

Energy Sector – Neutral

Yupapan Polpornprasert | Email: yupapan.pol@ttbwealth.co.th

News Update

Windfall tax back in focus

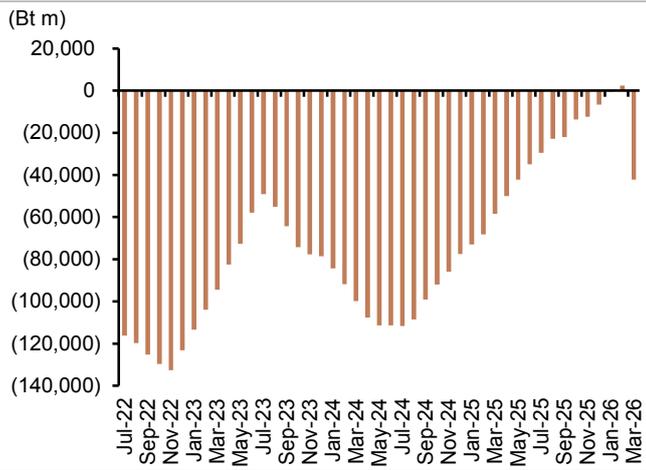
- **FPO studying windfall tax**
- **Several challenges to be address**
- **Oil fund still has headroom for subsidy**
- **The tax cap upside, not eliminate profit**

The Fiscal Policy Office (FPO) is studying the feasibility of a windfall tax on Thailand's refinery sector, but this remains at a preliminary stage. Note that refiners has not yet been approached to discuss.

- **What it is:** A windfall tax targets excess profits from external shocks (e.g., oil price spikes), typically applied above a defined "normal" level of returns.
- **What happens during last crisis:** Similar discussions in the past did not materialize into policy in 2022 during Russia-Ukraine; instead, industry support came via voluntary contributions from PTT's Bt3bn to the Oil Fund.
- **Key challenges:**
 - 1.) **Requires legislative approval:** Implementation will take time.
 - 2.) **Unclear profit benchmark:** It's hard to define "normal" profit due to volatile oil prices, making excess profit calculations subjective.
 - 3.) **Higher input costs:** Rising crude premiums, insurance, and freight costs reduce real profitability and should be factored in.
 - 4.) **Distortion risks:** Artificially low prices could lead to fuel shortages and arbitrage.
- **Oil Fund still has subsidy headroom:** The Fund's deficit stands at ~Bt42bn at the end of March 2026, with outstanding debt at Bt25bn. In addition, the Ministry of Finance indicated that the Oil Fuel Fund is seeking to raise its loan guarantee ceiling from Bt40bn to Bt150bn for one year, pending Cabinet approval. There remains ~Bt300bn of borrowing capacity before public debt reaches the 70% ceiling. At the current outflow of ~Bt2.3bn/day (based on a Bt19/litre subsidy), this implies ~54 days before reaching the new ceiling, potentially longer if subsidies are reduced. The government has also signaled a move to float diesel prices, which should help easing pressure on the Fund outflow.
- **Tax cap upside but does not eliminate profitability:** Even if implemented, a windfall tax would cap upside, not eliminate profitability—refinery earnings would remain elevated in a strong margin environment.

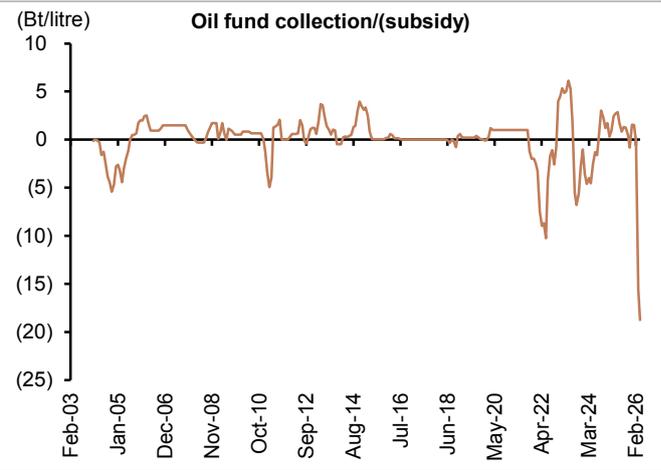
Although sentiment may turn negative, we see a buying opportunity as the policy remains uncertain and would only cap upside, not profits. **TOP (BUY) and SPRC (BUY)** look attractive due to laggard performance. Note that crude premium and freight cost are now easing due to more vessels transiting Hormuz.

Ex 1: Oil Fund Balance



Source: offo

Ex 2: Diesel Collection/(subsidy)



Source: EPPO

General Disclaimers And Disclosures:

This report is prepared and issued by ttb wealth securities public company limited (ttbwealth) which is owned 99.97% by TMBThanachart Bank Public Company Limited (TTB) as a resource only for clients of ttbwealth, TMBThanachart Bank Public Company Limited (TTB) and its group companies. Copyright © ttb wealth securities public company limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of ttbwealth. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which ttbwealth or TTB or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither ttbwealth, TTB nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, ttbwealth, TTB and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

ttbwealth, TTB and its group companies perform and seek to perform business with companies covered in this report. ttbwealth, TTB, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. ttbwealth, TTB or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Disclosure of Interest of ttb wealth securities public company limited

Investment Banking Relationship

Within the preceding 12 months, ttbwealth has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: -

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

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

ttb wealth securities public company limited

Research Team

18 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: research@ttbwealth.co.th

Pimpaka Nichgaroon, CFA

Head of Research, Strategy
pimpaka.nic@ttbwealth.co.th

Nuttapop Prasitsuksant

Telecom, Utilities
nuttapop.pra@ttbwealth.co.th

Rawisara Suwanumphai

Bank, Finance
rawisara.suw@ttbwealth.co.th

Yupapan Polpornprasert

Energy, Petrochemical
yupapan.pol@ttbwealth.co.th

Sittichet Rungrassameephat

Analyst, Retail Market Strategy
sittichet.run@ttbwealth.co.th

Adisak Phupiphathirungul, CFA

Retail Market Strategy
adisak.phu@ttbwealth.co.th

Pattadol Bunnak

Electronics, Food & Beverage, Retail
pattadol.bun@ttbwealth.co.th

Saksid Phadthananarak

Construction, Transportation
saksid.pha@ttbwealth.co.th

Chod Reankittiwat, CFA

Assistant Analyst
chod.rea@ttbwealth.co.th

Thaloengsak Kucharoenpaisan

Analyst, Retail Market Strategy
thaloengsak.kuc@ttbwealth.co.th

Pattarawan Wangmingmat

Senior Technical Analyst
pattarawan.wan@ttbwealth.co.th

Rata Limsuthiwanpoom

Auto, Industrial Estate, Media, Prop. Fund
rata.lim@ttbwealth.co.th

Siriporn Arunothai

Small Cap, Healthcare, Hotel
siriporn.aru@ttbwealth.co.th

Witchanan Tambamroong

Technical Analyst
witchanan.tam@ttbwealth.co.th

Nariporn Klangpremchitt, CISA

Analyst, Retail Market Strategy
nariporn.kla@ttbwealth.co.th