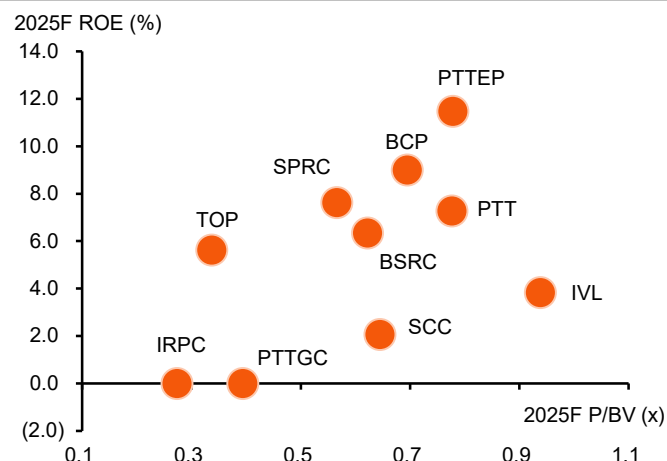
Note: We calculate sector ROE by averaging each company's ROE.

Ex 48: PE Vs. Normalized EPS Growth



Sources: Bloomberg, Thanachart estimates

Ex 49: P/BV Vs. ROE Comparison

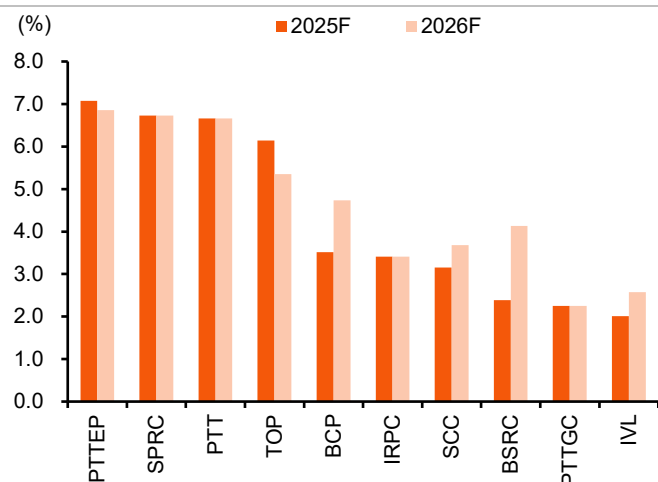


Sources: Bloomberg, Thanachart estimates

Sustainable and high yields are our BUY angle

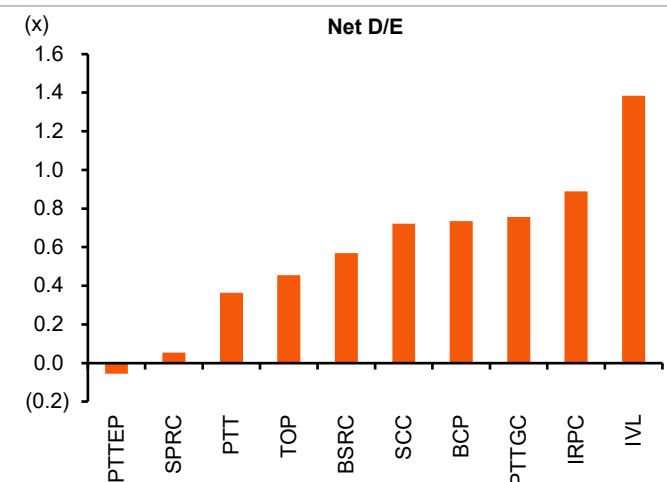
We do however have some stocks that we assign BUY calls to due to high dividend yields and sustainability of the yields from resilient cash flows and strong balance sheets.

Ex 50: Dividend Yields (2025-26F)



Source: Thanachart estimates

Ex 51: Net D/E Ratios (2025F)



Source: Thanachart estimates

PTT is one of our top sector picks

PTT remains one of our top sector picks due to its stable earnings base supported by relatively stable gas businesses, a strong balance sheet, and a good dividend yield of 6% p.a. in 2025-26F. We believe the company can sustainably pay a DPS of Bt2.1. Around 17% of PTT's EBITDA comes from its relatively stable gas businesses of gas pipelines, gas separation plants, and LNG gasification and terminal. Its 64%-owned PTTEP, which has 72% of total volume coming from gas, also contributes around 62% of PTT's total EBITDA.

PTTEP is another top pick

PTTEP is our other top sector pick. Although it is an upstream oil & gas exploration company, 72% of its volume is gas, which is far less volatile than oil in terms of pricing. PTTEP's EBITDA is resilient even in a low oil price environment. We estimate EBITDA of Bt197/196bn in 2025-26F, when we assume Brent oil prices of US\$70/65 per barrel. PTTEP also has a strong balance sheet with a net cash position. With its robust balance sheet and resilient cash flows, we expect PTTEP to be able to pay 7.1/6.9% dividend yields in 2025-26F. We also believe PTTEP is mandated by its parent PTT to pay a dividend.

*We upgrade **SPRC**, **TOP**, **BCP** and **BSRC** to **BUY** on valuations and an improve **GRM** outlook*

SPRC is upgraded to BUY in this report as its share price has been de-rated to offer what we regard as attractive dividend yields of 6.7% p.a. in 2025-27F. We view SPRC as a cash cow, and we expect its dividend payout to be sustainable, assuming a normalized GRM at the current level.

TOP is upgraded to BUY from SELL in this report due to improvements in refinery margins following global plant rationalization. The CFP cost overrun is also old news and should already be reflected in its 0.3x 2025F P/BV ratio. We expect TOP to generate negative free cash flow over the next three years due to CFP's capex. However, we still project a DPS of Bt1.9/1.6, or 6.1/5.4% dividend yields in 2025-26F. Our payout assumption is 33-40% vs. 43% in 2024. One reason is that this DPS means only a Bt3bn-4bn p.a. absolute dividend payment, which we do not see as large. Note that TOP paid a dividend during negative free cash flow years in 2019-21.

BCP is upgraded to BUY from Sell in this report due to the improving outlook of the upstream oil and refinery businesses while the stock's valuation has come down after the share price's 11% YTD correction. We also see better economics of its Sustainable Aviation Fuel (SAF) plant as BCP plans to produce more higher-margin green diesel (HVO), rather than SAF. Additionally, we expect BCP to benefit from Bangchak Sriracha Pcl's (BSRC TB, BUY, Bt4.64) debottlenecking efforts, which we expect to result in margin expansion from 2026F.

BSRC is upgraded to BUY from Sell in this report as we are more positive on the global refinery market outlook. Additionally, we expect BSRC's debottlenecking projects to enhance its gross refining margin (GRM) by a total of US\$0.45-0.65/bbl from 2Q25F onward. Finally, BSRC offers cheaper exposure to BCP, trading at a 3% discount to BCP at a tender offer conversion ratio of 6.5 BSRC shares for 1 BCP share.

*We view **IVL**, **PTTGC** and **IRPC** as expensive*

IVL is downgraded to SELL from Buy in this report due to its unattractive valuation matrix and the fact that the PET industry is still in a down cycle. Additionally, we no longer expect an earnings turnaround in 2025F despite cost savings from the closure of some non-performing plants since last year due to the disappointing specialty and intermediate chemical segment. The company is trading at 2025F PE of 19.4x and P/BV of 0.9x, with a dividend yield of 2.0% and ROE of 3.8%, so we view IVL as expensive.

PTTGC is downgraded to SELL from Hold in this report. We expect PTTGC to continue to face the headwinds of the industry downturn and the structural trend of China becoming self-sufficient. After the rebound in its share price over the past four months and its loss-making outlook this year. PTTGC looks pricey to us at 0.8x price-to-adjusted book value.

IRPC is still a SELL. We expect IRPC to continue incurring losses into 2027F due to the prolonged petrochemical downturn and its cost disadvantage as a small-scale and long integrated value chain operator. Given its high net D/E ratio of 0.9x, we expect a new partner to inject capital and this could dilute shareholders' return.

Ex 52: Sector Valuation Comparison

		BCP	BSRC	IRPC	IVL	PTT	PTTEP	PTTGC	SCC	SPRC	TOP	Industry
Rating		BUY	BUY	SELL	SELL	BUY	BUY	SELL	SELL	BUY	BUY	
Target price (Bt)	Thanachart	37.00	5.20	0.77	18.00	37.00	125.00	18.00	128.00	6.20	34.00	
	Consensus	40.47	6.07	0.96	24.93	33.55	131.92	23.41	178.45	6.70	30.22	
Consensus rec.	BUY	12	4	1	15	13	24	15	8	15	12	
	HOLD	7	2	8	6	10	6	7	14	6	11	
	SELL	2	2	10	0	4	2	5	5	0	6	
Sales (Bt m)	2024	589,877	245,434	281,711	542,430	3,090,453	312,310	604,044	511,172	270,606	466,777	6,914,815
	2025F	403,527	243,644	218,977	398,254	3,043,323	284,765	576,919	577,585	209,842	404,106	6,360,942
	2026F	400,170	165,990	211,570	371,277	2,997,169	289,424	543,473	583,421	177,901	383,936	6,124,331
	2027F	397,371	165,990	212,043	376,427	2,994,893	284,396	543,473	627,127	194,073	383,936	6,179,730
Norm profits (Bt m)	2024	6,631	1,066	(4,415)	6,163	91,682	78,239	(10,336)	8,054	2,358	17,245	196,689
	2025F	5,540	1,618	(1,949)	4,929	83,948	63,786	(6,434)	7,274	3,010	10,277	171,999
	2026F	6,960	2,321	(600)	7,274	86,316	58,262	3,907	8,651	2,437	12,405	187,931
	2027F	7,141	2,299	(241)	8,305	87,150	58,305	6,732	16,173	2,958	9,445	198,268
Sales growth (%)	2024	52.9	6.9	(5.8)	(1.5)	(1.7)	3.9	(2.0)	2.3	13.6	(0.5)	6.8
	2025F	(31.6)	(0.7)	(22.3)	(26.6)	(1.5)	(8.8)	(4.5)	13.0	(22.5)	(13.4)	(11.9)
	2026F	(0.8)	(31.9)	(3.4)	(6.8)	(1.5)	1.6	(5.8)	1.0	(15.2)	(5.0)	(6.8)
	2027F	(0.7)	0.0	0.2	1.4	(0.1)	(1.7)	0.0	7.5	9.1	0.0	1.6
Norm EPS growth (%)	2024	(31.6)	36.6	na	279.8	(8.0)	(0.5)	na	(46.2)	na	(37.1)	27.6
	2025F	(16.5)	51.8	na	(32.9)	(8.4)	(18.5)	na	(9.7)	27.6	(40.4)	(5.9)
	2026F	25.6	43.4	na	53.7	2.8	(8.7)	na	18.9	(19.0)	3.2	15.0
	2027F	2.6	(0.9)	na	16.2	1.0	0.1	72.3	87.0	21.4	(27.9)	19.1
Operating margin (%)	2024	3.8	0.4	(2.1)	4.4	5.8	42.1	(0.9)	(0.2)	0.9	4.0	5.8
	2025F	5.3	0.9	(1.2)	5.3	5.8	37.6	(1.1)	(0.7)	1.4	3.9	5.7
	2026F	5.8	1.9	(0.4)	6.3	6.2	33.7	1.0	(0.3)	1.2	4.3	5.9
	2027F	7.6	1.9	(0.2)	6.4	6.3	33.2	1.6	0.7	1.5	3.6	6.3
ROE (%)	2024	10.1	4.0	na	4.2	8.1	15.1	na	2.2	5.8	10.5	7.5
	2025F	9.0	6.3	na	3.8	7.3	11.5	na	2.1	7.6	5.6	6.7
	2026F	10.5	8.8	na	5.5	7.4	9.9	1.5	2.4	6.1	6.1	6.5
	2027F	10.0	8.3	na	6.1	7.3	9.5	2.6	4.5	7.2	4.5	6.7
Dividend yield (%)	2024	3.3	1.7	1.1	3.2	6.7	8.5	2.3	2.6	7.7	6.2	4.3
	2025F	3.5	2.4	3.4	2.0	6.7	7.1	2.3	3.2	6.7	6.1	4.3
	2026F	4.7	4.1	3.4	2.6	6.7	6.9	2.3	3.7	6.7	5.4	4.6
	2027F	4.9	5.7	3.4	3.0	6.7	6.9	2.3	3.7	6.7	4.5	4.8
P/BV (x)	2024	0.7	0.6	0.3	1.0	0.8	0.8	0.4	0.6	0.6	0.4	0.6
	2025F	0.7	0.6	0.3	0.9	0.8	0.8	0.4	0.6	0.6	0.3	0.6
	2026F	0.6	0.6	0.3	0.9	0.8	0.7	0.4	0.6	0.6	0.3	0.6
	2027F	0.6	0.6	0.3	0.9	0.7	0.7	0.4	0.6	0.5	0.3	0.6
Norm PE (x)	2024	6.6	15.1	na	20.0	9.8	5.7	na	28.3	9.6	3.9	12.4
	2025F	8.0	9.9	na	29.8	10.7	7.0	na	31.3	7.5	6.6	13.9
	2026F	6.3	6.9	na	19.4	10.4	7.7	25.6	26.4	9.3	6.4	13.2
	2027F	6.2	7.0	na	16.7	10.3	7.7	14.9	14.1	7.6	8.9	10.4
EV/EBITDA (x)	2024	3.4	7.2	23.8	6.8	4.0	1.8	11.6	16.7	5.3	6.8	8.7
	2025F	2.6	5.4	11.4	6.9	4.1	2.1	13.7	19.4	4.0	6.7	7.6
	2026F	2.8	3.4	8.4	6.4	3.7	2.3	8.9	17.5	4.2	7.5	6.5
	2027F	2.3	3.0	7.2	6.1	3.2	2.4	7.5	13.9	3.2	8.6	5.7
Net D/E (x)	2024	1.1	0.7	0.9	1.7	0.3	(0.1)	0.7	0.7	0.2	0.7	0.7
	2025F	0.7	0.6	0.9	1.4	0.4	(0.1)	0.8	0.7	0.1	0.5	0.6
	2026F	0.8	0.2	0.9	1.3	0.3	(0.0)	0.7	0.7	0.0	0.6	0.6
	2027F	0.7	0.1	0.8	1.2	0.2	0.0	0.6	0.7	(0.0)	0.6	0.5

Sources: Company data; Thanachart estimates

Valuation Comparison

Ex 53: Comparison With Regional Peers

Company	Code	Country	EPS Growth		— PE —		— P/BV —		EV/EBITDA		Div. Yield		— ROE —	
			25F	26F	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
Refining & Marketing														
Ampol	ALD AU	Australia	47.3	38.8	17.8	12.8	1.8	1.7	7.8	6.8	3.5	5.7	11.4	14.4
BPCL	BPCL IN	India	(50.6)	19.9	11.1	9.3	1.7	1.6	8.3	7.1	3.6	3.9	15.8	18.0
HPCL	HPCL IN	India	(59.9)	59.6	13.6	8.5	1.8	1.5	10.6	7.4	2.4	3.6	14.1	20.3
IOCL	IOCL IN	India	(77.2)	106.1	21.1	10.2	1.1	1.1	10.5	7.3	2.4	3.8	6.4	11.0
Reliance Industries	RIL IN	India	0.8	13.5	na	na	na	na	13.9	12.3	na	na	8.6	9.0
SK Energy	096770 KS	S.Korea	na	na	na	26.4	0.7	0.7	15.5	10.6	2.0	2.2	na	2.4
S-OIL	010950 KS	S.Korea	na	na	41.2	12.7	0.8	0.8	9.5	6.4	0.9	1.8	1.7	6.0
Formosa Petrochemical	6505 TT	Taiwan	(14.9)	32.7	28.4	21.4	1.2	1.2	16.2	11.1	2.4	3.2	2.7	5.8
Bangchak *	BCP TB	Thailand	(16.5)	25.6	8.0	6.3	0.7	0.6	2.6	2.8	3.5	4.7	9.0	10.5
Bangchak Sriracha *	BSRC TB	Thailand	51.8	43.4	9.9	6.9	0.6	0.6	5.4	3.4	2.4	4.1	6.3	8.8
IRPC Pcl *	IRPC TB	Thailand	na	na	na	na	0.3	0.3	11.4	8.4	3.4	3.4	(2.9)	(0.9)
PTT Oil And Retail *	OR TB *	Thailand	17.2	7.8	16.6	15.4	1.3	1.3	6.3	6.2	3.8	4.1	8.2	8.5
PTG Pcl *	PTG TB	Thailand	2.3	4.3	10.4	10.0	1.1	1.1	3.5	3.0	5.4	6.2	11.3	11.2
PTT Global Chemicals *	PTTGC TB	Thailand	na	na	na	25.6	0.4	0.4	13.7	8.9	2.3	2.3	(2.5)	1.5
Star Petroleum Refining *	SPRC TB	Thailand	27.6	(19.0)	7.5	9.3	0.6	0.6	4.0	4.2	6.7	6.7	7.6	6.1
Thai Oil *	TOP TB	Thailand	(40.4)	3.2	6.6	6.4	0.3	0.3	6.7	7.5	6.1	5.4	5.6	6.1
Average			(9.4)	28.0	16.0	12.9	1.0	0.9	9.1	7.1	3.4	4.1	6.9	8.7
Integrated oils														
PetroChina	857 HK	China	(6.0)	0.9	8.2	8.2	0.8	0.8	4.1	4.0	6.1	6.1	10.2	9.8
Sinopec	386 HK	China	(11.1)	9.5	10.5	9.6	0.6	0.6	5.9	5.6	6.0	6.6	5.9	6.2
Total	FP	France	(18.9)	4.7	na	na	na	na	na	na	na	na	13.2	12.6
Eni	ENI IM	Italy	(17.6)	8.7	9.8	9.0	0.8	0.8	4.2	4.1	7.4	7.7	8.2	8.7
Repsol	REP SM	Spain	(20.8)	12.7	6.2	5.5	0.5	0.5	3.6	3.5	7.7	8.2	8.2	8.4
Chevron Texaco	CVX US	USA	(23.7)	22.9	19.1	15.6	1.8	1.9	7.2	6.2	4.6	4.8	9.5	11.6
Exxon Mobil	XOM US	USA	(12.4)	16.9	16.7	14.3	1.9	1.8	7.5	6.9	3.6	3.7	10.9	12.8
Conoco Philips	COP US	USA	(17.3)	6.0	14.5	13.6	1.8	1.8	5.2	5.2	3.4	3.6	12.4	12.5
PTT Pcl *	PTT TB	Thailand	(8.4)	2.8	10.7	10.4	0.8	0.8	4.1	3.7	6.7	6.7	7.3	7.4
Average			(15.1)	9.5	12.0	10.8	1.1	1.1	5.2	4.9	5.7	5.9	9.5	10.0
Exploration and Production														
Santos	STO AU	Australia	(15.4)	12.8	22.5	20.0	1.6	1.5	6.0	5.1	2.4	3.1	7.1	7.7
Woodside	WDS AU	Australia	(33.9)	(28.5)	23.6	33.0	1.3	1.3	4.4	5.0	3.5	2.5	5.7	4.0
Suncor Energy	SU US	Canada	(24.2)	(2.5)	9.7	9.9	1.1	1.1	5.4	5.5	5.9	6.1	10.4	9.1
ONGC	ONGC IN	India	(5.6)	(4.3)	7.0	7.4	0.8	0.8	5.5	5.2	5.0	4.9	12.4	12.2
RIL	RIL IN	India	0.8	13.5	na	na	na	na	13.9	12.3	na	na	8.6	9.0
Apache	APA US	USA	(28.0)	(9.9)	6.2	6.9	1.1	1.0	2.6	2.7	5.5	5.7	17.3	12.4
Devon Energy	DVN US	USA	(18.2)	7.8	8.1	7.5	1.3	1.2	3.8	3.8	3.6	4.2	16.2	15.8
PTTEP *	PTTEP TB	Thailand	(18.5)	(8.7)	7.0	7.7	0.8	0.7	2.1	2.3	7.1	6.9	11.5	9.9
Average			(17.9)	(2.5)	12.0	13.2	1.1	1.1	5.5	5.2	4.7	4.8	11.1	10.0

Sources: Bloomberg, * Thanachart estimates
Based on 17 July 2025 closing prices

Ex 54: 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	(6.0)	0.9	8.2	8.2	0.8	0.8	4.1	4.0	6.1	6.1	10.2	9.8
Sinopec	386 HK	China	(11.1)	9.5	10.5	9.6	0.6	0.6	5.9	5.6	6.0	6.6	5.9	6.2
Average			(8.5)	5.2	9.4	8.9	0.7	0.7	5.0	4.8	6.1	6.3	8.0	8.0
SK Innovation	096770	S.Korea	na	na	na	26.4	0.7	0.7	15.5	10.6	2.0	2.2	na	2.4
S-Oil	010950	S.Korea	na	na	41.2	12.7	0.8	0.8	9.5	6.4	0.9	1.8	1.7	6.0
Average			na	na	41.2	19.6	0.8	0.7	12.5	8.5	1.4	2.0	1.7	4.2
Reliance Industries	RIL IB	India	0.8	13.5	na	na	na	na	13.9	12.3	na	na	8.6	9.0
Indian Oil	IOCL IB	India	(77.2)	106.1	21.1	10.2	1.1	1.1	10.5	7.3	2.4	3.8	6.4	11.0
Bharat Petroleum	BPCL IB	India	(50.6)	19.9	11.1	9.3	1.7	1.6	8.3	7.1	3.6	3.9	15.8	18.0
Hindustan Petroleum	HPCL IB	India	(59.9)	59.6	13.6	8.5	1.8	1.5	10.6	7.4	2.4	3.6	14.1	20.3
Average			(46.7)	49.8	15.3	9.4	1.5	1.4	10.8	8.5	2.8	3.8	11.2	14.6
Marathon Petroleum	MPC US	USA	(8.8)	49.5	21.9	14.6	3.3	3.2	8.5	7.6	2.1	2.3	13.1	21.6
Valero	VLO US	USA	(15.2)	51.6	21.6	14.3	1.9	1.8	9.6	7.7	3.2	3.3	8.0	13.6
Phillips 66	PSX US	USA	(23.3)	119.4	26.7	12.2	1.8	1.7	10.2	8.0	3.8	4.0	6.6	14.6
PBF Energy'	PBF US	USA	(47.0)	113.1	na	32.9	0.6	0.6	na	5.4	4.4	4.4	na	2.1
Delek	DK US	USA	13.0	65.1	na	na	na	na	10.7	6.8	4.0	4.0	na	36.2
Average			(16.3)	79.8	23.4	18.5	1.9	1.8	9.7	7.1	3.5	3.6	9.2	17.6
Bangchak Corp*	BCP TB *	Thailand	(16.5)	25.6	8.0	6.3	0.7	0.6	2.6	2.8	3.5	4.7	9.0	10.5
BSRC (Thailand) *	BSRC TB *	Thailand	51.8	43.4	9.9	6.9	0.6	0.6	5.4	3.4	2.4	4.1	6.3	8.8
Star Petroleum Refining *	SPRC TB *	Thailand	27.6	(19.0)	7.5	9.3	0.6	0.6	4.0	4.2	6.7	6.7	7.6	6.1
Thai Oil *	TOP TB *	Thailand	(40.4)	3.2	6.6	6.4	0.3	0.3	6.7	7.5	6.1	5.4	5.6	6.1
Average			5.6	13.3	8.0	7.2	0.6	0.5	4.7	4.5	4.7	5.2	7.1	7.9
Total Average			(16.5)	37.0	19.5	12.7	1.1	1.0	8.5	6.7	3.7	4.2	7.5	10.5

Sources: Bloomberg, * Thanachart estimates
Based on 17 July 2025 closing prices

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET INDEX	9.5	4.1	(9.6)	(14.4)	—	—	—	—
Energy	3.6	7.4	(22.3)	(10.7)	(5.9)	3.3	(12.7)	3.7
BCP TB	(9.9)	(12.3)	(8.6)	(11.1)	(19.3)	(16.4)	1.0	3.3
BSRC TB	(8.1)	(16.4)	(44.8)	(41.6)	(17.6)	(20.5)	(35.2)	(27.2)
IRPC TB	12.8	3.5	(45.3)	(28.5)	3.4	(0.6)	(35.8)	(14.0)
IVL TB	10.6	12.8	16.4	(11.6)	1.1	8.7	26.0	2.8
PTT TB	4.1	2.4	(3.1)	(0.8)	(5.3)	(1.7)	6.5	13.6
PTTEP TB	2.7	9.2	(22.3)	(5.0)	(6.7)	5.1	(12.8)	9.4
PTTGC TB	10.4	21.3	(21.4)	(9.0)	1.0	17.2	(11.9)	5.4
SCC TB	13.4	24.6	(15.2)	13.1	4.0	20.5	(5.6)	27.5
SPRC TB	(7.1)	2.0	(37.3)	(20.6)	(16.6)	(2.1)	(27.8)	(6.2)
TOP TB	7.0	26.6	(41.1)	8.0	(2.4)	22.5	(31.5)	22.4

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 existing business.
- Expanding further into more high-value products.

