

Energy Sector – Neutral

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News Update

U.S.– Israel Strike on Iran

- **Iran tensions lift crude and diesel cracks**
- **PTTEP & PTT gain from higher oil prices**
- **Refiners gain from wider cracks and inventory**
- **SCC and retailers (PTG, PTTOR) face a margin pressure**

The U.S. and Israel launched a major strike on Iran on 28 Feb 2026, hitting military, missile, and leadership sites. Iran’s Supreme Leader Ali Khamenei was confirmed killed. However, Iran names interim leaders, Ayatollah Alireza Araf, keeping the power structure intact. The main market concern is disruption around the Strait of Hormuz, which carries c. 30% of global seaborne oil, with some vessels warned to avoid the route, raising the risk of oil spiking. This marks a larger escalation than last year, with leadership strikes, retaliation risks, and uncertainty over broader regional disruption.

Implication on Thai energy:

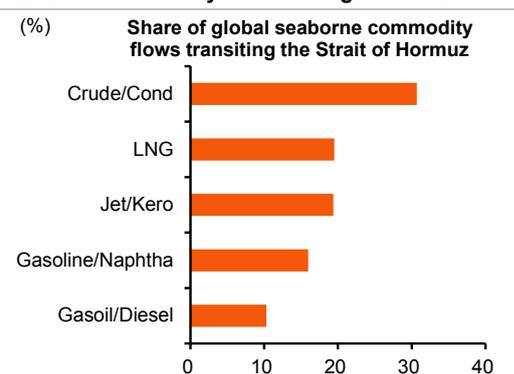
- For Thailand, the main beneficiaries are upstream—**particularly PTTEP (BUY)**—and potentially refiners (**BUY TOP, SPRC, BCP**) through stronger cracks and inventory gains, while petrochemicals and oil retailers face cost pressure. **PTT (BUY)** should be net positive overall, supported by upstream and refining subsidiaries, partly offset by higher LNG costs.
- **Upstream (Positive)** – Higher oil prices from geopolitical risk would directly benefit E&P players such as PTTEP, given strong sensitivity to crude prices. We estimate that every US\$1/bbl increase in oil price would lift PTTEP’s NPV by around Bt2.5/share (~1.8% of the current share price).
- **Refining (Positive)** – We expect a net positive impact on Thai refiners, as potential inventory gains and stronger diesel cracks should more than offset higher freight costs and crude premiums. Middle East diesel exports total roughly 750k b/d (about 10% of global seaborne diesel trade), mainly from Kuwait, the UAE, and Saudi Arabia, meaning any disruption could tighten supply and support margins. Our channel checks indicate Thai refiners currently hold around 40–60 days of inventory, which should keep supply manageable if the conflict does not drag on. Among the group, TOP appears least exposed to rising freight costs, with roughly 75% of shipments under fixed-rate contracts.
- **Petrochemicals (Negative)** – Higher oil prices would lift naphtha and feedstock costs while downstream demand remains weak, putting further pressure on naphtha crackers. We see **SCC (SELL)** as most at risk given its largely pure naphtha-based cracker exposure, while **PTTGC (SELL)** and **IRPC (SELL)** could see partial offsets from their refining operations.
- **Oil retail (Negative)** – Marketing margins could come under pressure if oil prices rise sharply, as Thailand currently caps diesel prices at around Bt30/litre, increasing the risk of government intervention. This would likely weigh on oil retailers such as **PTG (HOLD)** and **OR (BUY)**.

Ex 1: Stock Rating And TP

	Rating	Price Current (Bt)	Price Target (Bt)
BANPU	BUY	5.70	6.00
BCP	BUY	37.75	37.00
IRPC	SELL	1.42	0.77
IVL	SELL	22.90	14.00
OR	BUY	13.40	15.50
PTG	HOLD	9.95	7.90
PTT	BUY	37.00	40.00
PTTEP	BUY	137.00	159.00
PTTGC	SELL	28.25	18.00
SCC	SELL	225.00	128.00
SPRC	BUY	7.60	7.00
TOP	BUY	54.75	56.00

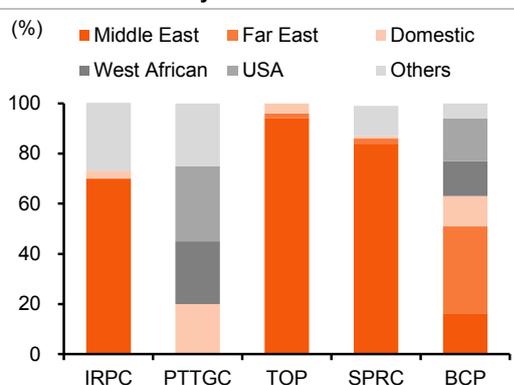
Sources: Bloomberg, Thanachart estimates

Ex 2: % Commodity Flow Through Hormuz



Source: Bloomberg

Ex 3: Thai Refinery Feedstock Breakdown



Source: Company data

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