W — Weakness

- Limited growth to expand capacity in Thailand.
- Several Thai companies have made investment overseas, which yielded lower returns 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 with 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)	(%)	(%)
Australia	(0.7)	7.7	21.3	21.9	1.6	1.5	6.1	5.6	3.1	3.8
China	(8.5)	5.2	9.4	8.9	0.7	0.7	5.0	4.8	6.1	6.3
India	(31.9)	34.7	13.2	8.9	1.4	1.2	10.4	8.6	3.4	4.1
S.Korea	na	na	41.2	19.6	0.8	0.7	12.5	8.5	1.4	2.0
USA	(19.9)	8.7	12.9	11.6	1.6	1.5	5.3	5.0	4.1	4.4
Thailand	2.1	7.1	9.6	13.9	0.7	0.7	5.9	5.0	4.7	5.0
Average	(11.8)	12.7	17.9	14.1	1.1	1.1	7.5	6.3	3.8	4.3

Sources: Bloomberg Consensus

Note: * Thanachart estimate – using normalized EPS

BUY

(From: SELL)

TP: Bt 37.00

(From: Bt 29.00)

Change in Recommendation

Upside : 15.6%

18 JULY 2025

Small Cap Research

Bangchak Corporation Pcl (BCPTB)

Better outlook, lower valuation

We upgrade our rating BCP to BUY due to the improving outlook of the upstream oil and refinery businesses while the stock's valuation has come down after the 6% YTD correction in share price. We value BCP at Bt37/share.



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Improved outlook at a cheaper price; BUY

This report is a part of Energy Sector – *Dividend in the rough*, dated 18 July 2025. We upgrade our call on BCP to BUY from Sell with a DCF-based 12-month TP (2025F base year) of Bt37 (from Bt29). *First*, the outlook for the upstream oil and refinery businesses has improved, and we lift our earnings estimates for BCP by 37/36/15% over 2025–27F. *Second*, the economics of its Sustainable Aviation Fuel (SAF) plant should improve as BCP plans to produce more higher-margin green diesel (HVO), rather than SAF. *Third*, we expect BCP to benefit from Bangchak Corporation Pcl's (BSRC TB, Bt4.64, BUY) debottlenecking efforts, which should result in margin expansion from 2026F. *Finally*, the stock has corrected by 6% YTD and looks more attractive to us on 8.0x PE and 0.7x P/BV in 2025F.

Raising our earnings

We raise our earnings for BCP by 37/36/15% for 2025–27F on our higher oil price and gross refining margin (GRM) assumptions. Our Brent forecasts are revised up by US\$5 to US\$70/65/65 per barrel in 2025-27F to reflect higher geopolitical risk. We also lift our Singapore complex GRM assumptions by US\$1.0/0.7/0.2 to US\$5.8/5.5/5.8 per barrel to reflect some permanent refinery shutdowns in the US and Europe, which helps reduce supply pressure. We also factor in a US\$0.3/bbl margin uplift from 2026F from 81.74%-owned BSRC's debottlenecking projects.

Plan adjustment for SAF project

BCP's sustainable aviation fuel (SAF) plant, with a capacity of 1m litres per day, was 97% complete as of April 2025. The company plans to start up the plant in 4Q25, a slight delay from its previous target of 3Q25. Due to low SAF margin from slow adoption by the airline industry, BCP now plans to increase the output mix of renewable diesel or Hydrotreated Vegetable Oil (HVO) to 60% from 5-8% in the original plan. Contract negotiations with customers are underway. Our numbers conservatively assume a plant start-up in 4Q25F with no profit contribution in the future.

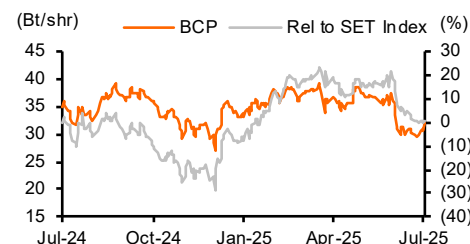
Margin uplift from BSRC

BSRC has a plan to debottleneck its 174kbd refinery unit. We estimate BSRC's GRM to rise by US\$0.45-0.65/bbl from 2Q25 onward. One area of the project is the upgrading multi-buoy mooring facilities to accommodate a Very Large Crude Carrier (VLCC), which is scheduled to begin operation in 4Q25. This should help reduce freight costs by US\$0.35-0.45/bbl. Another area of the plan is a catalyst switching of the refinery in May 2025. That would lengthen the catalyst life in processing higher-sulfur crude, which should save another US\$0.1-0.2/bbl in costs.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	589,877	403,527	400,170	397,371
Net profit	2,185	5,163	6,960	7,141
Consensus NP	—	5,869	8,014	8,942
Diff frm cons (%)	—	(12.0)	(13.2)	(20.1)
Norm profit	6,631	5,540	6,960	7,141
Prev. Norm profit	—	4,059	5,134	6,239
Chg frm prev (%)	—	36.5	35.6	14.5
Norm EPS (Bt)	4.8	4.0	5.1	5.2
Norm EPS grw (%)	(31.6)	(16.5)	25.6	2.6
Norm PE (x)	6.6	8.0	6.3	6.2
EV/EBITDA (x)	3.4	2.6	2.8	2.3
P/BV (x)	0.7	0.7	0.6	0.6
Div yield (%)	3.3	3.5	4.7	4.9
ROE (%)	10.1	9.0	10.5	10.0
Net D/E (%)	113.4	73.4	84.5	69.6

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 17-Jul-25 (Bt)	32.00
Market Cap (US\$ m)	1,354.4
Listed Shares (m shares)	1,376.9
Free Float (%)	50.6
Avg Daily Turnover (US\$ m)	10.6
12M Price H/L (Bt)	39.25/27.00
Sector	Energy
Major Shareholder	Social Security Office 15.11%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P28

Ex 1: Key Earnings Revisions

	2022	2023	2024	2025F	2026F	2027F
Reported profit (Bt m)						
- New	12,575	13,231	2,185	5,163	6,960	7,141
- Old				4,059	5,134	6,239
- Change (%)				27.2	35.6	14.5
Norm profit (Bt m)						
- New	15,337	9,699	6,631	5,540	6,960	7,141
- Old				4,059	5,134	6,239
- Change (%)				36.5	35.6	14.5
Market GRM (US\$/bbl)						
- New	14.3	8.0	4.1	5.0	5.3	5.4
- Old				4.6	4.9	5.0
- Change (%)				8.4	8.7	7.3
Brent oil price (US\$/bbl)						
- New	97	82	73	70	65	65
- Old				65	60	60
- Change (%)				7.7	8.3	8.3
Oil marketing margin (Bt/litre)						
- New	0.9	0.94	0.80	0.85	0.90	0.90
- Old				0.80	0.80	0.80
- Change (%)				6.3	12.5	12.5

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	43,057	45,004	51,609	50,652	48,761	44,035	39,186	38,475	38,057	37,719	37,660	37,648	
Free cash flow *	20,119	14,886	14,920	13,621	11,870	10,856	8,510	10,608	10,916	13,889	13,867	16,794	236,408
PV of free cash flow *	20,064	12,724	11,789	9,947	8,013	6,775	4,910	5,656	5,381	6,329	5,841	6,538	92,035
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.3												
WACC (%)	8.2												
Terminal growth (%)	1.0												
Enterprise value - add investments	175,938												
Net debt	98,102												
Minority interest	26,729												
Equity value	51,107												
# of shares (m)	1,377												
Equity value/share (Bt)	37												

Sources: Company data, Thanachart estimates

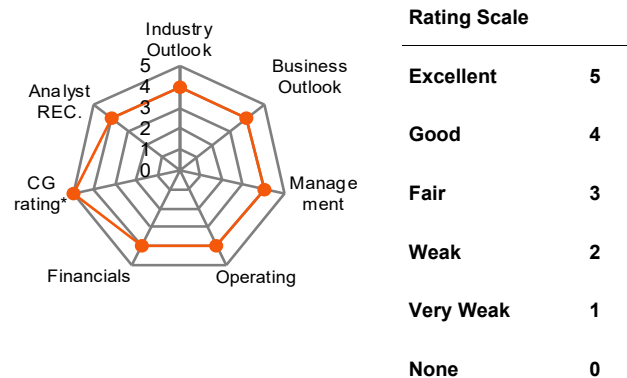
Note: *Excluding solar farm cash flows, our TP is rounded up

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
Target price (Bt)	40.47	37.00	-9%
Net profit 25F (Bt m)	5,869	5,163	-12%
Net profit 26F (Bt m)	8,014	6,960	-13%
Consensus REC	BUY: 12	HOLD: 7	SELL: 2

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

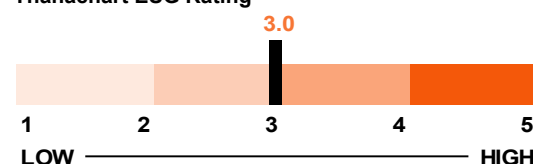
RISKS TO OUR INVESTMENT CASE

- GRM represents the key risk to our forecasts. If GRM were to decrease substantially, it would be the key downside risk to our BUY call.
- Secondary downside risk would be lower oil price which could lead to lower income from E&P subsidiary and stock loss.

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.

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)
BCP	-	-	-	AA	60.14	66.76	85.00	-	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

- BCP is an oil refining company that also runs a large petrol station network and has invested in overseas E&P businesses. Given that it is still a 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) emissions. BCP targets to achieve net-zero GHG emissions by 2050 and be a carbon-neutral organization by 2030.
- Despite BCP releasing 0.94m tonnes of CO₂ equivalent in 2023, which was a similar level to 2022, the 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 the board chairman is independent, while over two-thirds of the board members are independent directors.
- BCP has an audit committee and a 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 the 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	403,527	400,170	397,371
Cost of sales	354,055	552,412	370,057	365,133	355,415
Gross profit	31,798	37,465	33,470	35,038	41,956
% gross margin	8.2%	6.4%	8.3%	8.8%	10.6%
Selling & administration expenses	11,781	15,275	12,106	12,005	11,921
Operating profit	20,018	22,190	21,364	23,032	30,035
% operating margin	5.2%	3.8%	5.3%	5.8%	7.6%
Depreciation & amortization	14,370	20,056	21,693	21,971	21,574
EBITDA	34,388	42,246	43,057	45,004	51,609
% EBITDA margin	8.9%	7.2%	10.7%	11.2%	13.0%
Non-operating income	1,766	8,755	3,000	3,000	3,000
Non-operating expenses	0	0	0	0	0
Interest expense	(4,980)	(7,001)	(7,030)	(8,140)	(8,951)
Pre-tax profit	16,803	23,944	17,333	17,892	24,084
Income tax	8,766	16,818	11,126	10,385	16,012
After-tax profit	8,037	7,127	6,207	7,508	8,072
% net margin	2.1%	1.2%	1.5%	1.9%	2.0%
Shares in affiliates' Earnings	340	1,361	1,361	1,361	1,361
Minority interests	1,322	(1,856)	(2,028)	(1,909)	(2,292)
Extraordinary items	3,532	(4,447)	(378)	0	0
NET PROFIT	13,231	2,185	5,163	6,960	7,141
Normalized profit	9,699	6,631	5,540	6,960	7,141
EPS (Bt)	9.6	1.6	3.7	5.1	5.2
Normalized EPS (Bt)	7.0	4.8	4.0	5.1	5.2

We expect higher profit in 2026-27F from BSRC's debottlenecking projects

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	121,881	105,231	79,911	79,346	78,457
Cash & cash equivalent	36,795	29,408	28,626	28,626	28,626
Account receivables	33,274	33,169	22,690	22,502	22,344
Inventories	47,840	41,210	27,606	27,239	26,514
Others	3,972	1,445	988	980	973
Investments & loans	29,382	32,895	32,895	32,895	32,895
Net fixed assets	119,374	115,748	119,055	117,084	115,510
Other assets	69,792	62,667	51,817	74,683	74,520
Total assets	340,429	316,542	283,678	304,009	301,382
LIABILITIES:					
Current liabilities:	87,879	81,177	57,072	57,509	55,801
Account payables	41,287	34,252	22,945	22,640	22,037
Bank overdraft & ST loans	13,354	15,030	4,814	5,625	5,136
Current LT debt	14,501	16,131	13,118	15,327	13,996
Others current liabilities	18,738	15,764	16,195	13,918	14,632
Total LT debt	100,414	96,349	78,353	91,542	83,593
Others LT liabilities	52,104	52,542	56,085	55,741	55,453
Total liabilities	240,397	230,068	191,511	204,791	194,848
Minority interest	27,920	26,729	28,757	30,666	32,958
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)
Retained earnings	48,738	47,594	51,260	56,401	61,427
Shareholders' equity	72,112	59,745	63,410	68,551	73,577
Liabilities & equity	340,429	316,542	283,678	304,009	301,382

Sources: Company data, Thanachart estimates

BCP's balance sheet to remain strong despite BSRC acquisition

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	16,803	23,944	17,333	17,892	24,084
Tax paid	(8,766)	(16,818)	(11,126)	(10,385)	(16,012)
Depreciation & amortization	14,370	20,056	21,693	21,971	21,574
Chg In working capital	(17,043)	(300)	12,775	251	280
Chg In other CA & CL / minorities	31,349	2,208	2,248	(908)	2,082
Cash flow from operations	36,713	29,091	42,924	28,822	32,007
Capex	(60,725)	(16,430)	(25,000)	(20,000)	(20,000)
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)	14,016	(23,211)	(124)
Cash flow from investments	(90,627)	(20,745)	(10,984)	(43,211)	(20,124)
Debt financing	47,430	(871)	(31,224)	16,207	(9,768)
Capital increase	0	0	0	0	0
Dividends paid	(3,209)	(3,985)	(1,497)	(1,818)	(2,115)
Warrants & other surplus	(681)	(10,877)	0	0	0
Cash flow from financing	43,541	(15,733)	(32,722)	14,389	(11,883)
Free cash flow	(24,012)	12,660	17,924	8,822	12,007

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

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	4.5	6.6	8.0	6.3	6.2
Normalized PE - at target price (x)	5.3	7.7	9.2	7.3	7.1
PE (x)	3.3	20.2	8.5	6.3	6.2
PE - at target price (x)	3.9	23.3	9.9	7.3	7.1
EV/EBITDA (x)	3.9	3.4	2.6	2.8	2.3
EV/EBITDA - at target price (x)	4.1	3.5	2.8	3.0	2.4
P/BV (x)	0.6	0.7	0.7	0.6	0.6
P/BV - at target price (x)	0.7	0.9	0.8	0.7	0.7
P/CFO (x)	1.2	1.5	1.0	1.5	1.4
Price/sales (x)	0.1	0.1	0.1	0.1	0.1
Dividend yield (%)	6.3	3.3	3.5	4.7	4.9
FCF Yield (%)	(54.5)	28.7	40.7	20.0	27.3
(Bt)					
Normalized EPS	7.0	4.8	4.0	5.1	5.2
EPS	9.6	1.6	3.7	5.1	5.2
DPS	2.0	1.1	1.1	1.5	1.6
BV/share	52.4	43.4	46.1	49.8	53.4
CFO/share	26.7	21.1	31.2	20.9	23.2
FCF/share	(17.4)	9.2	13.0	6.4	8.7

Sources: Company data, Thanachart estimates

*We see its 8.0x 2025F PE
as attractive*

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	23.6	52.9	(31.6)	(0.8)	(0.7)
Net profit (%)	5.2	(83.5)	136.3	34.8	2.6
EPS (%)	5.2	(83.5)	136.3	34.8	2.6
Normalized profit (%)	(36.8)	(31.6)	(16.5)	25.6	2.6
Normalized EPS (%)	(36.8)	(31.6)	(16.5)	25.6	2.6
Dividend payout ratio (%)	20.8	66.2	30.0	30.0	30.0
Operating performance					
Gross margin (%)	8.2	6.4	8.3	8.8	10.6
Operating margin (%)	5.2	3.8	5.3	5.8	7.6
EBITDA margin (%)	8.9	7.2	10.7	11.2	13.0
Net margin (%)	2.1	1.2	1.5	1.9	2.0
D/E (incl. minor) (x)	1.3	1.5	1.0	1.1	1.0
Net D/E (incl. minor) (x)	0.9	1.1	0.7	0.8	0.7
Interest coverage - EBIT (x)	4.0	3.2	3.0	2.8	3.4
Interest coverage - EBITDA (x)	6.9	6.0	6.1	5.5	5.8
ROA - using norm profit (%)	3.3	2.0	1.8	2.4	2.4
ROE - using norm profit (%)	14.4	10.1	9.0	10.5	10.0
DuPont					
ROE - using after tax profit (%)	11.9	10.8	10.1	11.4	11.4
- asset turnover (x)	1.3	1.8	1.3	1.4	1.3
- operating margin (%)	5.6	5.2	6.0	6.5	8.3
- leverage (x)	4.3	5.0	4.9	4.5	4.3
- interest burden (%)	77.1	77.4	71.1	68.7	72.9
- tax burden (%)	47.8	29.8	35.8	42.0	33.5
WACC (%)	8.2	8.2	8.2	8.2	8.2
ROIC (%)	9.9	4.0	4.8	7.4	6.6
NOPAT (Bt m)	9,575	6,604	7,650	9,665	10,066
invested capital (Bt m)	163,584	157,847	131,070	152,418	147,676

Sources: Company data, Thanachart estimates

We expect ROE to trend higher with higher profits in 2025-27F

BUY (From: SELL)
Change in Recommendation

TP: Bt 5.20 (From: Bt 4.70)
Upside : 12.1% **18 JULY 2025**

Small Cap Research

Bangchak Sriracha Pcl (BSRC TB)

A cheaper way into BCP

We upgrade our rating on BSRC to BUY due to an improved refinery margin outlook and its debottlenecking projects, which lead us to raise our earnings estimates. We view BSRC, due to its tender offer ratio, as a cheaper way to gain exposure to BCP.



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Upgrading to BUY

This report is a part of Energy Sector – *Dividend in the rough*, dated 18 July 2025. We upgrade our call on BSRC to BUY (from Sell). *First*, we are more positive on the global refinery market outlook on the back of some plant closures that reduce supply pressure. *Second*, we expect BSRC's debottlenecking projects to enhance its gross refining margin (GRM). Together with the improved global refinery industry outlook, we revise up our earnings estimates for BSRC by 8/25/8% in 2025-27F and our DCF-based 12-month TP (2025F base year) to Bt5.2 (from Bt4.7). *Third*, BSRC offers cheaper exposure to Bangchak Corporation PCL (BCP TB, Bt32.00, BUY), trading at a 3% discount to BCP at a tender offer conversion ratio of 6.5 BSRC shares for 1 BCP share.

Raising our GRM assumptions

We lift our Singapore complex GRM assumptions by US\$1.0/0.7/0.2 to US\$5.8/5.5/5.8 per barrel for 2025–27F. This reflects a tighter global supply following permanent shutdowns in the US and Europe. Our stable GRM assumptions for the next three years reflect the soft demand outlook resulting from the global economic slowdown, amid moderate supply additions. See Exhibit 22 in the main sector report for the worldwide demand and supply outlook.

Debottlenecking to enhance margins

BSRC is implementing two margin-enhancing projects. The Catalyst Switching on The Fly project, completed in May 2025, aims to extend catalyst life, enabling the processing of higher-sulfur crude. BSRC expects this to enhance GRM by US\$0.1–0.2/bbl. Another project is to upgrade multi-buoy mooring facilities to accommodate a Very Large Crude Carrier (VLCC), scheduled for completion in 4Q25. BSRC expects this to reduce freight costs by US\$0.35–0.45/bbl. Combined, these two projects should boost GRM by US\$0.45–0.65/bbl from 2Q25F onward. We also factor this in our 2025-27F profit.

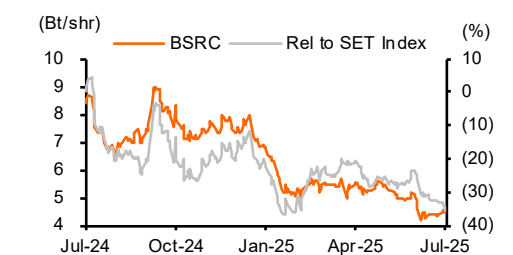
A tender offer

BCP has announced a share-swap tender offer for the remaining 18.3% stake in BSRC at a ratio of 6.5 BSRC shares for 1 BCP share. The offer period runs from mid-September to November 2025, with BSRC's de-listing in December. Based on the conversion ratio, BSRC is trading at a 3% discount to BCP, implying that BSRC offers a cheaper way to gain entry into BCP.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	245,434	243,644	165,990	165,990
Net profit	(1,647)	958	1,661	2,299
Consensus NP	—	1,817	2,871	2,973
Diff frm cons (%)	—	(47.3)	(42.2)	(22.7)
Norm profit	1,066	1,618	2,321	2,299
Prev. Norm profit	—	1,498	1,852	2,125
Chg frm prev (%)	—	8.0	25.3	8.2
Norm EPS (Bt)	0.3	0.5	0.7	0.7
Norm EPS grw (%)	36.6	51.8	43.4	(0.9)
Norm PE (x)	15.1	9.9	6.9	7.0
EV/EBITDA (x)	7.2	5.4	3.4	3.0
P/BV (x)	0.6	0.6	0.6	0.6
Div yield (%)	1.7	2.4	4.1	5.7
ROE (%)	4.0	6.3	8.8	8.3
Net D/E (%)	65.1	57.0	24.7	14.8

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 17-Jul-25 (Bt)	4.64
Market Cap (US\$ m)	493.6
Listed Shares (m shares)	3,460.9
Free Float (%)	18.3
Avg Daily Turnover (US\$ m)	0.4
12M Price H/L (Bt)	9.00/4.16
Sector	Energy
Major Shareholder	Bangchak Corp. Pcl 81.74%

Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: Earnings Revisions

	2022	2023	2024	2025F	2026F	2027F
BSRC's market GRM (US\$/bbl)						
New	5.8	3.8	3.5	3.3	3.6	3.6
Old				2.9	3.2	3.5
Change (%)				15.8	11.7	3.3
Refinery utilization (%)						
New	75	68	85	85	85	85
Old				87	87	87
Change (%)				(2.3)	(2.3)	(2.3)
Reported profit (Bt m)						
New	9,508	780	(1,647)	958	1,661	2,299
Old				838	1,192	2,125
Change (%)				14.3	39.4	8.2
Normalized profit (Bt m)						
New	11,007	780	1,066	1,618	2,321	2,299
Old				1,498	1,852	2,125
Change (%)				8.0	25.3	8.2

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	5,665	6,635	6,816	7,283	4,959	4,877	4,181	4,237	4,276	4,153	4,356	4,398	
Free cash flow	3,082	9,628	3,708	4,121	2,188	2,210	1,702	1,792	1,855	1,804	1,981	2,039	32,222
PV of free cash flow	3,073	8,187	2,907	2,978	1,458	1,358	964	936	893	801	811	770	12,161
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	8.5												
Terminal growth (%)	2.0												
Enterprise value - add investments	34,224												
Net debt (2024A)	16,391												
Minority interest	0												
Equity value	17,833												
# of shares (m)	3,461												
Equity value/share (Bt)	5.2												

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 had rebranded all of its petrol stations into Bangchak stations by the end of 2024.

Source: Thanachart

THANACHART’S SWOT ANALYSIS

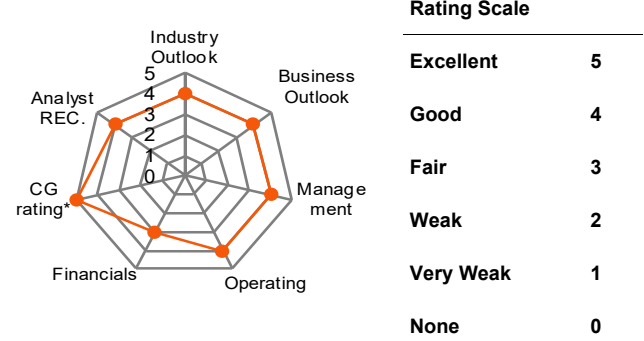
S — Strength

- 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.

COMPANY RATING



Source: Thanachart; *CG Rating

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)	6.07	5.20	-14%
Net profit 25F (Bt m)	1,817	958	-47%
Net profit 26F (Bt m)	2,871	1,661	-42%
Consensus REC	BUY: 4	HOLD: 2	SELL: 2

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

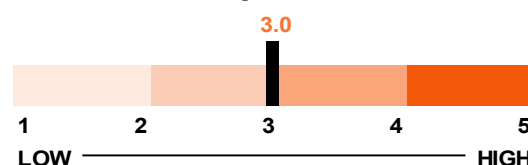
RISKS TO OUR INVESTMENT CASE

- Lower-than-expected refining margins would be the key downside risk to our call.
- Lower-than-expected domestic demand growth would negatively impact BSRC’s oil retail business, which is a downside risk to our call.

Source: Thanachart

Bangchak Sriracha Pcl (BSRC) is a mid-scale Thai refining company with 174k bbl of capacity. It's now 82% owned by BCP. BSRC also has petrol stations which have all been converted into BCP's Bangchak brand. Our ESG score for BSRC is 3.0, which is slightly above the 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)
BSRC	-	-	-	-	58.46	53.87	38.00	-	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

- 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 161kg/BOE, which is below the 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 a decent governance and sustainability score of 3.2.
- BSRC has an appropriate board structure with an independent board chair and more than half (7 out of 12) of the 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 a 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 hasn't diversified itself outside the energy space and it lacks green initiatives.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	229,538	245,434	243,644	165,990	165,990
Cost of sales	223,344	238,904	236,007	159,218	159,151
Gross profit	6,194	6,530	7,637	6,772	6,839
% gross margin	2.7%	2.7%	3.1%	4.1%	4.1%
Selling & administration expenses	5,217	5,440	5,400	3,679	3,679
Operating profit	976	1,091	2,237	3,093	3,160
% operating margin	0.4%	0.4%	0.9%	1.9%	1.9%
Depreciation & amortization	2,912	3,396	3,428	3,541	3,655
EBITDA	3,888	4,487	5,665	6,635	6,816
% EBITDA margin	1.7%	1.8%	2.3%	4.0%	4.1%
Non-operating income	289	154	268	318	318
Non-operating expenses	0	0	0	0	0
Interest expense	(735)	(1,062)	(1,031)	(1,060)	(988)
Pre-tax profit	531	183	1,474	2,352	2,491
Income tax	110	(542)	240	415	575
After-tax profit	420	726	1,234	1,937	1,916
% net margin	0.2%	0.3%	0.5%	1.2%	1.2%
Shares in affiliates' Earnings	361	340	384	384	384
Minority interests	(1)	0	0	0	0
Extraordinary items	0	(2,713)	(660)	(660)	0
NET PROFIT	780	(1,647)	958	1,661	2,299
Normalized profit	780	1,066	1,618	2,321	2,299
EPS (Bt)	0.2	(0.5)	0.3	0.5	0.7
Normalized EPS (Bt)	0.2	0.3	0.5	0.7	0.7

We expect BSRC's profit to recover in 2025F due to lower stock loss.

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	36,408	33,052	34,549	24,386	24,381
Cash & cash equivalent	976	1,191	3,000	3,000	3,000
Account receivables	15,373	13,589	13,490	9,190	9,190
Inventories	18,713	16,467	16,267	10,974	10,970
Others	1,345	1,806	1,792	1,221	1,221
Investments & loans	2,079	2,259	2,259	2,259	2,259
Net fixed assets	22,888	21,857	20,959	19,948	18,823
Other assets	9,688	8,666	8,626	6,897	6,897
Total assets	71,062	65,834	66,393	53,489	52,359
LIABILITIES:					
Current liabilities:	22,618	26,151	25,128	16,071	14,354
Account payables	8,371	11,429	11,291	7,617	7,614
Bank overdraft & ST loans	8,234	5,995	6,038	3,291	2,458
Current LT debt	4,641	4,969	5,005	2,728	2,037
Others current liabilities	1,372	3,758	2,794	2,434	2,246
Total LT debt	15,433	6,617	6,665	3,633	2,713
Others LT liabilities	4,688	7,884	8,792	6,839	6,839
Total liabilities	42,739	40,653	40,584	26,543	23,906
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
Retained earnings	6,679	3,976	4,604	5,741	7,249
Shareholders' equity	28,315	25,181	25,809	26,946	28,453
Liabilities & equity	71,062	65,834	66,393	53,489	52,359

Limited capex and healthy GRM support balance sheet.

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

*We expect positive FCF
with limited capex*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	531	183	1,474	2,352	2,491
Tax paid	(110)	542	(240)	(415)	(575)
Depreciation & amortization	2,912	3,396	3,428	3,541	3,655
Chg In working capital	737	7,088	160	5,919	1
Chg In other CA & CL / minorities	7,466	2,349	(567)	595	195
Cash flow from operations	11,535	13,559	4,255	11,993	5,768
Capex	(2,818)	(2,366)	(2,530)	(2,530)	(2,530)
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)	1,180	287	(883)	0
Cash flow from investments	(3,856)	(1,131)	(2,243)	(3,413)	(2,530)
Debt financing	(7,627)	(10,726)	127	(8,056)	(2,446)
Capital increase	0	0	0	0	0
Dividends paid	(1,038)	(1,142)	(330)	(524)	(792)
Warrants & other surplus	(161)	(432)	0	0	0
Cash flow from financing	(8,826)	(12,301)	(203)	(8,580)	(3,238)
Free cash flow	8,718	11,193	1,725	9,463	3,238

VALUATION

*We think BSRC's
valuation is attractive*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	20.6	15.1	9.9	6.9	7.0
Normalized PE - at target price (x)	23.1	16.9	11.1	7.8	7.8
PE (x)	20.6	na	16.8	9.7	7.0
PE - at target price (x)	23.1	na	18.8	10.8	7.8
EV/EBITDA (x)	11.2	7.2	5.4	3.4	3.0
EV/EBITDA - at target price (x)	11.7	7.7	5.8	3.7	3.3
P/BV (x)	0.6	0.6	0.6	0.6	0.6
P/BV - at target price (x)	0.6	0.7	0.7	0.7	0.6
P/CFO (x)	1.4	1.2	3.8	1.3	2.8
Price/sales (x)	0.1	0.1	0.1	0.1	0.1
Dividend yield (%)	5.4	1.7	2.4	4.1	5.7
FCF Yield (%)	54.3	69.7	10.7	58.9	20.2
(Bt)					
Normalized EPS	0.2	0.3	0.5	0.7	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	8.2
CFO/share	3.3	3.9	1.2	3.5	1.7
FCF/share	2.5	3.2	0.5	2.7	0.9

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(12.7)	6.9	(0.7)	(31.9)	0.0
Net profit (%)	(91.8)	na	na	73.3	38.5
EPS (%)	(91.8)	na	na	73.3	38.5
Normalized profit (%)	(92.9)	36.6	51.8	43.4	(0.9)
Normalized EPS (%)	(92.9)	36.6	51.8	43.4	(0.9)
Dividend payout ratio (%)	110.9	(16.8)	40.0	40.0	40.0
Operating performance					
Gross margin (%)	2.7	2.7	3.1	4.1	4.1
Operating margin (%)	0.4	0.4	0.9	1.9	1.9
EBITDA margin (%)	1.7	1.8	2.3	4.0	4.1
Net margin (%)	0.2	0.3	0.5	1.2	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	0.2	0.1
Interest coverage - EBIT (x)	1.3	1.0	2.2	2.9	3.2
Interest coverage - EBITDA (x)	5.3	4.2	5.5	6.3	6.9
ROA - using norm profit (%)	1.0	1.6	2.4	3.9	4.3
ROE - using norm profit (%)	2.8	4.0	6.3	8.8	8.3
DuPont					
ROE - using after tax profit (%)	1.5	2.7	4.8	7.3	6.9
- asset turnover (x)	2.9	3.6	3.7	2.8	3.1
- operating margin (%)	0.6	0.5	1.0	2.1	2.1
- leverage (x)	2.8	2.6	2.6	2.3	1.9
- interest burden (%)	41.9	14.7	58.8	68.9	71.6
- tax burden (%)	79.2	395.9	83.8	82.4	76.9
WACC (%)	8.5	8.5	8.5	8.5	8.5
ROIC (%)	1.2	7.8	4.5	6.3	7.2
NOPAT (Bt m)	773	4,319	1,874	2,547	2,431
invested capital (Bt m)	55,647	41,572	40,518	33,599	32,660

Sources: Company data, Thanachart estimates

Expect ROE to improve
with project upgrades

SELL (Unchanged)

Change in Numbers

TP: Bt 0.77 (From: Bt 0.70)

Downside : 12.5%
18 JULY 2025

IRPC Public Co Ltd (IRPC TB)

Scale matters

IRPC is suffering from the industry downcycle more than its peers due to its small-scale capacity. We expect its losses to continue into 2027F and reaffirm our SELL rating on the stock.


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Continued losses; SELL

This report is part of Energy Sector – *Dividend in the rough*, dated 18 July 2025. We reaffirm our SELL rating on IRPC and increase our DCF-based 12-month TP (2025F base year) to Bt0.77 (from Bt0.70) after cutting our 2025–27F earnings estimates to reflect lower GIM assumptions (see Exhibit 1). *First*, we expect IRPC to continue incurring losses into 2027F due to the prolonged petrochemical downturn and its cost disadvantage as a small-scale and long integrated value chain operator. *Second*, IRPC will likely continue to generate losses, and we estimate its net D/E ratio to remain high at 0.9x in 2025–27F. We expect a potential new partner to inject capital would dilute shareholder returns. *Finally*, given that it is still a loss-making company and with the risk of an asset impairment, we do not see its 2025F P/BV ratio of 0.3x as attractive.

Operating costs remain high

IRPC's operating cost base is high at US\$9-10/bbl vs. its integrated margin (margin from both refinery and petrochemical business) of US\$7.7/bbl this year. Its high-cost structure is due to its small-scale capacity (see capacity breakdown in Exhibit 2). Most of its product lines are also in weak cycles with low spreads, including aromatics, olefins, and lube. Persistent global chemical oversupply, particularly from China's lower-cost capacity additions, has kept spreads depressed and made IRPC less competitive.

Weak balance sheet

IRPC has reported losses for three consecutive years, and we expect this trend to continue into 2027F. Its net D/E ratio rose to 0.94x in 1Q25 (from 0.57x in 2021), approaching the 1.25x covenant threshold. Debt service coverage ratio (DSCR) also weakened to 1.55x in 2024 (from 3.17x in 2021), edging closer to the 1.2x covenant. With ongoing losses, we see risk for IRPC to undertake a cash call to strengthen its balance sheet.

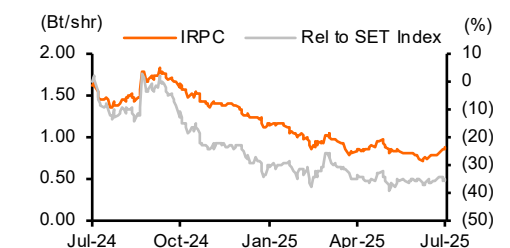
Slow progress in asset restructuring

IRPC is looking to restructure its assets, including asset monetization, utilization improvement, or a search for a strategic partner. However, partner discussions are ongoing and may take time due to the industry's challenging situation. There is also a risk of potential provisions from asset write-downs or shutdowns. In the meantime, persistent operating losses will likely continue to strain liquidity.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	281,711	218,977	211,570	212,043
Net profit	(5,194)	(3,581)	(1,620)	(241)
Consensus NP	—	(2,034)	(122)	1,290
Diff frm cons (%)	—	na	na	na
Norm profit	(4,415)	(1,949)	(600)	(241)
Prev. Norm profit	—	(2,485)	(785)	(417)
Chg frm prev (%)	—	na	na	na
Norm EPS (Bt)	(0.2)	(0.1)	(0.0)	(0.0)
Norm EPS grw (%)	na	na	na	na
Norm PE (x)	na	na	na	na
EV/EBITDA (x)	23.8	11.4	8.4	7.2
P/BV (x)	0.3	0.3	0.3	0.3
Div yield (%)	1.1	3.4	3.4	3.4
ROE (%)	na	na	na	na
Net D/E (%)	88.1	88.9	85.2	79.7

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 17-Jul-25 (Bt)	0.88
Market Cap (US\$ m)	552.8
Listed Shares (m shares)	20,434.4
Free Float (%)	51.9
Avg Daily Turnover (US\$ m)	0.7
12M Price H/L (Bt)	1.82/0.71
Sector	Energy
Major Shareholder	PTT Pcl 45.05%

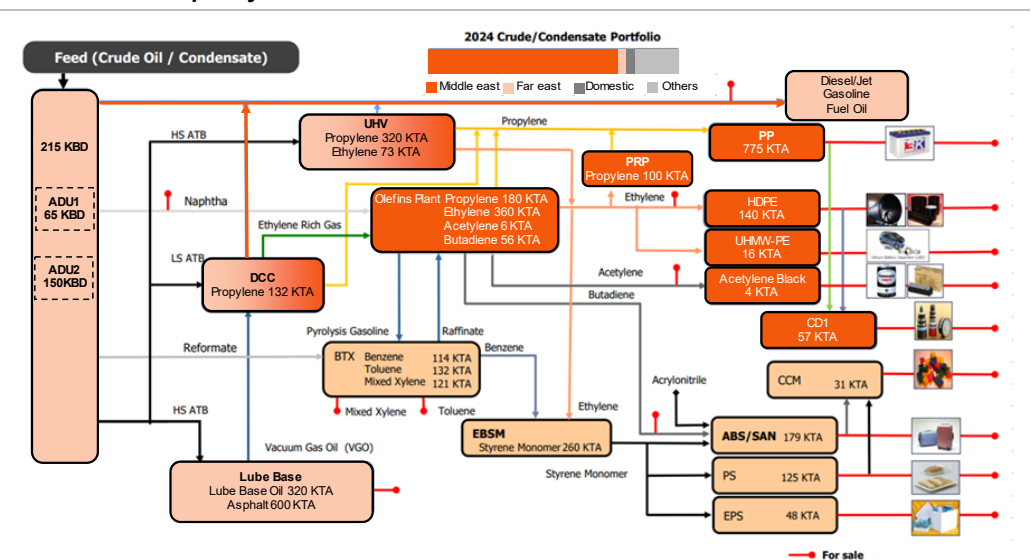
Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: Earnings Revisions

	2022	2023	2024	2025F	2026F	2027F
Net profit (Bt m)						
- New	(4,364)	(2,923)	(5,194)	(3,581)	(1,620)	(241)
- Old				(4,117)	(1,805)	(417)
- Change (%)				na	na	na
Normalized profit (Bt m)						
- New	1,869	(2,547)	(4,415)	(1,949)	(600)	(241)
- Old				(2,485)	(785)	(417)
- Change (%)				na	na	na
Market GIM (US\$/bbl)						
- New	10.6	7.9	7.2	8.4	9.1	9.4
- Old				8.2	9.0	9.1
- Change (%)				2.4	1.2	3.1

Sources: Company data, Thanachart estimates

Ex 2: IRPC's Capacity Breakdown



Source: Company data

Ex 3: 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	6,686	8,553	9,241	9,471	7,988	7,297	6,851	7,257	7,663	8,069	8,475	8,475	
Free cash flow	7,753	8,308	7,147	9,473	3,026	4,286	3,954	4,295	4,639	4,983	5,327	5,350	85,532
PV of free cash flow	7,731	7,074	5,615	6,866	2,023	2,645	2,251	2,256	2,248	2,228	2,198	2,036	32,550
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	8.4												
Terminal growth (%)	2.0												
Enterprise value - add investments	77,721												
Net debt (2024A)	61,800												
Minority interest	143												
Equity value	15,778												
# of shares (m)	20,434												
Equity value/share (Bt)	0.77												

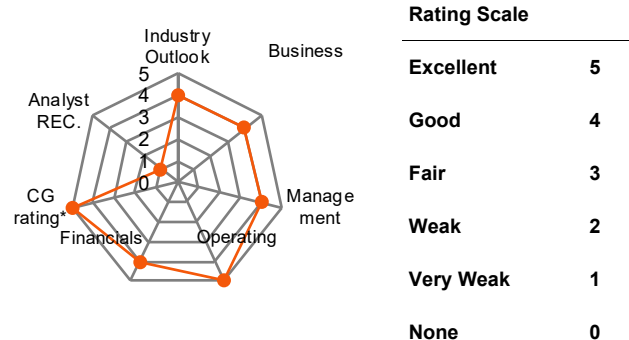
Sources: Company data, Thanachart estimates

COMPANY DESCRIPTION

IRPC Pcl (IRPC) is an integrated refinery and petrochemical complex located on Thailand's eastern seaboard. The company has 215kbd of crude refining capacity, 1.2m tpa of olefin capacity, and 0.6m tpa of aromatics and styrenics capacities. The company's growth strategy primarily focuses on expanding its specialty portfolio, aiming to increase it to 52% of polymer sales volume by 2025, up from its current 22%.

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Integrated refinery and petrochemical complex.
- Part of the PTT group.

O — Opportunity

- Significant potential to cut costs and improve domestic sales portion.
- Potential margin uplift from successful expansion in its specialty portfolio.

W — Weakness

- Legacy cost structure.
- Relatively isolated location in the Map Ta Phut Industrial Estate on the eastern seaboard.

T — Threat

- Weaker-than-expected refining margins and petrochemical spreads from either soft demand or significant growth in new supplies.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	0.96	0.77	-20%
Net profit 25F (Bt m)	-2,034	-3,581	na
Net profit 26F (Bt m)	-122	-1,620	na
Consensus REC	BUY: 1	HOLD: 8	SELL: 10

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F losses are much lower than the Bloomberg consensus estimates, which we attribute to us having more conservative chemical and GRM assumptions.
- Consequently, our TP is lower than the Street's.

RISKS TO OUR INVESTMENT CASE

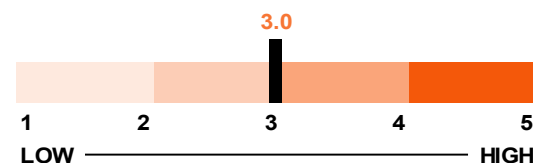
- Higher-than-expected refining margins or petrochemical spreads would be the key upside risk to our call.
- If the crude oil price were to come down to a low level, leading to lower operating costs, this would be a secondary upside risk to our call.
- Delivering more cost savings and/or productivity improvements would be another upside risk to our call.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

IRPC is a fully integrated refinery and naphtha-based petrochemical producer, with a 45% stake held by PTT. Its ESG score stands at 3.01, slightly above its peer average of 2.94. While IRPC's environmental score is weighed down by high carbon emissions, this is offset by a strong social score, supported in part by its well-established labor unions and proactive employee engagement.

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)
IRPC	-	-	YES	BBB	58.45	78.83	72.00	-	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

- We assign a 2.75 E score to IRPC, which is below the sector average of 2.9 due to its higher greenhouse gas (GHG) emissions.
- Carbon emission intensity was 320kg CO₂ per barrel of crude oil equivalent in 2024, above its peers' average of 280kg CO₂ per barrel of crude oil equivalent. We believe this was due to IRPC having the longest operating chain among Thai downstream operators
- IRPC's absolute greenhouse gas emissions (Scope 1 and Scope 2) totalled 3.77m tonnes of CO₂ equivalent in 2024, in line with its targets, achieving a 3% reduction as part of its goal to cut emissions by 20% by 2030 from the 2018 base year, with a long-term commitment to reach carbon neutrality by 2050 and net-zero emissions by 2060.
- The company is exploring projects to adopt renewable and clean energy, such as a floating solar farm, and is also studying long-term targets based on IRPC's Energy Intensity Index (EII) to reduce energy consumption and improve energy efficiency.

SOCIAL

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

- We assign IRPC an S score of 3.45, above its peer average of 2.8.
- IRPC achieved a community satisfaction score of 80.9%, a customer satisfaction score of 92.8%, and an employee engagement score of 82% in 2024, and was honored as the first private organization to receive the Gold-level Human Rights Model Organization Award from the Ministry of Justice for its continued excellence in human rights practices.
- The company has a total of 7 labor union groups, with employees as union members at a certain percentage. In 2024, the company received 3 suggestions from the unions, all of which have been addressed.
- The company carries out social responsibility projects such as smart farming to improve livelihoods for farmers and people with disabilities, supports youth skill development through hands-on agricultural learning, promotes sustainable tourism, and recycles plastic waste into prosthetic devices to aid patients and expand recycling efforts.

GOVERNANCE &
SUSTAINABILITY

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

- We assign IRPC a G score of 3.0, in-line with its peer average of 3.0 as we see IRPC having an appropriate board structure. Eight out of 14 board members are independent.
- IRPC's decisions require PTT's approval, mostly just to ensure alignment with the group's policies.
- IRPC's unit costs are high compared with those of its Thai refinery peers, largely due to higher operating costs. However, the company has committed to reducing its operating costs to generate higher returns to shareholders.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	299,075	281,711	218,977	211,570	212,043
Cost of sales	288,142	272,996	208,136	198,677	198,539
Gross profit	10,933	8,715	10,841	12,893	13,504
% gross margin	3.7%	3.1%	5.0%	6.1%	6.4%
Selling & administration expenses	13,888	14,500	13,509	13,809	13,840
Operating profit	(2,955)	(5,785)	(2,668)	(916)	(335)
% operating margin	-1.0%	-2.1%	-1.2%	-0.4%	-0.2%
Depreciation & amortization	8,666	9,141	9,354	9,469	9,577
EBITDA	5,711	3,356	6,686	8,553	9,241
% EBITDA margin	1.9%	1.2%	3.1%	4.0%	4.4%
Non-operating income	1,407	1,298	1,214	1,241	1,244
Non-operating expenses	0	0	0	0	0
Interest expense	(2,021)	(2,427)	(1,687)	(1,625)	(1,505)
Pre-tax profit	(3,569)	(6,914)	(3,141)	(1,300)	(597)
Income tax	(772)	(1,474)	(902)	(412)	(67)
After-tax profit	(2,797)	(5,440)	(2,238)	(888)	(529)
% net margin	-0.9%	-1.9%	-1.0%	-0.4%	-0.2%
Shares in affiliates' Earnings	261	989	261	261	261
Minority interests	(11)	36	28	27	27
Extraordinary items	(376)	(779)	(1,632)	(1,020)	0
NET PROFIT	(2,923)	(5,194)	(3,581)	(1,620)	(241)
Normalized profit	(2,547)	(4,415)	(1,949)	(600)	(241)
EPS (Bt)	(0.1)	(0.3)	(0.2)	(0.1)	(0.0)
Normalized EPS (Bt)	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)

With weak chemical and refinery margins, we expect IRPC to make losses in 2025-27F

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	61,683	56,999	45,163	43,685	43,701
Cash & cash equivalent	6,220	9,924	9,000	9,000	9,000
Account receivables	15,597	13,269	10,314	9,965	9,988
Inventories	32,413	28,791	21,951	20,953	20,939
Others	7,453	5,015	3,898	3,766	3,775
Investments & loans	9,013	8,841	8,841	8,841	8,841
Net fixed assets	114,362	109,789	104,115	96,744	90,522
Other assets	7,604	8,926	7,140	6,929	6,942
Total assets	192,661	184,555	165,258	156,198	150,005
LIABILITIES:					
Current liabilities:	58,944	53,844	37,570	33,354	32,693
Account payables	34,305	29,589	22,559	21,534	21,519
Bank overdraft & ST loans	7,200	6,800	0	0	0
Current LT debt	10,881	9,197	9,563	6,252	5,792
Others current liabilities	6,558	8,257	5,447	5,569	5,382
Total LT debt	52,945	55,727	57,948	56,265	52,128
Others LT liabilities	4,650	4,875	3,907	3,783	3,791
Total liabilities	116,539	114,447	99,424	93,402	88,612
Minority interest	211	143	115	87	60
Preferreds shares	0	0	0	0	0
Paid-up capital	20,434	20,434	20,434	20,434	20,434
Share premium	28,554	28,554	28,554	28,554	28,554
Warrants	0	0	0	0	0
Surplus	(124)	(308)	(308)	(308)	(308)
Retained earnings	27,046	21,285	17,039	14,028	12,652
Shareholders' equity	75,911	69,966	65,719	62,709	61,333
Liabilities & equity	192,661	184,555	165,258	156,198	150,005

Sources: Company data, Thanachart estimates

Weak earnings will likely drag on balance sheet

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	(3,569)	(6,914)	(3,141)	(1,300)	(597)
Tax paid	772	1,474	902	412	67
Depreciation & amortization	8,666	9,141	9,354	9,469	9,577
Chg In working capital	6,256	1,234	2,765	321	(23)
Chg In other CA & CL / minorities	6,220	7,001	(1,433)	515	66
Cash flow from operations	18,345	11,936	8,448	9,417	9,090
Capex	(11,596)	(4,568)	(3,680)	(2,098)	(3,354)
Right of use	(5)	21	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(267)	172	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(2,288)	(3,761)	(814)	(933)	(6)
Cash flow from investments	(14,155)	(8,136)	(4,494)	(3,031)	(3,360)
Debt financing	(581)	655	(4,213)	(4,995)	(4,596)
Capital increase	0	0	0	0	0
Dividends paid	(612)	(612)	(665)	(1,391)	(1,134)
Warrants & other surplus	(7)	(138)	0	0	0
Cash flow from financing	(1,200)	(96)	(4,879)	(6,386)	(5,731)
Free cash flow	6,749	7,368	4,768	7,319	5,736

Low capex help support positive FCF.

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	na	na	na	na	na
Normalized PE - at target price (x)	na	na	na	na	na
PE (x)	na	na	na	na	na
PE - at target price (x)	na	na	na	na	na
EV/EBITDA (x)	14.5	23.8	11.4	8.4	7.2
EV/EBITDA - at target price (x)	14.1	23.1	11.1	8.1	7.0
P/BV (x)	0.2	0.3	0.3	0.3	0.3
P/BV - at target price (x)	0.2	0.2	0.2	0.3	0.3
P/CFO (x)	1.0	1.5	2.1	1.9	2.0
Price/sales (x)	0.1	0.1	0.1	0.1	0.1
Dividend yield (%)	3.4	1.1	3.4	3.4	3.4
FCF Yield (%)	37.5	41.0	26.5	40.7	31.9
(Bt)					
Normalized EPS	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)
EPS	(0.1)	(0.3)	(0.2)	(0.1)	(0.0)
DPS	0.0	0.0	0.0	0.0	0.0
BV/share	3.7	3.4	3.2	3.1	3.0
CFO/share	0.9	0.6	0.4	0.5	0.4
FCF/share	0.3	0.4	0.2	0.4	0.3

Valuation looks unattractive, in our view

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(6.1)	(5.8)	(22.3)	(3.4)	0.2
Net profit (%)	na	na	na	na	na
EPS (%)	na	na	na	na	na
Normalized profit (%)	na	na	na	na	na
Normalized EPS (%)	na	na	na	na	na
Dividend payout ratio (%)	(21.0)	(3.9)	(31.4)	(102.2)	(254.0)
Operating performance					
Gross margin (%)	3.7	3.1	5.0	6.1	6.4
Operating margin (%)	(1.0)	(2.1)	(1.2)	(0.4)	(0.2)
EBITDA margin (%)	1.9	1.2	3.1	4.0	4.4
Net margin (%)	(0.9)	(1.9)	(1.0)	(0.4)	(0.2)
D/E (incl. minor) (x)	0.9	1.0	1.0	1.0	0.9
Net D/E (incl. minor) (x)	0.9	0.9	0.9	0.9	0.8
Interest coverage - EBIT (x)	na	na	na	na	na
Interest coverage - EBITDA (x)	2.8	1.4	4.0	5.3	6.1
ROA - using norm profit (%)	na	na	na	na	na
ROE - using norm profit (%)	na	na	na	na	na
DuPont					
ROE - using after tax profit (%)	na	na	na	na	na
- asset turnover (x)	1.5	1.5	1.3	1.3	1.4
- operating margin (%)	na	na	na	na	na
- leverage (x)	2.5	2.6	2.6	2.5	2.5
- interest burden (%)	230.6	154.1	216.1	(399.0)	(65.6)
- tax burden (%)	na	na	na	na	na
WACC (%)	8.4	8.4	8.4	8.4	8.4
ROIC (%)	(2.0)	(4.1)	(1.4)	(0.5)	(0.3)
NOPAT (Bt m)	(2,955)	(5,785)	(1,901)	(626)	(298)
invested capital (Bt m)	140,717	131,766	124,230	116,225	110,253

Sources: Company data, Thanachart estimates

*With a weak PP spread
and lower GRM, ROE
looks set to remain low*

SELL (From: BUY)
Change in Recommendation

TP: Bt 18.00 (From: Bt 22.00)
Downside : 18.2%

18 JULY 2025

Indorama Ventures Pcl (IVL TB)

Unattractive matrix

We downgrade our rating on IVL to SELL due to its unattractive valuation matrix and the fact that the PET industry is still in a down cycle. Trading at a 2025F PE of 29.8x, P/BV of 0.9x, and with a dividend of 2.0% and ROE of 4%, we now view IVL as expensive.



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Downgrading to SELL

This report is a part of Energy Sector – *Dividend in the rough*, dated 18 July 2025. We downgrade our rating IVL to SELL (from Buy) with a lower DCF-based 12-month TP (2025F base year) of Bt18 (from Bt22). *First*, the PET industry remains in a down cycle, and we cut our profit estimates by 16-22% in 2025-27F. A meaningful recovery in integrated PET spreads looks unlikely as supply growth continues to outpace demand over 2025–26F. *Second*, we no longer expect an earnings turnaround in 2025F despite cost savings from closures of some non-performing plants since last year. *Third*, its valuation matrix looks unattractive to us at 29.8x PE, 0.9x P/BV, and an ROE of 3.8% with a dividend yield of only 2.0% in 2025F.

Continued PET downcycle

Although we continue to prefer PET to olefins and aromatic chains, the PET industry is also in a down cycle. Asia's integrated PET spread averaged US\$123/tonne in 1H25 vs. the average upcycle spread of US\$258/tonne during 2021-22. Exhibit 2 shows capacity additions will likely continue to exceed demand additions into 2026F. We estimate the Asian spread at US\$130-140/tonne in 2025–27F. Western PET is in a much better position due to import barriers in the US and Europe, where IVL has production facilities. We project the Western PET spread at US\$370-390/tonne in 2025-27F. PET accounted for 39% of total EBITDA in 2024.

Outlook for surfactant business

The integrated oxide business – covering surfactants and propylene oxide – operates under Indovina and made up 23% of IVL's 2024 EBITDA. We expect EBITDA from this segment to grow by 16%, supported by improving margins and driven by a strong high-value-added (HVA) product portfolio and growing Asian demand. We consider this business a stable cash flow source for IVL. But with other businesses such as PET, fibers, and MTBE continuing to decline, the growth from Indovina is unlikely to be enough to fully offset the overall weakness.

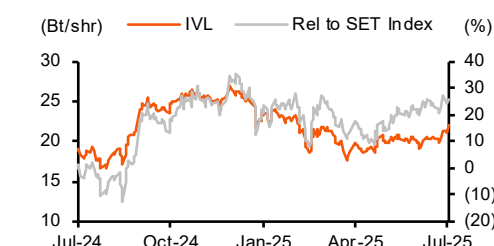
Earnings outlook

IVL made a Bt24bn impairment after the closure of some non-performing assets in 2Q24. This results in depreciation and operating cost savings. However, we now still estimate a 25% decline in 2025F earnings due to a further fall in PET spreads and MTBE. We project an earnings turnaround of 26/15% in 2026-27F due to no planned plant maintenance shutdowns, falling interest expenses from deleveraging, and a modest improvement in integrated PET spreads. But the growth is from a very low earnings base this year, and we expect an industry downturn.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	542,430	398,254	371,277	376,427
Net profit	(19,262)	4,929	7,274	8,305
Consensus NP	—	7,645	11,528	13,793
Diff frm cons (%)	—	(35.5)	(36.9)	(39.8)
Norm profit	6,163	4,929	7,274	8,305
Prev. Norm profit	—	6,329	8,720	9,945
Chg frm prev (%)	—	(22.1)	(16.6)	(16.5)
Norm EPS (Bt)	1.1	0.7	1.1	1.3
Norm EPS grw (%)	279.8	(32.9)	53.7	16.2
Norm PE (x)	20.0	29.8	19.4	16.7
EV/EBITDA (x)	6.8	6.9	6.4	6.1
P/BV (x)	1.0	0.9	0.9	0.9
Div yield (%)	3.2	2.0	2.6	3.0
ROE (%)	4.2	3.8	5.5	6.1
Net D/E (%)	166.9	138.4	127.2	117.6

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 17-Jul-25 (Bt)	22.00
Market Cap (US\$ m)	3,796.9
Listed Shares (m shares)	5,614.6
Free Float (%)	35.2
Avg Daily Turnover (US\$ m)	11.0
12M Price H/L (Bt)	27.00/16.60
Sector	PETRO
Major Shareholder	Indorama Resources 62.43%

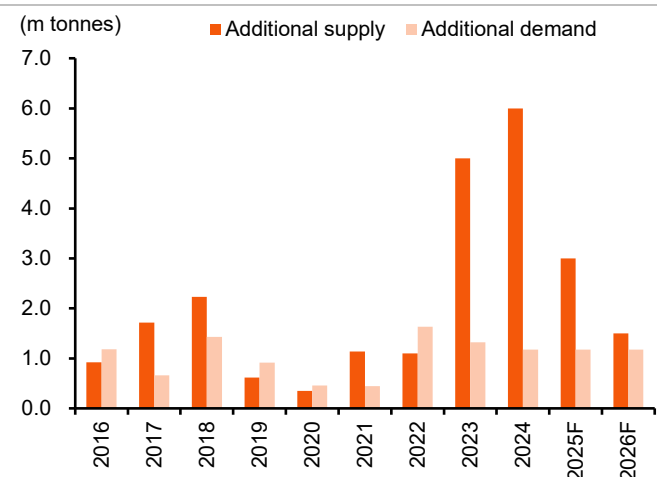
Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P51

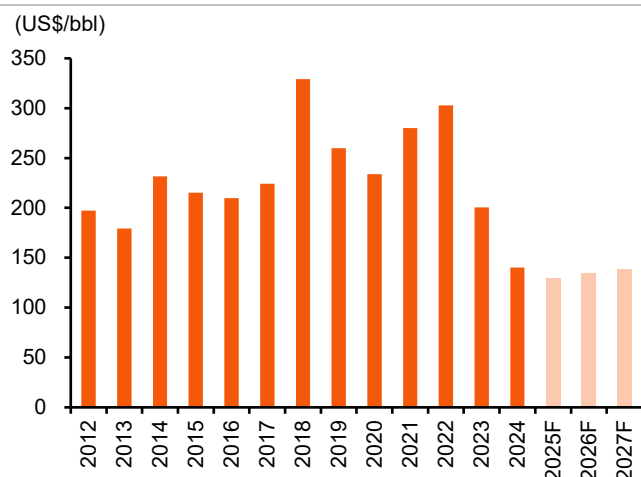
Ex 1: Key Earnings Revisions

	2023	2024	2025F	2026F	2027F
Normalized profit (Bt m)					
- New	2,366	6,163	4,929	7,274	8,305
- Old			6,329	8,720	9,945
- Change (%)			(22.1)	(16.6)	(16.5)
Reported profit (Bt m)					
- New	(10,798)	(19,262)	4,929	7,274	8,305
- Old			6,329	8,720	9,945
- Change (%)			(22.1)	(16.6)	(16.5)
Asia Integrated PET spread (US\$/tonne)					
- New	162	140	130	134	139
- Old			125	135	144
- Change (%)			3.4	(0.3)	(3.5)
Specialty chemicals EBITDA (US\$m)					
- New	7	74	53	56	58
- Old			107	111	116
- Change (%)			(50.0)	(50.0)	(50.0)
Intermediate Chemicals EBITDA (US\$m)					
- New	235	244	180	195	195
- Old			285	285	285
- Change (%)			(36.8)	(31.6)	(31.6)

Sources: Company data, Thanachart estimates

Ex 2: PET Demand Vs. Supply Growth

Sources: Company data, Thanachart estimates

Ex 3: Integrated PET Spread – Asia

Sources: Company data, Thanachart estimates

Ex 4: 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	46,890	48,471	49,262	51,256	52,710	53,721	54,295	54,883	55,487	56,106	56,742	57,394	
Free cash flow	39,881	29,233	26,737	27,573	27,789	28,699	28,113	28,644	29,183	29,734	30,298	30,874	459,058
PV of free cash flow	39,772	24,674	20,730	19,634	18,177	17,244	15,518	14,521	13,590	12,720	11,906	11,142	165,671
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.3												
WACC (%)	8.9												
Terminal growth (%)	2.0												
Enterprise value - add investments	345,527												
Net debt	231,940												
Minority interest	12,979												
Equity value	100,608												
# of shares	5,615												
Equity value/share (Bt)	18												

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 5: Comparison With Regional Peers

Name	BBG code	Country	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)	(%)	(%)
Reliance Industries	RIL IN	India	0.8	13.5	na	na	na	na	13.9	12.3	na	na
Lotte Chemical	011170 KS	South Korea	na	na	na	na	0.2	0.2	15.1	10.5	3.3	3.4
Alpek	ALPEKA MM	Mexico	11.1	49.6	11.1	7.4	0.7	0.7	5.7	5.0	4.7	7.9
Sinopec	386 HK	Hong Kong	(11.1)	9.5	10.5	9.6	0.6	0.6	5.9	5.6	6.0	6.6
IRPC	IRPC TB *	Thailand	na	na	na	na	0.3	0.3	11.4	8.4	3.4	3.4
Indorama Ventures	IVL TB *	Thailand	(32.9)	53.7	29.8	19.4	0.9	0.9	6.9	6.4	2.0	2.6
PTT Global Chemical	PTTGC TB *	Thailand	na	na	na	25.6	0.4	0.4	13.7	8.9	2.3	2.3
Siam Cement	SCC TB *	Thailand	(9.7)	18.9	31.3	26.4	0.6	0.6	19.4	17.5	3.2	3.7
Average			3.5	33.2	20.9	16.5	0.7	0.7	11.1	9.2	3.1	3.8

Sources: Bloomberg, * Thanachart estimates

Based on 17 July 2025 closing prices

COMPANY DESCRIPTION

Indorama Ventures Pcl (IVL) manufactures and distributes polyethylene terephthalate (PET), polyester fibers and yarns, purified terephthalic acid (PTA), and monoethylene glycol (MEG). It is one of the world's largest vertically integrated polyester chain producers. Its global sales and manufacturing presence can be seen in major markets such as the US, Europe, and Asia. It serves major players in diversified end-user markets, including food, beverages, personal and home care, health care, automotive, textiles, and industrial. We believe IVL is now at an inflection point for its third growth phase, via expanding into a packaging, olefin-integrated company.

Source: Thanachart

THANACHART'S SWOT ANALYSIS

S — Strength

- Large scale and efficient facilities are helping IVL to become one of the lowest-cost producers in the world.
- Large scale and good customer relationships help IVL keep its utilization rate high and improve economies of scale.
- Setting up plants in many major markets helps IVL save on transportation costs and avoid trade barriers.

O — Opportunity

- IVL still has room for further growth potential from expanding its IOD portfolio via horizontal and vertical integration.
- Potential upside from the rPET business.
- Market consolidation in the US and Europe is helping to sustain product spreads.

CONSENSUS COMPARISON

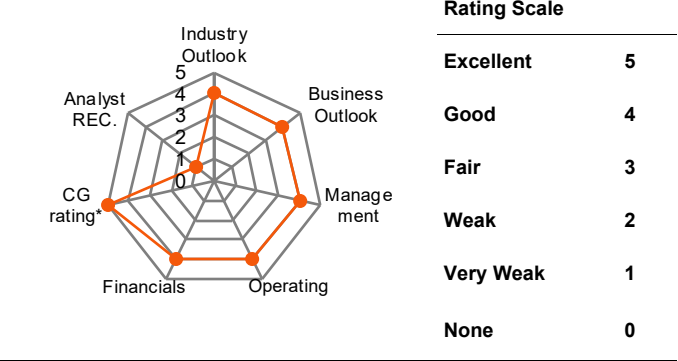
	Consensus	Thanachart	Diff
Target price (Bt)	24.93	18.00	-28%
Net profit 25F (Bt m)	7,645	4,929	-36%
Net profit 26F (Bt m)	11,528	7,274	-37%
Consensus REC	BUY: 15	HOLD: 6	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025F net profits are lower than the Street, which we attribute to our having lower PET margin assumptions.
- Our DCF-based TP is also lower than the Street's.

Sources: Bloomberg consensus, Thanachart forecasts

COMPANY RATING



Source: Thanachart; *CG Rating

W — Weakness

- IVL's heavy reliance on the PET/polyester product value chain and its investment in US ethane crackers makes it vulnerable to oil price fluctuations.
- For PET, IVL's customers are major food & beverage companies, and they could have very strong bargaining power.

T — Threat

- Threat from higher environmental awareness that would lead to lower virgin PET demand.
- New technology to lower production costs would require existing players to invest more capex to improve efficiency.
- Overpaying for acquisitions and limited synergies.

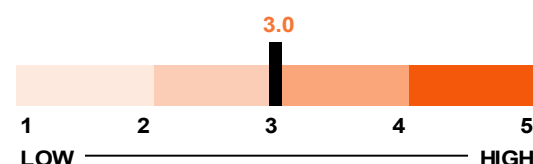
RISKS TO OUR INVESTMENT CASE

- Lower-than-expected spreads and/or good cost controls represent the key upside risk to our view.
- Higher oil prices leading to lower MTBE and MEG spreads are a secondary upside risk to our call.
- Faster-than-expected integration of recent acquisitions would be another upside risk.

Source: Thanachart

IVL is the world's largest PET producer. As a petrochemical company, IVL releases meaningful amounts of greenhouse gases. However, our ESG score for IVL is 3.04, which is in line with the sector average. We believe the company has a solid commitment to meeting targets for various ESG issues; however, its high energy intensity offsets this.

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)
IVL	YES	AAA	YES	-	58.73	72.74	81.00	45.0	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

ENVIRONMENT

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

- We assign a 2.95 E score to IVL, which is slightly above the sector average of 2.9, due to its strong commitment to reducing carbon emissions.
- In 2024, IVL's scope 1 and 2 GHG emissions totaled 9.6 million tCO₂e, similar to 2023. Emissions intensity improved to 0.5855 tCO₂e per tonne, a 4.49% reduction vs. the 2025 target, reflecting greater efficiency.
- IVL is targeting a 10% GHG reduction by 2025 and 30% by 2030 from the 2020 baseline. To achieve this, the company is pursuing a range of decarbonization solutions and partnerships to drive innovation.
- Renewables is one of its key focuses, with targets of 10% of total consumption by 2025 and 25% by 2030. In 2024, renewable electricity made up 2.2% of total use. IVL also advanced recycling efforts, reaching 852,581 tonnes of bale input capacity toward its 2030 goal of 1.5m tonnes. A major breakthrough came from its German team, which produced a polymer with 30% recycled PCR from colored PET bottles.

SOCIAL

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

- We assign IVL an S score of 3.30, slightly above its peer average of 2.9.
- IVL's Future Leaders Program, launched in 2023, accelerates young leader development and it won a 2024 Gold Award. The company also achieved strong employee engagement, 73.91% employee engagement and over 597,000 training hours with an average of 23.11 hours per employee.
- In 2024, IVL invested US\$2.2m in global social contributions. The company educated over 1.1m people about recycling, supported 141,000+ locals through community programs, and collected 120 tonnes of PET bottles. With 527 CSR activities, 8,843 volunteer hours, and over 1,100 employees engaged, IVL continues to drive a lasting social and environmental impact.

GOVERNANCE &
SUSTAINABILITY

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

- We assign IVL an S score of 2.95, below its peer average of 3.1 due to its broad structure.
- IVL has a 12-member board of directors, which we consider appropriate for the company's size. Five of the 12 members are independent directors. However, five members, including the chairman, are family members of the owner.
- As a family-owned business, IVL has had transactions between group subsidiaries. That said, IVL ensures pricing transparency.
- IVL has grown inorganically via a series of acquisitions, and its balance sheet could be of concern. However, with the industry's outlook weakening, the company is now focusing on cutting capex and deleveraging.

Sources: Company note, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	550,877	542,430	398,254	371,277	376,427
Cost of sales	469,977	465,814	331,299	305,324	308,969
Gross profit	80,900	76,617	66,955	65,953	67,458
% gross margin	14.7%	14.1%	16.8%	17.8%	17.9%
Selling & administration expenses	63,661	52,729	45,825	42,721	43,313
Operating profit	17,239	23,888	21,130	23,233	24,145
% operating margin	3.1%	4.4%	5.3%	6.3%	6.4%
Depreciation & amortization	28,183	28,034	25,759	25,238	25,117
EBITDA	45,421	51,923	46,890	48,471	49,262
% EBITDA margin	8.2%	9.6%	11.8%	13.1%	13.1%
Non-operating income	(1,038)	(275)	0	0	0
Non-operating expenses	0	0	0	0	0
Interest expense	(14,426)	(16,229)	(15,799)	(15,283)	(14,907)
Pre-tax profit	1,775	7,384	5,332	7,950	9,238
Income tax	(462)	2,203	1,020	1,664	1,922
After-tax profit	2,237	5,181	4,312	6,285	7,316
% net margin	0.4%	1.0%	1.1%	1.7%	1.9%
Shares in affiliates' Earnings	7	317	0	371	371
Minority interests	122	666	618	618	618
Extraordinary items	(13,164)	(25,425)	0	0	0
NET PROFIT	(10,798)	(19,262)	4,929	7,274	8,305
Normalized profit	2,366	6,163	4,929	7,274	8,305
EPS (Bt)	(2.1)	(3.4)	0.7	1.1	1.3
Normalized EPS (Bt)	0.3	1.1	0.7	1.1	1.3

Despite closing loss making asset, we expect lower profit in 2025F.

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	189,354	184,116	138,260	129,446	130,867
Cash & cash equivalent	19,757	18,039	18,543	18,543	18,543
Account receivables	51,114	53,085	38,975	36,335	36,839
Inventories	96,657	92,855	66,041	60,863	61,590
Others	21,827	20,137	14,700	13,705	13,895
Investments & loans	4,436	4,065	4,065	4,065	4,065
Net fixed assets	312,393	271,124	262,365	254,126	246,009
Other assets	83,949	82,246	72,377	70,530	70,883
Total assets	590,132	541,552	477,067	458,168	451,824
LIABILITIES:					
Current liabilities:	201,347	192,738	140,358	144,832	151,279
Account payables	101,935	93,116	66,227	61,034	61,763
Bank overdraft & ST loans	28,419	42,193	36,762	34,580	32,778
Current LT debt	38,536	28,916	17,500	31,500	38,500
Others current liabilities	32,457	28,512	19,869	17,718	18,238
Total LT debt	173,824	178,870	163,542	138,792	122,919
Others LT liabilities	36,893	31,015	29,160	28,094	28,297
Total liabilities	412,064	402,622	333,060	311,718	302,496
Minority interest	13,706	12,979	12,361	11,743	11,125
Preferreds shares	0	0	0	0	0
Paid-up capital	5,615	5,615	5,615	5,615	5,615
Share premium	60,331	60,331	60,331	60,331	60,331
Warrants	0	0	0	0	0
Surplus	4,661	(10,003)	(5,003)	(5,003)	(5,003)
Retained earnings	93,755	70,008	70,702	73,764	77,260
Shareholders' equity	164,362	125,951	131,645	134,707	138,202
Liabilities & equity	590,132	541,552	477,067	458,168	451,824

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	1,775	7,384	5,332	7,950	9,238
Tax paid	(795)	(2,282)	(1,416)	(1,752)	(1,902)
Depreciation & amortization	28,183	28,034	25,759	25,238	25,117
Chg In working capital	18,897	(6,989)	14,035	2,626	(502)
Chg In other CA & CL / minorities	10,687	7,602	(2,925)	(696)	682
Cash flow from operations	58,747	33,749	40,784	33,365	32,633
Capex	(19,946)	13,235	(17,000)	(17,000)	(17,000)
Right of use	(2,589)	1,566	0	0	0
ST loans & investments	(92)	1	115	0	0
LT loans & investments	(371)	371	0	0	0
Adj for asset revaluation	(3,386)	(14,639)	5,000	0	0
Chg In other assets & liabilities	(24,273)	(40,690)	8,015	780	(149)
Cash flow from investments	(50,656)	(40,158)	(3,870)	(16,220)	(17,149)
Debt financing	(2,634)	9,200	(32,175)	(12,933)	(10,674)
Capital increase	0	0	(0)	0	0
Dividends paid	(7,200)	(3,930)	(4,235)	(4,212)	(4,810)
Warrants & other surplus	(244)	(580)	0	0	0
Cash flow from financing	(10,078)	4,690	(36,410)	(17,145)	(15,484)
Free cash flow	38,801	46,984	23,784	16,365	15,633

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	76.1	20.0	29.8	19.4	16.7
Normalized PE - at target price (x)	62.3	16.4	24.4	15.9	13.7
PE (x)	na	na	29.8	19.4	16.7
PE - at target price (x)	na	na	24.4	15.9	13.7
EV/EBITDA (x)	7.6	6.8	6.9	6.4	6.1
EV/EBITDA - at target price (x)	7.1	6.4	6.4	5.9	5.6
P/BV (x)	0.8	1.0	0.9	0.9	0.9
P/BV - at target price (x)	0.6	0.8	0.8	0.8	0.7
P/CFO (x)	2.1	3.7	3.0	3.7	3.8
Price/sales (x)	0.2	0.2	0.3	0.3	0.3
Dividend yield (%)	4.2	3.2	2.0	2.6	3.0
FCF Yield (%)	31.4	38.0	19.3	13.2	12.7
(Bt)					
Normalized EPS	0.3	1.1	0.7	1.1	1.3
EPS	(2.1)	(3.4)	0.7	1.1	1.3
DPS	0.9	0.7	0.4	0.6	0.7
BV/share	29.3	22.4	23.4	24.0	24.6
CFO/share	10.5	6.0	7.3	5.9	5.8
FCF/share	6.9	8.4	4.2	2.9	2.8

Sources: Company data, Thanachart estimates

*We see IVL's 0.9x 2025F
P/BV as expensive given
lower ROE of 4%.*

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(16.0)	(1.5)	(26.6)	(6.8)	1.4
Net profit (%)	na	na	na	47.6	14.2
EPS (%)	na	na	na	53.7	16.2
Normalized profit (%)	(93.1)	160.4	(20.0)	47.6	14.2
Normalized EPS (%)	(95.1)	279.8	(32.9)	53.7	16.2
Dividend payout ratio (%)	(45.0)	(20.4)	60.0	50.0	50.0
Operating performance					
Gross margin (%)	14.7	14.1	16.8	17.8	17.9
Operating margin (%)	3.1	4.4	5.3	6.3	6.4
EBITDA margin (%)	8.2	9.6	11.8	13.1	13.1
Net margin (%)	0.4	1.0	1.1	1.7	1.9
D/E (incl. minor) (x)	1.4	1.8	1.5	1.4	1.3
Net D/E (incl. minor) (x)	1.2	1.7	1.4	1.3	1.2
Interest coverage - EBIT (x)	1.2	1.5	1.3	1.5	1.6
Interest coverage - EBITDA (x)	3.1	3.2	3.0	3.2	3.3
ROA - using norm profit (%)	0.4	1.1	1.0	1.6	1.8
ROE - using norm profit (%)	1.4	4.2	3.8	5.5	6.1
DuPont					
ROE - using after tax profit (%)	1.3	3.6	3.3	4.7	5.4
- asset turnover (x)	0.9	1.0	0.8	0.8	0.8
- operating margin (%)	2.9	4.4	5.3	6.3	6.4
- leverage (x)	3.5	3.9	4.0	3.5	3.3
- interest burden (%)	11.0	31.3	25.2	34.2	38.3
- tax burden (%)	126.0	70.2	80.9	79.1	79.2
WACC (%)	8.9	8.9	8.9	8.9	8.9
ROIC (%)	5.3	4.3	4.8	5.6	6.0
NOPAT (Bt m)	21,724	16,760	17,088	18,369	19,122
invested capital (Bt m)	385,384	357,891	330,906	321,035	313,856

Sources: Company data, Thanachart estimates

Leverage is trending
down with lower capex

BUY (Unchanged)
Change in Numbers

TP: Bt 37.00 (From: Bt 35.00)
Upside : 17.5%

18 JULY 2025

PTT Public Co Ltd (PTT TB)

Stable dividend

We are of the view that PTT can maintain its DPS of Bt2.1 or 6.7% yield in 2025-26F and reaffirm our BUY call on the stock. The dividend is supported by PTT's cash cow gas business, PTTEP's large cash flow, and affiliates' affordable cash dividend.



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Stable with high yields; BUY

This report is part of Energy Sector – *Dividend in the rough*, dated 18 July 2025. We maintain our BUY rating on PTT with a DCF-derived SOTP-based 12-month TP (2025F base year) of Bt37 (from Bt35). *First*, PTT and its key subsidiaries, PTT Exploration & Production (PTTEP TB, Bt113, BUY) and PTT Oil & Retail Business Pcl (OR TB, Bt12.50, SELL), are cash cows that can support a stable Bt2.1 DPS or a 6.7% p.a. dividend yield even in years of business downturn. *Second*, PTT's gas business (17% of 2024 EBITDA) is relatively stable in nature. This results in PTT having more resilient cash flows and earnings than its group companies. *Third*, we lift our core net profit estimates by 6-7% in 2025-27F to reflect higher oil price assumptions (via PTTEP) and refinery margins (via refinery affiliates). We leave PTT's group transformation plans that could add Bt24bn p.a. (6% of EBITDA) by 2029 as potential upside.

No more downside from tariff subsidization

PTT has, since last year, taken on the burden of electricity tariff subsidization via the single pool gas price structure, which lowers the margin of its gas separation plant (GSP) business. The GSP business's EBITDA dropped from Bt21bn in 2023 to Bt8bn in 2024. Under the new gas price structure, we expect the GSP business's earnings return to be only its cost of capital or WACC. Therefore, we do not expect further downside to its EBITDA.

Strong cash flows to support dividend

PTT's gas business, which includes GSP, pipelines, LNG terminals, and selling and trading, generates EBITDA of about Bt65bn p.a. As for other businesses under its listed companies, we estimate PTT's combined dividend income from its listed group companies at Bt29bn p.a. PTT's unconsolidated cash on hand was nearly Bt123bn in 1Q25. We, therefore, believe PTT can sustain a Bt2.1 DPS, which implies around Bt57bn dividend payment p.a. PTT's net D/E ratio is just 0.4x in 2025F.

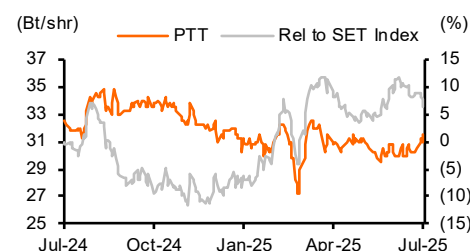
Foot off the gas

Given the weak outlook for the energy industry, PTT is in reverse gear for business expansions. Some of the business plans are: 1) Bt8bn asset monetization in 2025, 2) the Mission X program to enhance operational efficiency to increase EBITDA of Bt10bn by 2027, 3) Bt3bn of group synergy creation by 2028, and 4) digital transformation to save Bt11bn p.a. by 2029. Our numbers include only the Bt8bn asset monetization this year, leaving the rest as upside potential.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	3,090,453	3,043,323	2,997,169	2,994,893
Net profit	90,072	91,948	86,316	87,150
Consensus NP	—	97,144	101,547	100,207
Diff frm cons (%)	—	(5.3)	(15.0)	(13.0)
Norm profit	91,682	83,948	86,316	87,150
Prev. Norm profit	—	85,462	80,784	80,966
Chg frm prev (%)	—	(1.8)	6.8	7.6
Norm EPS (Bt)	3.2	2.9	3.0	3.1
Norm EPS grw (%)	(8.0)	(8.4)	2.8	1.0
Norm PE (x)	9.8	10.7	10.4	10.3
EV/EBITDA (x)	4.0	4.1	3.7	3.2
P/BV (x)	0.8	0.8	0.8	0.7
Div yield (%)	6.7	6.7	6.7	6.7
ROE (%)	8.1	7.3	7.4	7.3
Net D/E (%)	33.3	36.3	30.3	22.1

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 17-Jul-25 (Bt)	31.50
Market Cap (US\$ m)	27,656.9
Listed Shares (m shares)	28,563.0
Free Float (%)	48.9
Avg Daily Turnover (US\$ m)	40.3
12M Price H/L (Bt)	34.75/27.25
Sector	Energy
Major Shareholder	Ministry of Finance 51.11%

Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: 12-month DCF-derived SOTP-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	61,810	59,420	57,390	57,078	57,152	65,778	64,658	63,563	62,490	61,438	60,405	59,639	
Free cash flow	42,921	53,204	54,088	55,376	54,413	62,209	62,834	61,791	60,815	59,867	58,952	58,209	862,985
PV of free cash flow	42,804	44,890	41,914	39,403	35,560	37,339	34,639	31,278	28,273	25,563	23,119	20,961	310,759
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.0												
WACC (%)	8.9												
Terminal growth (%)	2.0												
Enterprise value - add investments	673,698												
Net debt	139,038												
Minority interest	0												
Equity value	534,659												
# of shares (m)	28,563												
Equity value/sh (Bt)	18.70												

Sum-of-the-parts valuation	Value (Bt m)	Per share (Bt/shr)	% of total	Methodology
Gas and other core operation	534,659	18.7	46%	DCF
Oil & retail	103,500	3.6	9%	EV/EBITDA
Upstream	322,561	11.3	28%	DCF
Refining & chemical	78,997	2.8	7%	DCF
Power	19,113	0.7	2%	DCF
Other investments	48,000	1.7	4%	Earnings multiples
Total equity value		40.9	100%	SOTP
Holding discount		10%		
Target price		37.0		

Sources: Thanachart estimates

COMPANY DESCRIPTION

PTT Pcl (PTT) is a fully integrated oil and gas company with the largest market capitalisation on the Stock Exchange of Thailand (SET). The government directly and indirectly owns 66% of PTT. Its businesses can be mainly grouped into seven segments: 1) Exploration & Production – operated by its key subsidiary, 65%-owned PTTEP; 2) petrochemicals with its flagship PTTGC; 3) refinery via SET-listed TOP and IRPC; 4) oil marketing business through its 75%-owned PTTOR; 5) power flagship through its 43%-owned GPSC; 6) gas pipeline and GSP businesses operated by PTT, the parent firm, and 7) coal and international trading.

Source: Thanachart

THANACHART'S SWOT ANALYSIS

S — Strength

- Sole gas distributor in Thailand that operates Thailand's gas pipeline and gas separation plants.
- Integrated business model: upstream E&P, gas processing, chemical, refining, and retailing.

O — Opportunity

- Strong free cash flow to expand into new products and overseas.
- M&A within the group or overseas to strengthen its business structure.

CONSENSUS COMPARISON

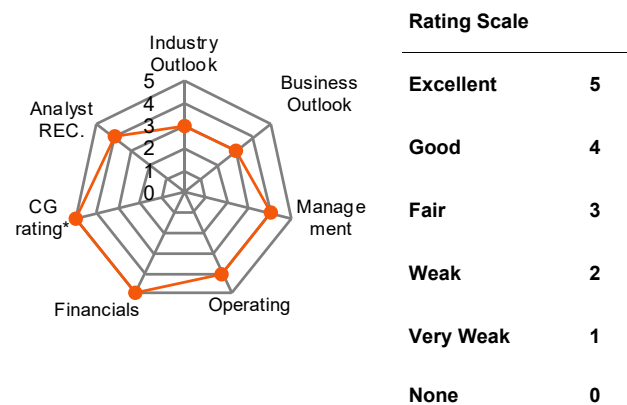
	Consensus	Thanachart	Diff
Target price (Bt)	33.55	37.00	10%
Net profit 25F (Bt m)	97,144	91,948	-5%
Net profit 26F (Bt m)	101,547	86,316	-15%
Consensus REC	BUY: 13	HOLD: 10	SELL: 4

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025F net profit is 5% lower than the Bloomberg consensus estimate, which we attribute to our assuming lower profits from its subsidiaries.
- However, our TP is 10% above the Street's, likely as we reduce our holding discount to reflect lower regulatory risk.

Sources: Bloomberg consensus, Thanachart estimates

COMPANY RATING



Source: Thanachart; *CG Rating

W — Weakness

- PTT is heavily reliant on the Thailand market, which has limited growth opportunities for its legacy O&G businesses.
- PTT, being a state-owned enterprise, is heavily regulated, and the company may occasionally be called upon for national service (i.e., provide energy price subsidies).

T — Threat

- The government is allowing third-party imports of LNG and could soon deregulate PTT's exclusive gas distributorship.
- Depleting domestic gas reserves, which could be a threat to its gas separation plants' earnings.
- Potential investments that could lead to value destruction.

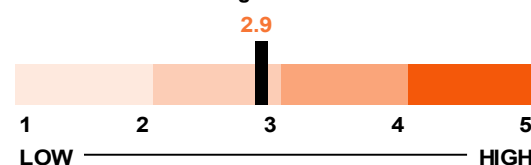
RISKS TO OUR INVESTMENT CASE

- Lower-than-expected oil prices would be the key downside risk to our call.
- High oil prices could trigger the implementation of adverse regulatory measures.
- Another secondary downside risk would arise from lower-than-expected refining/chemical margins.

Source: Thanachart

PTT, Thailand's state-owned energy firm, has an ESG score of 2.88 — slightly below its peer average of 2.95 — mainly due to high emissions. We expect its environmental score to improve as it advances emission reduction and sustainability efforts. PTT is also a key supporter of Thailand's carbon neutrality and net-zero goals.

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)
PTT	YES	AAA	YES	AA	77.89	77.43	81.00	44.0	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

ENVIRONMENT

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

- We assign a 2.75 E score to PTT, which is below the sector average of 2.9 due to its higher greenhouse gas (GHG) emissions.
- In 2024, PTT released 11.1m tonnes of CO2 equivalent and 41.5m tonnes of CO2 equivalent for the PTT group, which was the highest in the energy sector. The absolute amount was high due to its size.
- PTT has set a target to cut carbon emissions by 15% from 2020 to 2030 and expects to reach net-zero GHG emissions by 2050.
- PTT has established the PTT Group Net Zero Task Force (G-NET) comprising high-level executives from companies within the PTT Group. This task force is responsible for setting targets and focusing on managing key projects aimed at significantly reducing greenhouse gas emissions or enhancing carbon dioxide removal and sequestration. These efforts align with the business context of PTT Group, such as Carbon Capture & Storage (CCS), Carbon Capture & Utilization (CCU), Renewable Energy (RE), Hydrogen Energy, and Reforestation (RF), to support Thailand in achieving its carbon neutrality goal and reaching net-zero greenhouse gas emissions.

SOCIAL

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

- We assign PTT an S score of 3.00, slightly above its peer average of 2.9.
- PTT achieved a Total Recordable Injuries Rate of 0.031 for employees and 0 for contractors (vs. targets of 0.040 and 0.048), recorded zero major truck accidents per 1,000,000km (meeting the target), maintained a Human Capital Index (HCI) of 80% (meeting the target), and reported charitable donations at 19.07% of the social investment budget, below the 30% target.

GOVERNANCE &
SUSTAINABILITY

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

- We assign PTT an S score of 2.95, slightly below its peer average of 3.0.
- Being the national oil company with the government as its major shareholder, PTT at times has to fulfil social/national service obligations.
- We believe PTT has an appropriate board size of 14 members. Eleven out of its 14 directors are independent directors.
- Its financial disclosure is of a very high standard, in our view. However, there are a lot of company-related transactions, as it sells gas/oil feedstock to its subsidiaries. Sometimes, the company also provides loans to its subsidiaries.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	3,144,551	3,090,453	3,043,323	2,997,169	2,994,893
Cost of sales	2,767,102	2,755,320	2,711,641	2,659,559	2,652,837
Gross profit	377,449	335,134	331,682	337,611	342,056
% gross margin	12.0%	10.8%	10.9%	11.3%	11.4%
Selling & administration expenses	148,280	157,194	154,797	152,449	152,334
Operating profit	229,168	177,940	176,885	185,161	189,723
% operating margin	7.3%	5.8%	5.8%	6.2%	6.3%
Depreciation & amortization	173,065	185,918	193,840	204,114	213,411
EBITDA	402,233	363,857	370,725	389,276	403,134
% EBITDA margin	12.8%	11.8%	12.2%	13.0%	13.5%
Non-operating income	50,572	64,769	12,173	11,989	11,980
Non-operating expenses	(13,194)	(6,933)	0	0	0
Interest expense	(45,383)	(46,821)	(39,211)	(40,762)	(40,122)
Pre-tax profit	221,163	188,955	149,847	156,388	161,580
Income tax	81,313	67,210	40,212	39,847	41,145
After-tax profit	139,850	121,745	109,635	116,541	120,435
% net margin	4.4%	3.9%	3.6%	3.9%	4.0%
Shares in affiliates' Earnings	3,013	(6,668)	3,000	3,000	3,000
Minority interests	(43,256)	(23,396)	(28,687)	(33,225)	(36,285)
Extraordinary items	12,418	(1,610)	8,000	0	0
NET PROFIT	112,024	90,072	91,948	86,316	87,150
Normalized profit	99,606	91,682	83,948	86,316	87,150
EPS (Bt)	3.9	3.2	3.2	3.0	3.1
Normalized EPS (Bt)	3.5	3.2	2.9	3.0	3.1

PTT's profit is set to be more resilient than its subsidiaries'

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	1,081,739	1,029,736	1,014,702	1,005,351	1,004,607
Cash & cash equivalent	449,525	451,131	445,000	445,000	445,000
Account receivables	259,813	251,391	247,557	243,803	243,618
Inventories	210,999	187,333	184,363	180,822	180,365
Others	161,401	139,882	137,782	135,726	135,625
Investments & loans	179,265	214,942	214,942	214,942	214,942
Net fixed assets	1,541,209	1,534,658	1,522,459	1,500,666	1,434,265
Other assets	658,249	659,449	788,973	782,724	782,416
Total assets	3,460,462	3,438,784	3,541,076	3,503,682	3,436,229
LIABILITIES:					
Current liabilities:	588,710	569,088	557,524	533,168	508,733
Account payables	243,385	240,193	236,386	231,846	231,260
Bank overdraft & ST loans	103,011	110,921	117,325	108,083	93,619
Current LT debt	97,399	77,281	81,743	75,303	65,226
Others current liabilities	144,915	140,693	122,071	117,937	118,629
Total LT debt	863,303	814,719	861,757	793,871	687,632
Others LT liabilities	383,474	398,100	427,093	422,383	422,150
Total liabilities	1,835,486	1,781,907	1,846,375	1,749,422	1,618,516
Minority interest	503,778	507,225	535,912	569,137	605,422
Preferred shares	0	0	0	0	0
Paid-up capital	28,563	28,563	28,563	28,563	28,563
Share premium	29,211	29,211	29,211	29,211	29,211
Warrants	0	0	0	0	0
Surplus	55,858	52,040	29,211	29,211	29,211
Retained earnings	1,007,566	1,039,838	1,071,803	1,098,137	1,125,305
Shareholders' equity	1,121,198	1,149,652	1,158,789	1,185,123	1,212,290
Liabilities & equity	3,460,462	3,438,784	3,541,076	3,503,682	3,436,229

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	221,163	188,955	149,847	156,388	161,580
Tax paid	(85,895)	(66,302)	(41,295)	(39,913)	(41,329)
Depreciation & amortization	173,065	185,918	193,840	204,114	213,411
Chg In working capital	(16,391)	28,897	2,996	2,755	56
Chg In other CA & CL / minorities	16,159	(11,154)	(14,503)	988	3,978
Cash flow from operations	308,100	326,315	290,884	324,333	337,696
Capex	(214,945)	(179,366)	(181,642)	(182,321)	(147,010)
Right of use	7,954	(379)	0	0	0
ST loans & investments	(43)	10	0	0	0
LT loans & investments	(6,205)	(35,677)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	49,150	(2,122)	(90,466)	1,538	76
Cash flow from investments	(164,088)	(217,534)	(272,108)	(180,783)	(146,934)
Debt financing	(3,724)	(45,558)	57,904	(83,568)	(130,780)
Capital increase	0	0	(0)	0	0
Dividends paid	(62,368)	(82,234)	(59,982)	(59,982)	(59,982)
Warrants & other surplus	18,951	20,616	(22,829)	0	0
Cash flow from financing	(47,141)	(107,176)	(24,907)	(143,551)	(190,762)
Free cash flow	93,155	146,948	109,243	142,012	190,686

*PTT's capex is mainly
driven by subsidiaries*

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	9.0	9.8	10.7	10.4	10.3
Normalized PE - at target price (x)	10.6	11.5	12.6	12.2	12.1
PE (x)	8.0	10.0	9.8	10.4	10.3
PE - at target price (x)	9.4	11.7	11.5	12.2	12.1
EV/EBITDA (x)	3.8	4.0	4.1	3.7	3.2
EV/EBITDA - at target price (x)	4.2	4.4	4.5	4.1	3.6
P/BV (x)	0.8	0.8	0.8	0.8	0.7
P/BV - at target price (x)	0.9	0.9	0.9	0.9	0.9
P/CFO (x)	2.9	2.8	3.1	2.8	2.7
Price/sales (x)	0.3	0.3	0.3	0.3	0.3
Dividend yield (%)	6.3	6.7	6.7	6.7	6.7
FCF Yield (%)	10.4	16.3	12.1	15.8	21.2
(Bt)					
Normalized EPS	3.5	3.2	2.9	3.0	3.1
EPS	3.9	3.2	3.2	3.0	3.1
DPS	2.0	2.1	2.1	2.1	2.1
BV/share	39.3	40.2	40.6	41.5	42.4
CFO/share	10.8	11.4	10.2	11.4	11.8
FCF/share	3.3	5.1	3.8	5.0	6.7

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(6.6)	(1.7)	(1.5)	(1.5)	(0.1)
Net profit (%)	22.9	(19.6)	2.1	(6.1)	1.0
EPS (%)	22.9	(19.6)	2.1	(6.1)	1.0
Normalized profit (%)	(8.5)	(8.0)	(8.4)	2.8	1.0
Normalized EPS (%)	(8.5)	(8.0)	(8.4)	2.8	1.0
Dividend payout ratio (%)	51.0	66.6	65.2	69.5	68.8
Operating performance					
Gross margin (%)	12.0	10.8	10.9	11.3	11.4
Operating margin (%)	7.3	5.8	5.8	6.2	6.3
EBITDA margin (%)	12.8	11.8	12.2	13.0	13.5
Net margin (%)	4.4	3.9	3.6	3.9	4.0
D/E (incl. minor) (x)	0.7	0.6	0.6	0.6	0.5
Net D/E (incl. minor) (x)	0.4	0.3	0.4	0.3	0.2
Interest coverage - EBIT (x)	5.0	3.8	4.5	4.5	4.7
Interest coverage - EBITDA (x)	8.9	7.8	9.5	9.6	10.0
ROA - using norm profit (%)	2.9	2.7	2.4	2.5	2.5
ROE - using norm profit (%)	9.2	8.1	7.3	7.4	7.3
DuPont					
ROE - using after tax profit (%)	12.9	10.7	9.5	9.9	10.0
- asset turnover (x)	0.9	0.9	0.9	0.9	0.9
- operating margin (%)	8.5	7.6	6.2	6.6	6.7
- leverage (x)	3.2	3.0	3.0	3.0	2.9
- interest burden (%)	83.0	80.1	79.3	79.3	80.1
- tax burden (%)	63.2	64.4	73.2	74.5	74.5
WACC (%)	8.9	8.9	8.9	8.9	8.9
ROIC (%)	8.1	6.6	7.6	7.8	8.2
NOPAT (Bt m)	144,912	114,648	129,417	137,983	141,411
invested capital (Bt m)	1,735,386	1,701,443	1,774,614	1,717,379	1,613,767

Sources: Company data, Thanachart estimates

*We expect steady ROE
with resilient profit*

SELL (From: HOLD)

Change in Recommendation

TP: Bt 18.00 (From: Bt 16.00)

Downside : 18.9%

18 JULY 2025

PTT Global Chemical Pcl (PTTGC TB)

Not a real bargain

PTTGC continues to face the headwinds of the industry downturn and the structural trend of China becoming self-sufficient. After the rebound in its share price over the past four months and its loss-making outlook this year, we downgrade our call to **SELL** from Hold.


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Not a bargain; downgrading to SELL

This report is part of Energy Sector – *Dividend in the rough*, dated 18 July 2025. We downgrade PTTGC to SELL from Hold with a higher DCF-based 12-month TP (2025F base year) of Bt18 (from Bt16). Although we lowered our profit forecast mainly due to a weaker aromatic spread and weaker Allnex's contribution, we raised our DCF-based TP as we reduced our capex assumptions. *First*, the petrochemical industry remains in a cyclical downturn due to a heavy supply cycle into 2028F. *Second*, there is an industry structural change of China becoming more self-sufficient and a lower-cost producer. *Third*, despite the Israel-Iran war, our oil price assumptions are on the low side at US\$70/65/65/bbl in 2025-27F, and low oil prices are negative for PTTGC's petrochemical margin. *Fourth*, we expect the company to still make a loss this year with a small profit next year. *Lastly*, PTTGC looks pricey to us at 0.8x price-to-adjusted book value.

Petrochemical industry still in a downturn

The petrochemical industry is in both cyclical and structural downturns. Cyclically, the heavy supply cycle looks likely to last into 2028F (Exhibit 1). At the same time, the global economic slowdown doesn't bode well for demand. Structurally, China, the key consumer, is becoming more self-sufficient, and with its larger business scale, it is becoming a low-cost producer. PTTGC produces both olefins and aromatics, and both chains operate in weak cycles.

Change to policy direction

Due to the weak industry, PTTGC is shifting its focus to its existing businesses, rather than seeking new investments. It decided to stop running them and made a combined Bt22bn impairment in 2024 for PTT Asahi and Vencorex. It is targeting Bt30bn in asset monetization this year from some non-core assets. If the plan is implemented, we estimate interest savings of Bt1.2bn p.a., assuming a 4% interest rate. We already incorporate the lower interest rate in our numbers.

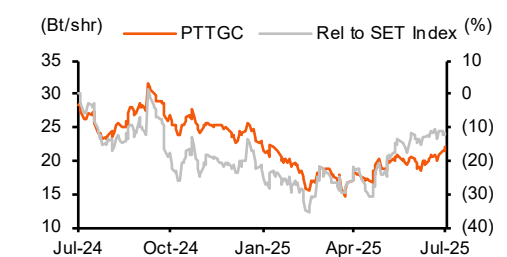
Valuation not as cheap as it looks

We estimate PTTGC to make a Bt8bn loss this year, driven by loss-making aromatics and a weak olefins and Allnex contribution. We project profits of Bt2.9bn/6.7bn in 2026-27F vs. the old cycle base of Bt11bn in 2019. That makes ROE very low, even in 2027F at 1.5%, which makes its low P/BV of 0.4x look justified. On a price-to-adjusted book value basis, if we exclude goodwill and intangible assets worth Bt127bn in 1Q25, price/adjusted BV rises to 0.8x. Intangible asset and goodwill comes mainly from Allnex, given its expensive acquisition price. This doesn't look like a bargain to us when compared to its adjusted ROE of -6 to 4% in 2025-27F.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	604,044	576,919	543,473	543,473
Net profit	(29,810)	(8,200)	2,913	6,732
Consensus NP	—	3,072	7,601	8,927
Diff frm cons (%)	—	na	(61.7)	(24.6)
Norm profit	(10,336)	(6,434)	3,907	6,732
Prev. Norm profit	—	(1,887)	4,600	7,883
Chg frm prev (%)	—	na	(15.1)	(14.6)
Norm EPS (Bt)	(2.3)	(1.4)	0.9	1.5
Norm EPS grw (%)	na	na	na	72.3
Norm PE (x)	na	na	25.6	14.9
EV/EBITDA (x)	11.6	13.7	8.9	7.5
P/BV (x)	0.4	0.4	0.4	0.4
Div yield (%)	2.3	2.3	2.3	2.3
ROE (%)	na	na	1.5	2.6
Net D/E (%)	73.0	75.6	70.9	64.3

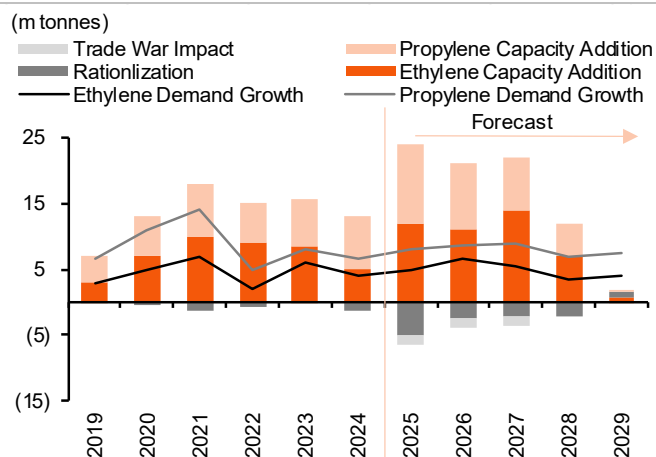
PRICE PERFORMANCE



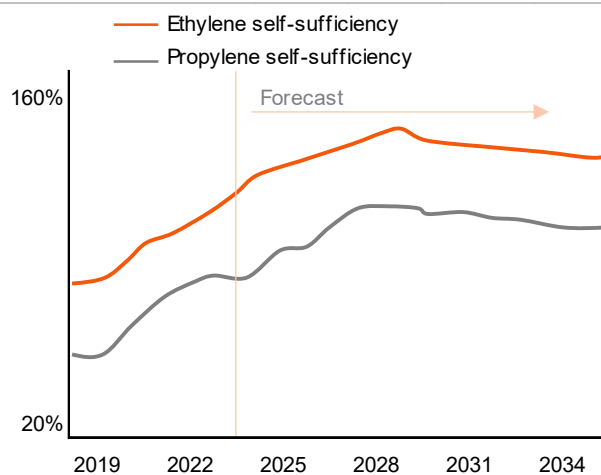
COMPANY INFORMATION

Price as of 17-Jul-25 (Bt)	22.20
Market Cap (US\$ m)	3,076.9
Listed Shares (m shares)	4,508.8
Free Float (%)	51.8
Avg Daily Turnover (US\$ m)	18.3
12M Price H/L (Bt)	31.75/14.70
Sector	PETRO
Major Shareholder	PTT Pcl 45.18%

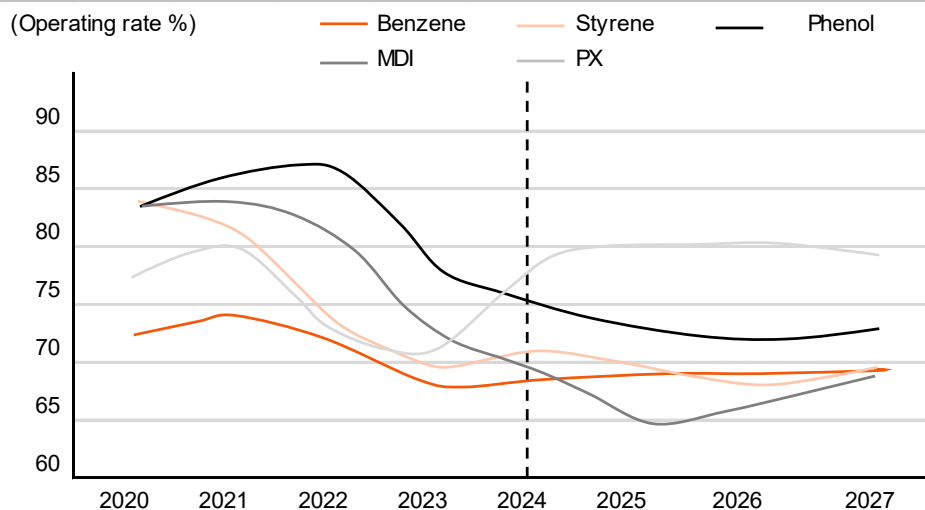
Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: Ethylene Capacity Growth Vs. Demand Growth

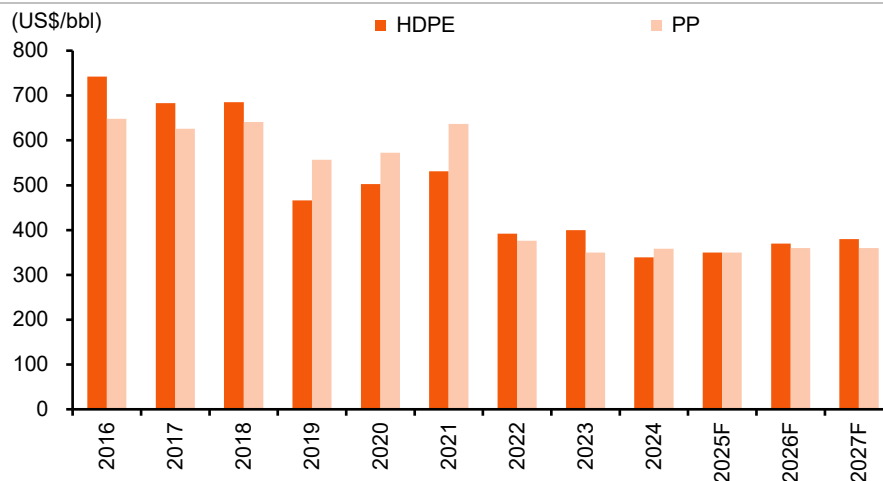
Sources: Company data, Thanachart estimates

Ex 2: Mainland China's Self-Sufficiency

Sources: Company data, Thanachart estimates

Ex 3: Global Operating Rate

Sources: Company data, Thanachart estimates

Ex 4: Petrochemical Trough Prolong

Sources: Bloomberg, Thanachart estimates

Ex 5: Earnings Revisions

	2022	2023	2,024	2025F	2026F	2027F
Reported profit (Bt m)						
- New	(8,752)	999	(29,810)	(8,200)	2,913	6,732
- Old				(4,869)	3,606	7,883
- Change (%)				na	(19.2)	(14.6)
Normalized profit (Bt m)						
- New	17,381	(2,753)	(10,336)	(6,434)	3,907	6,732
- Old				(1,887)	4,600	7,883
- Change (%)				na	(15.1)	(14.6)
Market GRM (US\$/bbl)						
- New	12.0	12.7	4.7	4.7	5.4	5.7
- Old				3.8	4.3	4.4
- Change (%)				24.4	26.7	31.5
Px-Naphtha (US\$/tonne)						
- New	243	274	302	240	260	280
- Old				302	322	342
- Change (%)				(20.5)	(19.3)	(18.1)
HDPE-Naphtha (US\$/tonne)						
- New	392	386	340	350	370	380
- Old				350	370	380
- Change (%)				0.0	0.0	0.0

Sources: Company data, Thanachart estimates

Ex 6: 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 & equity income	21,683	32,340	36,599	36,887	36,439	35,189	34,806	34,806	34,806	34,806	34,806	34,806	
Free cash flow	9,673	20,892	22,753	23,852	22,861	24,060	23,908	24,058	24,207	20,871	24,535	24,684	345,299
PV of free cash flow	9,647	17,843	17,956	17,390	15,401	14,978	13,753	12,785	11,887	9,470	10,287	9,562	133,757
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	8.2												
Terminal growth (%)	1.0												
Enterprise value - add investments	285,069												
Net debt	196,079												
Minority interest	6,962												
Equity value	82,027												
# of shares (m)	4,509												
Equity value / share	18.0												

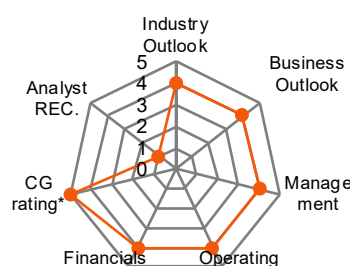
Source: Thanachart estimates

COMPANY DESCRIPTION

PTT Global Chemical Pcl (PTTGC) became a fully integrated petrochemical and refining company after the amalgamation of PTTCH (PTT Chemicals) and PTTAR (PTT Aromatics & Refining) in late 2011. The company produces olefins and derivatives, and its key products are ethylene, propylene, HDPE, LDPE, LLDPE, and MEG. Together, the olefins value chain made up about 27% of 2024 EBITDA. PTTGC is one of the few gas-based crackers in Asia, and it has a competitive cost structure compared with other naphtha-based crackers. The company also has fully integrated refinery and aromatics plants that produce mainly paraxylene and benzene. The company also recently moved into the specialty coating business, investing in Allnex Holdings GmbH (Allnex).

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- It is a low-cost producer, leveraging its gas-based and flexible cracker.
- Substantial economies of scale due to synergies from its fully integrated facilities.
- Being a PTT group company helps ensure feedstock and raises its franchise value.

O — Opportunity

- Significant growth potential in terms of chemical demand in the region.
- Value enhancement from synergies, debottlenecking of its units, and further downstream integration.
- M&A activity that could lead to higher returns to investors.

W — Weakness

- Cyclical business with volatile earnings and cash flow.
- Potential impact of stock losses (due mainly to oil price movements) on earnings.
- Reliance on bulk chemicals and limited exposure to specialty chemicals.

T — Threat

- Depleting low-cost domestic gas supply would reduce its competitive edge of being a low-cost producer.
- Low oil prices erode its competitive advantage.
- Increasing competition from low-cost producers in the Middle East and US-based crackers.
- Overpaying for acquisitions and limited synergies.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	23.41	18.00	-23%
Net profit 25F (Bt m)	3,072	(8,200)	na
Net profit 26F (Bt m)	7,601	2,913	-62%
Consensus REC	BUY: 15	HOLD: 7	SELL: 5

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F net profits are significantly lower than the Bloomberg consensus estimates, likely due to us having weaker refinery and chemical spread assumptions.
- Our DCF-based TP is consequently lower compared to the Street's.

Sources: Bloomberg consensus, Thanachart estimates

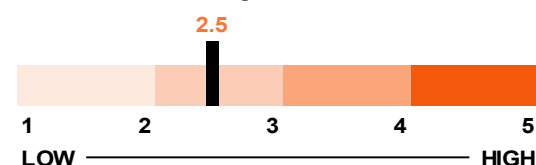
RISKS TO OUR INVESTMENT CASE

- Higher-than-expected oil prices and/or chemical spreads would be the key upside risk to our call.
- Higher gas supply from its parent company, PTT, or lower than-expected outages at the complex would be another upside risk.
- Faster-than-expected resolution of the US-China trade war is also an upside risk.

Source: Thanachart

PTTGC runs a refinery with 145kbd capacity and 3.7m tpa of gas- and naphtha-based olefin crackers. Our ESG score for PTTGC stands at 2.5, below its peer average of 2.9. While the firm has set clear targets to reduce carbon emissions, its score is weighed down by high energy intensity and past investments that have resulted in significant impairments.

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)
PTTGC	YES	AAA	-	BBB	60.28	56.33	87.00	50.0	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
ENVIRONMENT <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management 	<ul style="list-style-type: none"> We assign a 2.4 E score to PTTGC vs. the sector average of 2.9 due to its higher greenhouse gas (GHG) emissions. Note that petrochemical plants emit more GHG than refineries. It is also the case that due to falling domestic gas supply, PTTGC has to use more naphtha (oil-based) feedstock than in the past. Its naphtha feed mix was 29% in 2024 vs. 12% in 2019. PTTGC has clear decarbonization targets of net-zero emissions by 2050 and a 20% reduction by 2030 from the 2020 baseline. In 2023, PTTGC emitted 8.2m tonnes of CO2 equivalent, a 3% decline from 2022, likely due to weaker chemical demand. Its carbon intensity also improved, dropping from 0.41 to 0.37 tonnes of CO2 per tonne of production. To reduce its carbon footprint, PTTGC has initiatives such as advancing the hydrogen economy and clean fuels, collaborating on the Eastern Thailand CCS Hub to capture 6m tonnes of CO2 annually, and expanding green space to over 20,000 rai to absorb 46,000 tonnes of CO2, improve air quality, and protect biodiversity.
SOCIAL <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility 	<ul style="list-style-type: none"> We assign PTTGC an S score of 2.2, below its peer average of 2.8. The company experienced an oil spill in 2014, with no significant incidents since. PTTGC promotes a strong safety culture, with a Total Recordable Injury Rate (TRIR) of 0.4 for employees and 0.63 for contractors per 1m man-hours. In 2023, staff turnover remained low at 5.43%, while employees received an average of 38.7 training hours per year. The company prioritizes employee well-being through policies such as Work From Home (WFH) as a standard practice, comprehensive insurance for employees and families, and an Employee Assistance Program (EAP) for personal support.
GOVERNANCE & SUSTAINABILITY <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation 	<ul style="list-style-type: none"> We assign PTTGC a G score of 2.9, slightly below its peer average of 3.0. Despite its strong board structure, there are concerns over the company's investment decisions given some projects that yield low returns, incur losses, or face impairments. The company's board is chaired by an independent director, with over two-thirds of board members being independent, which we consider an ideal ratio. However, there are many related-party transactions with its parent company, PTT. Gas (ethane and propane) feedstock is supplied by PTT. Pricing is on a net-back or equal-IRR basis with PTT's gas separation plant business. PTTGC has made several investments that have resulted in significant impairments in the past, raising concerns about balance sheet risk. The high investment cost of Allnex could lead to potential asset impairments.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	616,635	604,044	576,919	543,473	543,473
Cost of sales	587,414	580,853	560,006	516,460	513,065
Gross profit	29,221	23,191	16,913	27,013	30,408
% gross margin	4.7%	3.8%	2.9%	5.0%	5.6%
Selling & administration expenses	26,824	28,725	23,077	21,739	21,739
Operating profit	2,397	(5,534)	(6,164)	5,274	8,669
% operating margin	0.4%	-0.9%	-1.1%	1.0%	1.6%
Depreciation & amortization	27,504	30,995	27,847	27,066	27,929
EBITDA	29,901	25,461	21,683	32,340	36,599
% EBITDA margin	4.8%	4.2%	3.8%	6.0%	6.7%
Non-operating income	8,001	6,350	6,350	6,350	6,350
Non-operating expenses	0	0	561	0	0
Interest expense	(10,708)	(10,863)	(8,483)	(6,970)	(6,834)
Pre-tax profit	(310)	(10,047)	(7,737)	4,654	8,185
Income tax	1,352	(969)	(1,660)	931	1,637
After-tax profit	(1,662)	(9,078)	(6,077)	3,723	6,548
% net margin	-0.3%	-1.5%	-1.1%	0.7%	1.2%
Shares in affiliates' Earnings	(1,225)	(1,462)	(552)	0	0
Minority interests	134	204	195	184	184
Extraordinary items	3,752	(19,474)	(1,766)	(994)	0
NET PROFIT	999	(29,810)	(8,200)	2,913	6,732
Normalized profit	(2,753)	(10,336)	(6,434)	3,907	6,732
EPS (Bt)	0.2	(6.6)	(1.8)	0.6	1.5
Normalized EPS (Bt)	(0.6)	(2.3)	(1.4)	0.9	1.5

Outlook is worsening
given trade war risks

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	186,874	156,134	158,024	149,937	164,556
Cash & cash equivalent	46,249	33,110	40,000	40,000	55,000
Account receivables	57,761	47,753	45,609	42,965	42,965
Inventories	68,517	65,222	62,881	57,991	57,610
Others	14,347	10,049	9,534	8,981	8,981
Investments & loans	74,836	58,851	58,851	58,851	58,851
Net fixed assets	285,860	267,769	262,659	255,493	246,043
Other assets	171,435	163,090	163,090	163,090	163,090
Total assets	719,005	645,844	642,624	627,370	632,540
LIABILITIES:					
Current liabilities:	125,841	114,131	130,747	183,066	102,972
Account payables	71,163	62,154	59,924	55,264	54,901
Bank overdraft & ST loans	2,203	1,115	0	0	0
Current LT debt	18,915	20,968	40,000	100,000	20,000
Others current liabilities	33,560	29,893	30,823	27,802	28,071
Total LT debt	243,934	207,105	197,186	127,489	208,133
Others LT liabilities	53,048	56,015	53,981	52,318	52,318
Total liabilities	422,824	377,251	381,913	362,873	363,423
Minority interest	7,287	6,962	6,768	6,584	6,400
Preferred shares	0	0	0	0	0
Paid-up capital	45,088	45,088	45,088	45,088	45,088
Share premium	36,937	36,937	36,937	36,937	36,937
Warrants	0	0	0	0	0
Surplus	(5,775)	475	475	475	475
Retained earnings	212,644	179,130	171,443	175,413	180,216
Shareholders' equity	288,895	261,631	253,943	257,913	262,716
Liabilities & equity	719,005	645,844	642,624	627,370	632,540

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	(310)	(10,047)	(7,737)	4,654	8,185
Tax paid	(859)	156	2,005	(1,164)	(1,549)
Depreciation & amortization	27,504	30,995	27,847	27,066	27,929
Chg In working capital	9,145	4,294	2,254	2,874	18
Chg In other CA & CL / minorities	9,842	7,520	480	(2,235)	181
Cash flow from operations	45,321	32,918	24,850	31,195	34,765
Capex	(17,042)	(12,905)	(22,737)	(19,899)	(18,480)
Right of use	142	(2,630)	0	0	0
ST loans & investments	531	(13)	67	0	0
LT loans & investments	6,400	15,985	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(5,955)	(13,560)	(3,800)	(2,657)	0
Cash flow from investments	(15,925)	(13,122)	(26,470)	(22,556)	(18,480)
Debt financing	(11,706)	(35,480)	7,997	(9,696)	644
Capital increase	0	0	0	0	0
Dividends paid	(1,269)	(3,503)	513	1,058	(1,929)
Warrants & other surplus	(2,136)	6,049	0	0	0
Cash flow from financing	(15,110)	(32,934)	8,510	(8,639)	(1,285)
Free cash flow	28,279	20,013	2,113	11,296	16,285

*We expect positive FCF
in 2025-26F from limited
capex*

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	na	na	na	25.6	14.9
Normalized PE - at target price (x)	na	na	na	20.8	12.1
PE (x)	100.2	na	na	34.4	14.9
PE - at target price (x)	81.2	na	na	27.9	12.1
EV/EBITDA (x)	10.7	11.6	13.7	8.9	7.5
EV/EBITDA - at target price (x)	10.0	10.9	12.8	8.3	6.9
P/BV (x)	0.3	0.4	0.4	0.4	0.4
P/BV - at target price (x)	0.3	0.3	0.3	0.3	0.3
P/CFO (x)	2.2	3.0	4.0	3.2	2.9
Price/sales (x)	0.2	0.2	0.2	0.2	0.2
Dividend yield (%)	3.4	2.3	2.3	2.3	2.3
FCF Yield (%)	28.3	20.0	2.1	11.3	16.3
(Bt)					
Normalized EPS	(0.6)	(2.3)	(1.4)	0.9	1.5
EPS	0.2	(6.6)	(1.8)	0.6	1.5
DPS	0.8	0.5	0.5	0.5	0.5
BV/share	64.1	58.0	56.3	57.2	58.3
CFO/share	10.1	7.3	5.5	6.9	7.7
FCF/share	6.3	4.4	0.5	2.5	3.6

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(9.1)	(2.0)	(4.5)	(5.8)	0.0
Net profit (%)	na	na	na	na	131.1
EPS (%)	na	na	na	na	131.1
Normalized profit (%)	na	na	na	na	72.3
Normalized EPS (%)	na	na	na	na	72.3
Dividend payout ratio (%)	338.5	(7.6)	40.0	40.0	40.0
Operating performance					
Gross margin (%)	4.7	3.8	2.9	5.0	5.6
Operating margin (%)	0.4	(0.9)	(1.1)	1.0	1.6
EBITDA margin (%)	4.8	4.2	3.8	6.0	6.7
Net margin (%)	(0.3)	(1.5)	(1.1)	0.7	1.2
D/E (incl. minor) (x)	0.9	0.9	0.9	0.9	0.8
Net D/E (incl. minor) (x)	0.7	0.7	0.8	0.7	0.6
Interest coverage - EBIT (x)	0.2	na	na	0.8	1.3
Interest coverage - EBITDA (x)	2.8	2.3	2.6	4.6	5.4
ROA - using norm profit (%)	na	na	na	0.6	1.1
ROE - using norm profit (%)	na	na	na	1.5	2.6
DuPont					
ROE - using after tax profit (%)	na	na	na	1.5	2.5
- asset turnover (x)	0.9	0.9	0.9	0.9	0.9
- operating margin (%)	na	na	na	2.1	2.8
- leverage (x)	2.5	2.5	2.5	2.5	2.4
- interest burden (%)	(3.0)	(1,231.3)	(1,036.1)	40.0	54.5
- tax burden (%)	na	na	na	80.0	80.0
WACC (%)	8.2	8.2	8.2	8.2	8.2
ROIC (%)	0.4	(1.1)	(1.0)	1.0	1.6
NOPAT (Bt m)	2,397	(5,534)	(4,602)	4,501	6,936
invested capital (Bt m)	507,698	457,709	451,129	445,403	435,849

Sources: Company data, Thanachart estimates

Net D/E remains at a manageable level, in our view

BUY (From: HOLD)
Change in Recommendation

TP: Bt 6.20 (From: Bt 4.80)
Upside : 19.2% **18 JULY 2025**

Small Cap Research

Star Petroleum Refining (SPRC TB)

A cash cow

We upgrade our rating on SPRC to BUY as its share price has been de-rated to offer attractive dividend yields of 6.7% p.a. in 2025-27F. We view SPRC as a cash cow, and we expect its dividend payout to be sustainable, assuming a normalized GRM at the current level.



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Attractive dividend yields; upgrading to BUY

This report is part of Energy Sector – *Dividend in the rough*, dated 18 July 2025. We upgrade our rating on SPRC to BUY (from Hold) and raise our DCF-based 12-month TP (2025F base year) to Bt6.2 from Bt4.8. *First*, as its share price has corrected by half from its 2022 peak, we see value emerging with attractive 6.7% p.a. dividend yields in 2025-26F. *Second*, SPRC is a cash cow. With the exception of a minor plant upgrade in 2026F, we estimate its free cash flow (FCF) at Bt4bn-6bn p.a. or 14-28% FCF yields, enough to support decent dividend yields. Its net D/E ratio was only 0.18x in 1Q25. *Lastly*, we lift our Singapore GRM assumptions and our earnings estimates by 20/12/7% for 2025–27F. Given the limited outlook for new supply, we expect its current normalized GRM of US\$5.6-5.8/bbl to be sustainable.

Raising our GRM forecasts

We revise up our Singapore complex GRM assumptions by US\$1.0/0.5/0.2 to US\$5.8/5.6/5.8 per barrel for 2025–27F. This reflects the increasing number of plant closures of high-cost refineries, particularly in the US, Europe, and China's "teapot" segment. The outlook for new supplies remains unchanged, with a downward trend expected over the next three years. Despite these supply prospects, we forecast the GRM to remain stable at a normalized level, as the demand outlook is also not strong.

2026 turnaround and plant upgrade

SPRC is scheduled to undergo a major plant maintenance turnaround in 1Q26, during which it also plans to upgrade its refinery to increase jet fuel and gasoline yields by 3-4%. We estimate the combined turnaround and upgrade capex at US\$37m. We project that the yield improvement will add approximately US\$0.4/bbl, resulting in a 7% increase in GRM.

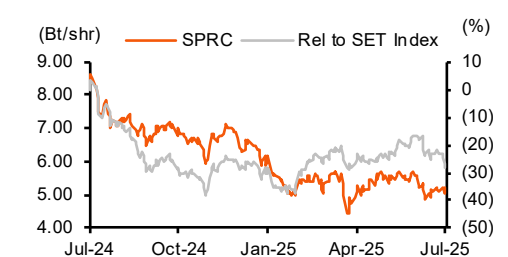
Aims to be a reliable dividend payer

Despite no explicit guidance, SPRC has recently expressed its intention to be a reliable dividend payer. We estimate a stable DPS of Bt0.35, or a 6.7% yield, for the next three years. That implies payout ratios of 65/83/51% in 2025-27F. The payout in 2024 was 76%. The increase in the payout in 2026F is due to the impact of the major maintenance turnaround on earnings in 1Q26F. Our model forecasts FCF per share at Bt1.8/1.9/1.2 in 2025-27F, which appears sufficient to support a DPS of Bt0.35.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	270,606	209,842	177,901	194,073
Net profit	2,235	2,339	1,839	2,958
Consensus NP	—	2,382	2,930	3,665
Diff frm cons (%)	—	(1.8)	(37.2)	(19.3)
Norm profit	2,358	3,010	2,437	2,958
Prev. Norm profit	—	2,511	2,170	2,777
Chg frm prev (%)	—	19.9	12.3	6.5
Norm EPS (Bt)	0.5	0.7	0.6	0.7
Norm EPS grw (%)	na	27.6	(19.0)	21.4
Norm PE (x)	9.6	7.5	9.3	7.6
EV/EBITDA (x)	5.3	4.0	4.2	3.2
P/BV (x)	0.6	0.6	0.6	0.5
Div yield (%)	7.7	6.7	6.7	6.7
ROE (%)	5.8	7.6	6.1	7.2
Net D/E (%)	17.9	5.4	1.8	(4.3)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 17-Jul-25 (Bt)	5.20
Market Cap (US\$ m)	693.1
Listed Shares (m shares)	4,335.9
Free Float (%)	39.4
Avg Daily Turnover (US\$ m)	2.0
12M Price H/L (Bt)	8.60/4.42
Sector	Energy
Major Shareholder	Chevron Asia Holdings 60.56%

Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: Earnings Revisions

	2024	2025F	2026F	2027F
Normalized profit (Bt m)				
- New	2,358	3,010	2,437	2,958
- Old		2,511	2,170	2,777
- Change (%)		19.9	12.3	6.5
Net profit (Bt m)				
- New	2,235	2,339	1,839	2,958
- Old		1,840	1,573	2,777
- Change (%)		27.1	16.9	6.5
Market GRM (US\$/bbl)				
- New	5.2	5.0	5.3	5.3
- Old		4.4	4.5	4.6
- Change (%)		14.6	19.1	14.4
Utilization (%)				
- New	91	90	85	90
- Old		90	85	90
- Change (ppt)		0.0	0.0	0.0

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	6,221	5,565	6,427	7,052	6,696	6,840	6,255	5,760	6,339	6,471	6,065	6,535	
Free cash flow	5,722	3,138	3,417	5,503	6,285	86	4,915	5,573	3,977	895	5,871	4,184	38,739
PV of free cash flow	5,706	2,557	2,513	3,651	3,763	47	2,397	2,453	1,580	321	1,900	1,221	11,309
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.3												
WACC (%)	10.8												
Terminal growth (%)	0.0												
Enterprise value - add Investments	33,712												
Net debt (2024A)	7,017												
Minority interest	5												
Equity value	26,690												
# of shares (m)	4,336												
Equity value/sh (Bt)	6.2												

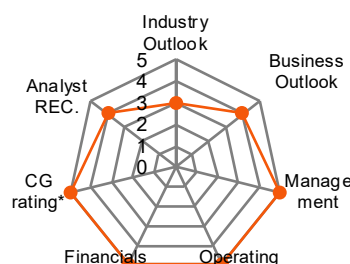
Sources: Thanachart estimates

COMPANY DESCRIPTION

Star Petroleum Refining Pcl'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

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

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
Target price (Bt)	6.70	6.20	-8%
Net profit 25F (Bt m)	2,382	2,339	-2%
Net profit 26F (Bt m)	2,930	1,839	-37%
Consensus REC	BUY: 15	HOLD: 6	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- We are 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.

Sources: Bloomberg consensus, Thanachart estimates

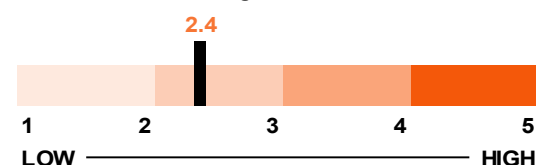
RISKS TO OUR INVESTMENT CASE

- A lower-than-expected GRM outlook is the key downside risk to our positive view.
- Lower-than-expected oil prices are also a key downside risk to our view.

Source: Thanachart

SPRC is an oil refiner with 175kbd of capacity and a petrol station network. We assign an ESG score of 2.4, compared to its peer average of 2.9. The lower score than peers' is due to a 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	56.58	47.25	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 its peers' average of 2.9 due to its lack of green investment initiative.
- In 2023, SPRC released 1.2m tonnes of CO2 equivalent, an increase of 10% from 2022. However, its emission intensity of 194 kg/BOE (barrels of crude oil equivalent) was below the average of its Thai energy peers at 280 kg/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. the average for its peers of 2.8. This is mainly due to its involvement in an oil spill in 2022.
- On the positive side, SPRC managed its 2022 oil spill 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 have been no major incident since its last oil spill.

GOVERNANCE &
SUSTAINABILITY

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

- We assign a 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 the 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, where hackers 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 is 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, commodity prices, and forex rates, its 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	209,842	177,901	194,073
Cost of sales	238,059	264,988	203,623	172,468	187,901
Gross profit	225	5,617	6,219	5,433	6,173
% gross margin	0.1%	2.1%	3.0%	3.1%	3.2%
Selling & administration expenses	1,302	3,311	3,311	3,311	3,311
Operating profit	(1,077)	2,306	2,908	2,122	2,862
% operating margin	-0.5%	0.9%	1.4%	1.2%	1.5%
Depreciation & amortization	2,599	3,282	3,313	3,443	3,565
EBITDA	1,521	5,588	6,221	5,565	6,427
% EBITDA margin	0.6%	2.1%	3.0%	3.1%	3.3%
Non-operating income	139	1,065	0	0	0
Non-operating expenses	0	0	0	0	0
Interest expense	(367)	(426)	(208)	(119)	(58)
Pre-tax profit	(1,306)	2,945	2,700	2,003	2,804
Income tax	(294)	587	399	274	554
After-tax profit	(1,012)	2,358	2,301	1,728	2,250
% net margin	-0.4%	0.9%	1.1%	1.0%	1.2%
Shares in affiliates' Earnings	0	0	708	708	708
Minority interests	0	0	0	0	0
Extraordinary items	(218)	(123)	(671)	(597)	0
NET PROFIT	(1,230)	2,235	2,339	1,839	2,958
Normalized profit	(1,012)	2,358	3,010	2,437	2,958
EPS (Bt)	(0.3)	0.5	0.5	0.4	0.7
Normalized EPS (Bt)	(0.2)	0.5	0.7	0.6	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
ASSETS:					
Current assets:	46,603	39,471	35,483	30,371	32,926
Cash & cash equivalent	1,374	575	2,000	2,000	2,000
Account receivables	18,352	14,923	13,589	11,521	12,568
Inventories	26,459	23,482	19,513	16,527	18,006
Others	418	491	381	323	352
Investments & loans	0	0	0	0	0
Net fixed assets	24,143	22,300	20,417	22,223	19,658
Other assets	4,822	6,665	5,249	4,505	4,882
Total assets	75,567	68,435	61,148	57,099	57,466
LIABILITIES:					
Current liabilities:	30,120	20,010	15,836	12,986	13,689
Account payables	14,156	16,726	12,777	10,822	11,791
Bank overdraft & ST loans	12,483	592	325	212	16
Current LT debt	0	394	576	377	29
Others current liabilities	3,481	2,299	2,158	1,575	1,854
Total LT debt	0	6,606	3,263	2,134	162
Others LT liabilities	2,677	2,712	2,230	1,837	2,033
Total liabilities	32,797	29,329	21,329	16,957	15,884
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)
Retained earnings	8,453	9,663	10,376	10,698	12,138
Shareholders' equity	42,765	39,101	39,814	40,136	41,577
Liabilities & equity	75,567	68,435	61,148	57,099	57,466

Sources: Company data, Thanachart estimates

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

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	(1,306)	2,945	2,700	2,003	2,804
Tax paid	294	(587)	(399)	(274)	(554)
Depreciation & amortization	2,599	3,282	3,313	3,443	3,565
Chg In working capital	(5,346)	8,976	1,355	3,099	(1,558)
Chg In other CA & CL / minorities	1,801	(1,130)	676	182	957
Cash flow from operations	(1,958)	13,486	7,645	8,452	5,214
Capex	(3,966)	(1,430)	(1,430)	(5,250)	(1,000)
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)	266	(245)	(180)
Cash flow from investments	(4,066)	(4,203)	(1,165)	(5,495)	(1,180)
Debt financing	2,034	(4,183)	(3,429)	(1,440)	(2,517)
Capital increase	0	0	0	0	0
Dividends paid	(650)	(1,084)	(1,626)	(1,518)	(1,518)
Warrants & other surplus	5,939	(4,815)	0	0	0
Cash flow from financing	7,322	(10,082)	(5,055)	(2,957)	(4,034)
Free cash flow	(5,924)	12,056	6,215	3,202	4,214

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

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	na	9.6	7.5	9.3	7.6
Normalized PE - at target price (x)	na	11.4	8.9	11.0	9.1
PE (x)	na	10.1	9.6	12.3	7.6
PE - at target price (x)	na	12.0	11.5	14.6	9.1
EV/EBITDA (x)	22.1	5.3	4.0	4.2	3.2
EV/EBITDA - at target price (x)	25.0	6.1	4.7	5.0	3.9
P/BV (x)	0.5	0.6	0.6	0.6	0.5
P/BV - at target price (x)	0.6	0.7	0.7	0.7	0.6
P/CFO (x)	(11.5)	1.7	2.9	2.7	4.3
Price/sales (x)	0.1	0.1	0.1	0.1	0.1
Dividend yield (%)	0.0	7.7	6.7	6.7	6.7
FCF Yield (%)	(26.3)	53.5	27.6	14.2	18.7
(Bt)					
Normalized EPS	(0.2)	0.5	0.7	0.6	0.7
EPS	(0.3)	0.5	0.5	0.4	0.7
DPS	0.0	0.4	0.4	0.4	0.4
BV/share	9.9	9.0	9.2	9.3	9.6
CFO/share	(0.5)	3.1	1.8	1.9	1.2
FCF/share	(1.4)	2.8	1.4	0.7	1.0

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(16.5)	13.6	(22.5)	(15.2)	9.1
Net profit (%)	na	na	4.7	(21.4)	60.8
EPS (%)	na	na	4.7	(21.4)	60.8
Normalized profit (%)	na	na	27.6	(19.0)	21.4
Normalized EPS (%)	na	na	27.6	(19.0)	21.4
Dividend payout ratio (%)	0.0	77.6	64.9	82.5	51.3
Operating performance					
Gross margin (%)	0.1	2.1	3.0	3.1	3.2
Operating margin (%)	(0.5)	0.9	1.4	1.2	1.5
EBITDA margin (%)	0.6	2.1	3.0	3.1	3.3
Net margin (%)	(0.4)	0.9	1.1	1.0	1.2
D/E (incl. minor) (x)	0.3	0.2	0.1	0.1	0.0
Net D/E (incl. minor) (x)	0.3	0.2	0.1	0.0	(0.0)
Interest coverage - EBIT (x)	na	5.4	14.0	17.8	49.3
Interest coverage - EBITDA (x)	4.1	13.1	30.0	46.8	110.8
ROA - using norm profit (%)	na	3.3	4.6	4.1	5.2
ROE - using norm profit (%)	na	5.8	7.6	6.1	7.2
DuPont					
ROE - using after tax profit (%)	na	5.8	5.8	4.3	5.5
- asset turnover (x)	3.4	3.8	3.2	3.0	3.4
- operating margin (%)	na	1.2	1.4	1.2	1.5
- leverage (x)	1.7	1.8	1.6	1.5	1.4
- interest burden (%)	139.1	87.4	92.9	94.4	98.0
- tax burden (%)	na	80.1	85.2	86.3	80.2
WACC (%)	10.8	10.8	10.8	10.8	10.8
ROIC (%)	(2.2)	3.4	5.4	4.4	5.9
NOPAT (Bt m)	(1,077)	1,846	2,484	1,846	2,410
invested capital (Bt m)	53,875	46,118	41,977	40,859	39,783

Sources: Company data, Thanachart estimates

BUY (From: SELL)

Change in Recommendation

TP: Bt 34.00 (From: Bt 20.00)

Upside : 11.5%

18 JULY 2025

Thai Oil Public Co Ltd (TOP TB)

The worst is over

We upgrade TOP to BUY due to improvements in refinery margins following global plant rationalization. CFP's cost overrun is also old news and should already be reflected in its 0.3x 2025F P/BV ratio. TOP is also a high-yield play at 6.1/5.4% dividend yields in 2025-26F.



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Easing concerns; upgrading to BUY

This report is part of Energy Sector – *Dividend in the rough*, dated 18 July 2025. We upgrade our call on TOP to BUY from Sell with a new DCF-based 12-month TP (2025F base year) of Bt34 (from Bt20). *First*, the Singapore gross refining margin (GRM) has recovered due to tightened supply after many plant closures around the world. We raise our earnings estimates by 5/14/9% in 2025-27F due to our higher GRM assumptions. *Second*, despite the additional capex for its Clean Fuel Project (CFP), we still expect TOP to be able to maintain its 40% payout ratio, and we project 6.1/5.4% dividend yields in 2025-26F. *Third*, TOP has a decent balance sheet and even with the CFP capex, we expect its net D/E to rise to only 0.6x in 2027F from 0.5x in 2025F. Note that we assume TOP will issue a perpetual bond in 2025F. *Lastly*, with a more stable outlook GRM and CFP being old news, we see TOP's valuation as attractive at 0.3x 2025F P/BV and 6.1% yield.

Improved GRM outlook

The Singapore GRM benchmark has normalized down from the Russia-Ukraine war peak of US\$30/bbl in 2022 to US\$7.9/6.1 in 2023-24. It fell to an abnormally low level of US\$4.6 in 1Q25 due to a weak gasoline spread. But it has recently improved due to closures of uncompetitive plants, mainly in the US and Europe. These closures bring net global capacity addition to just 400k bpd (from 600kbp previously), lower than the forecast demand growth of 1m bpd. We raise our Singapore GRM assumptions by US\$1.0/0.4/0.2 to US\$5.8/5.5/5.8 per barrel for 2025-27F.

CFP capex looks manageable

Despite the large Bt63bn (US\$1.7bn) additional capex for CFP, we estimate TOP's net D/E ratio to rise to only 0.6x in 2027F, when the project is scheduled to be complete, from 0.5x in 2025F. Note that we assume TOP will issue a perpetual bond in 2025F worth Bt30bn. We estimate EBITDA of around Bt25bn p.a. in 2025-26F vs. interest expenses of Bt4bn and capex of Bt25bn. The management expects to finalize CFP progress in 3Q25F, with the project's commercial operation date in 2Q27.

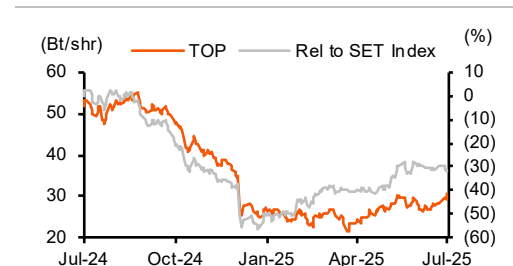
Decent dividend yields

We expect TOP to generate negative free cash flow over the next three years due to CFP's capex. However, we still project DPS of Bt1.9/1.6 or 6.1/5.4% dividend yields in 2025-26F. Our payout assumption is 40% vs. 43% in 2024. One reason is that this DPS means only a Bt3bn-4bn p.a. absolute dividend payment, which is not large. Another reason is TOP's balance sheet, with a low debt ratio, would likely handle it. Last but not least, we believe that PTT Pcl (PTT TB, BUY, Bt31.50) would prefer to see TOP keep paying a dividend. Note that TOP paid a dividend during negative free cash flow years in 2019-21.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	466,777	404,106	383,936	383,936
Net profit	9,959	12,673	10,907	9,445
Consensus NP	—	11,012	11,997	10,617
Diff frm cons (%)	—	15.1	(9.1)	(11.0)
Norm profit	17,245	10,277	12,405	9,445
Prev. Norm profit	—	9,752	10,842	8,666
Chg frm prev (%)	—	5.4	14.4	9.0
Norm EPS (Bt)	7.7	4.6	4.8	3.4
Norm EPS grw (%)	(37.1)	(40.4)	3.2	(27.9)
Norm PE (x)	3.9	6.6	6.4	8.9
EV/EBITDA (x)	6.8	6.7	7.5	8.6
P/BV (x)	0.4	0.3	0.3	0.3
Div yield (%)	6.2	6.1	5.4	4.5
ROE (%)	10.5	5.6	6.1	4.5
Net D/E (%)	69.1	45.5	55.4	57.5

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 17-Jul-25 (Bt)	30.50
Market Cap (US\$ m)	2,092.9
Listed Shares (m shares)	2,232.3
Free Float (%)	52.0
Avg Daily Turnover (US\$ m)	17.1
12M Price H/L (Bt)	55.00/21.50
Sector	Energy
Major Shareholder	PTT Pcl 45.03%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P80

Ex 1: Key Assumption Changes

	2023	2024	2025F	2026F	2027F
Reported profit (Bt m)					
- New	19,768	9,959	12,673	10,907	9,445
- Old			7,275	9,337	8,666
- Change (%)			74.2	16.8	9.0
Normalized profit (Bt m)					
- New	27,412	17,245	10,277	12,405	9,445
- Old			9,752	10,842	8,666
- Change (%)			5.4	14.4	9.0
Market GRM (US\$/bbl)					
- New	8.5	6.2	6.1	5.9	5.9
- Old			5.6	5.6	5.7
- Change (%)			9.7	4.5	3.2

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	24,026	24,696	22,279	27,497	29,600	26,080	24,251	24,704	25,156	25,609	25,609	25,609	
Free cash flow	(5,069)	(12,000)	2,496	18,020	20,276	17,456	15,995	16,399	16,805	17,215	17,254	17,302	212,975
PV of free cash flow	(5,055)	(10,267)	1,975	13,184	13,721	10,925	9,258	8,777	8,319	7,881	7,306	6,774	83,383
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	8.1												
Terminal growth (%)	0.0												
Enterprise value - add investments	161,236												
Net cash/(debt)	114,881												
Minority interest	2,739												
Equity value	43,616												
# of shares (m)	2,232												
Equity value/share (Bt)	20												
Sum-of-the-parts valuation				Value (Bt m)		Per share (Bt/shr)		% of total		Methodology			
Downstream				43,616		20		59%		DCF			
Power (GPSC)				6,891		3		9%		DCF			
Chandra Asri				23,936		11		32%					
Total value per share				74,443		34							

Sources: Thanachart estimates

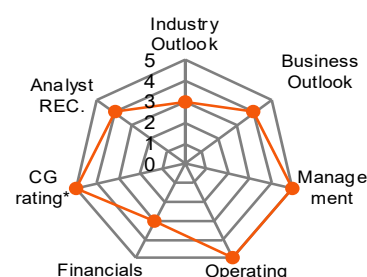
Note: Net debt position is for all businesses except GPSC, which is not consolidated

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, Bt190, SELL) with a 30.5% stake. Its other businesses include power, marine transport, and ethanol production.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- 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)	30.22	34.00	13%
Net profit 25F (Bt m)	11,012	12,673	15%
Net profit 26F (Bt m)	11,997	10,907	-9%
Consensus REC	BUY: 12	HOLD: 11	SELL: 6

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025F net profits are higher than the Bloomberg consensus estimates as incorporate non-cash gain from Chandra Asri.
- Consequently, our DCF-derived SOTP-based TP is above consensus as we think consensus expect lower return from CFP.

RISKS TO OUR INVESTMENT CASE

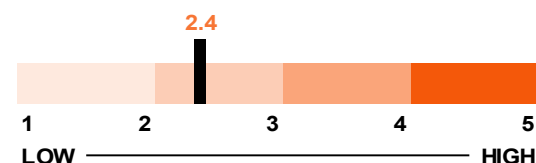
- The key downside risk to our call is lower-than-expected GRMs.
- A secondary downside risk to our call is lower oil prices, leading to a stock loss.
- A higher-than-expected light-sweet crude premium is a downside risk to our call.
- Downside risk would also come from a sudden increase in China's oil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

Sources: Bloomberg consensus, Thanachart forecasts

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 the 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	AAA	YES	BBB	57.22	73.72	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

ENVIRONMENT

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

- TOP runs a refinery business which by nature emits high level of greenhouse gas (GHG). Although it has plans to reduce emissions, it will likely take quite a long time, especially as its new Clean Fuel Project (CFP) will add to the emission footprint in 2027F.
- In 2023, total GHG emissions fell by 28,003 tonnes of carbon dioxide equivalent through energy efficiency improvement projects.
- We expect its GHG intensity to rise in 2027F once the CFP begins operations. The 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.
- TOP targets to reduce greenhouse gas emissions by 15% by 2035F from the base year of 2026 to achieve carbon neutrality by 2050 and net-zero GHG emissions by 2060 by implementing its net-zero GHG emissions strategy.

SOCIAL

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

- TOP's social score stands at 2.2, which is not very high due to its 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.
- 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.
- TOP is participating in a government-led reforestation project covering 8,656 rai, aiming to absorb 92,800 tonnes of CO2 equivalent by 2060.

GOVERNANCE &
SUSTAINABILITY

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

- 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.
- TOP has a decent board structure with eight of the 15 board members being independent, while the board chair is independent.
- Accounting and audit are generally easy to cross-check and seem transparent.
- TOP's business isn't diversified and has very high earnings volatility by nature. It is also in the middle of a heavy capex cycle due to the new CFP.

Source: Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	469,244	466,777	404,106	383,936	383,936
Cost of sales	435,217	444,016	384,413	363,411	366,385
Gross profit	34,027	22,761	19,692	20,525	17,551
% gross margin	7.3%	4.9%	4.9%	5.3%	4.6%
Selling & administration expenses	3,521	3,874	4,041	3,839	3,839
Operating profit	30,507	18,887	15,651	16,686	13,712
% operating margin	6.5%	4.0%	3.9%	4.3%	3.6%
Depreciation & amortization	7,799	8,106	8,375	8,011	8,568
EBITDA	38,306	26,993	24,026	24,696	22,279
% EBITDA margin	8.2%	5.8%	5.9%	6.4%	5.8%
Non-operating income	1,138	2,008	1,817	1,726	1,726
Non-operating expenses	(86)	556	0	0	0
Interest expense	(4,089)	(4,052)	(4,352)	(3,727)	(4,070)
Pre-tax profit	27,470	17,399	13,116	14,685	11,368
Income tax	(0)	(1)	2,904	2,499	2,165
After-tax profit	27,470	17,400	10,213	12,185	9,203
% net margin	5.9%	3.7%	2.5%	3.2%	2.4%
Shares in affiliates' Earnings	84	(132)	84	238	260
Minority interests	(142)	(22)	(19)	(18)	(18)
Extraordinary items	(7,645)	(7,287)	2,396	(1,498)	0
NET PROFIT	19,768	9,959	12,673	10,907	9,445
Normalized profit	27,412	17,245	10,277	12,405	9,445
EPS (Bt)	8.9	4.5	5.7	4.1	3.4
Normalized EPS (Bt)	12.3	7.7	4.6	4.8	3.4

We expect 2025-26F profit to be stable, in-line with GRM.

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	125,371	112,222	111,525	107,753	108,084
Cash & cash equivalent	34,376	39,738	40,000	40,000	40,000
Account receivables	31,154	27,601	25,014	23,765	23,765
Inventories	52,656	40,577	42,783	40,445	40,776
Others	7,185	4,306	3,728	3,542	3,542
Investments & loans	32,039	31,427	31,427	31,427	31,427
Net fixed assets	218,618	224,153	235,599	264,377	274,713
Other assets	43,964	41,209	39,243	38,949	39,449
Total assets	419,993	409,010	417,794	442,505	453,673
LIABILITIES:					
Current liabilities:	73,501	67,663	73,950	57,962	58,990
Account payables	50,184	51,579	43,573	41,192	41,529
Bank overdraft & ST loans	3,198	2,725	2,345	2,749	2,864
Current LT debt	10,061	5,177	20,911	7,662	7,981
Others current liabilities	10,058	8,182	7,122	6,358	6,616
Total LT debt	149,858	146,717	109,783	145,586	151,643
Others LT liabilities	28,322	28,445	29,410	29,454	29,944
Total liabilities	251,681	242,826	213,143	233,002	240,576
Minority interest	2,744	2,739	2,758	2,776	2,795
Preferred 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)	15,426	15,426	15,426
Retained earnings	143,848	144,984	153,445	158,279	161,854
Shareholders' equity	165,568	163,446	201,893	206,727	210,302
Liabilities & equity	419,993	409,010	417,794	442,505	453,673

Sources: Company data, Thanachart estimates

We expect TOP's balance sheet to be able to absorb CFP's additional capex

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	27,470	17,399	13,116	14,685	11,368
Tax paid	2,723	(2,708)	(1,798)	(3,130)	(1,888)
Depreciation & amortization	7,799	8,106	8,375	8,011	8,568
Chg In working capital	(23,678)	17,027	(7,625)	1,205	6
Chg In other CA & CL / minorities	14,520	(2,277)	(5,856)	(4,264)	(4,733)
Cash flow from operations	28,834	37,547	6,212	16,507	13,321
Capex	(19,942)	(13,641)	(19,822)	(36,788)	(18,904)
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)	10,179	3,894	5,464
Cash flow from investments	(17,651)	(11,307)	(10,143)	(33,394)	(13,940)
Debt financing	(10,149)	(8,799)	(21,580)	22,959	6,490
Capital increase	0	0	(15)	0	0
Dividends paid	(5,249)	(8,823)	(4,212)	(6,072)	(5,870)
Warrants & other surplus	(4,985)	(3,257)	30,000	0	0
Cash flow from financing	(20,383)	(20,879)	4,193	16,887	619
Free cash flow	8,893	23,906	(13,610)	(20,281)	(5,583)

TOP will likely enter into another capex cycle

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	2.5	3.9	6.6	6.4	8.9
Normalized PE - at target price (x)	2.8	4.4	7.4	7.2	9.9
PE (x)	3.4	6.8	5.4	7.5	8.9
PE - at target price (x)	3.8	7.6	6.0	8.3	9.9
EV/EBITDA (x)	5.1	6.8	6.7	7.5	8.6
EV/EBITDA - at target price (x)	5.3	7.1	7.0	7.8	8.9
P/BV (x)	0.4	0.4	0.3	0.3	0.3
P/BV - at target price (x)	0.5	0.5	0.4	0.4	0.4
P/CFO (x)	2.4	1.8	11.0	4.1	5.1
Price/sales (x)	0.1	0.1	0.2	0.2	0.2
Dividend yield (%)	11.1	6.2	6.1	5.4	4.5
FCF Yield (%)	13.1	35.1	(20.0)	(29.8)	(8.2)
(Bt)					
Normalized EPS	12.3	7.7	4.6	4.8	3.4
EPS	8.9	4.5	5.7	4.1	3.4
DPS	3.4	1.9	1.9	1.6	1.4
BV/share	74.2	73.2	90.4	92.6	94.2
CFO/share	12.9	16.8	2.8	7.4	6.0
FCF/share	4.0	10.7	(6.1)	(9.1)	(2.5)

Sources: Company data, Thanachart estimates

We see TOP's 6.6x 2025F PE multiple as attractive

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(11.4)	(0.5)	(13.4)	(5.0)	0.0
Net profit (%)	(39.5)	(49.6)	27.3	(13.9)	(13.4)
EPS (%)	(42.8)	(49.6)	27.3	(28.1)	(16.1)
Normalized profit (%)	(27.5)	(37.1)	(40.4)	20.7	(23.9)
Normalized EPS (%)	(31.5)	(37.1)	(40.4)	3.2	(27.9)
Dividend payout ratio (%)	38.4	42.6	33.0	40.0	40.0
Operating performance					
Gross margin (%)	7.3	4.9	4.9	5.3	4.6
Operating margin (%)	6.5	4.0	3.9	4.3	3.6
EBITDA margin (%)	8.2	5.8	5.9	6.4	5.8
Net margin (%)	5.9	3.7	2.5	3.2	2.4
D/E (incl. minor) (x)	1.0	0.9	0.7	0.7	0.8
Net D/E (incl. minor) (x)	0.8	0.7	0.5	0.6	0.6
Interest coverage - EBIT (x)	7.5	4.7	3.6	4.5	3.4
Interest coverage - EBITDA (x)	9.4	6.7	5.5	6.6	5.5
ROA - using norm profit (%)	6.3	4.2	2.5	2.9	2.1
ROE - using norm profit (%)	17.0	10.5	5.6	6.1	4.5
DuPont					
ROE - using after tax profit (%)	17.1	10.6	5.6	6.0	4.4
- asset turnover (x)	1.1	1.1	1.0	0.9	0.9
- operating margin (%)	6.7	4.6	4.3	4.8	4.0
- leverage (x)	2.7	2.5	2.3	2.1	2.1
- interest burden (%)	87.0	81.1	75.1	79.8	73.6
- tax burden (%)	100.0	100.0	77.9	83.0	81.0
WACC (%)	8.1	8.1	8.1	8.1	8.1
ROIC (%)	10.7	6.4	4.4	4.7	3.4
NOPAT (Bt m)	30,507	18,887	12,186	13,846	11,100
invested capital (Bt m)	294,309	278,328	294,931	322,725	332,789

Sources: Company data, Thanachart estimates

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

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AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

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

Moody's ESG Solutions

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