

Energy Sector – Neutral

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News Update

Introduce Bt2/litre ex-refinery diesel discount

- Refiners to share excess margins
- Limited impact from Bt2/litre diesel price cut
- Policy aims to balance stakeholders
- Worst-case impact still manageable

Mr. Ekknat Promphan, Minister of Energy, announced after the Energy Policy Administration Committee (EPAC) meeting that the committee has approved a Bt2/litre reduction in ex-refinery diesel prices (B7–B20). The measure will be formalized via publication in the Royal Gazette, after which the Oil Fuel Fund Management Committee will determine how the reduction will be passed through to retail pump prices.

- Limited impact from Bt2/litre ex-refinery diesel price cut:** We estimate this translates to ~US\$10/bbl impact on diesel cracks, with margins remaining elevated at US\$142/bbl (vs. current US\$152/bbl). Accordingly, SG GRM is expected to decline modestly from US\$46/bbl to US\$44/bbl (or from US\$21/bbl to US\$19/bbl after assuming a US\$25/bbl crude premium), still well above the mid-cycle level of ~US\$6/bbl.
- Policy direction clear:** While the discount may be adjusted over time, we believe it is clear that policymakers are not aiming to fully erode refinery profitability, but rather to balance the burden across stakeholders, as excessive intervention could discourage refinery runs and lead to supply shortages, making it critical to preserve reasonable profitability to ensure stable domestic supply.
- Downside scenario:** Under worst case scenario, we expect intervention to be capped by existing mechanisms, i.e. unlikely to exceed the current oil fund's diesel subsidy of ~Bt18/litre. Under this scenario, we estimate SG GRM would decline to ~US\$31/bbl (or ~US\$6/bbl after a US\$25/bbl crude premium) from US\$46/bbl, which we view as still a reasonable level of profitability.

Overall, we believe the market continues to underappreciate the strength of the refining cycle, with the sector trading at ~0.6x 2026F P/BV, well below its 10-year average of ~1.0x, and we maintain BUY on TOP, SPRC, and BCP.

Ex 1: Singapore Complex GRM Sensitivity

(US\$/bbl)	Spread over Dubai						SG GRM Over Dubai	SG GRM after crude premium (US\$25/bbl)
	Diesel	LPG	Naphtha	Gasoline	Jet	Fuel oil		
<i>Yield</i>	16%	3%	7%	32%	19%	23%		
No subsidy	152	(48)	17	31	109	(5)	46	21
Bt2/litre (current subsidy)	143	(48)	17	31	109	(5)	44	19
Bt5/litre	128	(48)	17	31	109	(5)	42	17
Bt10/litre	103	(48)	17	31	109	(5)	38	13
Bt15/litre	78	(48)	17	31	109	(5)	34	9
Bt18/litre (current oil fund subsidy)	63	(48)	17	31	109	(5)	31	6

Sources: Company data, ttb wealth estimates

Ex 2: Estimate Subsidy By Company

	Diesel sale volume (m litre per day)	Duration (Months)	Estimate subsidy at each diesel discount (Bt m)				
			Bt2/litre	Bt5/litre	Bt10/litre	Bt15/litre	Bt18/litre
BCP	17	2	1,995	4,987	9,973	14,960	17,952
IRPC	14	2	1,644	4,111	8,221	12,332	14,799
PTTGC	15	2	1,741	4,353	8,706	13,059	15,671
SPRC	9	2	1,112	2,780	5,559	8,339	10,007
TOP	16	2	1,974	4,936	9,872	14,808	17,770
Total	71		8,466	21,166	42,332	63,499	76,198

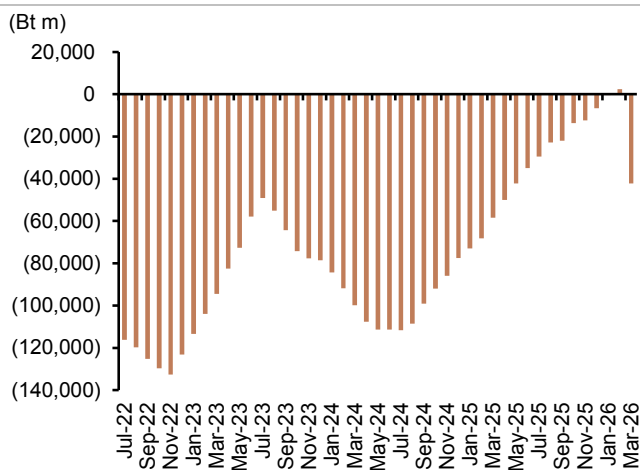
Source: ttb wealth estimates

Ex 3: Estimate Profit Impact

	2025 profit	No subsidy	Estimate 2026F profit post subsidy (Bt m)					% change from base case profit				
			Bt2/litre	Bt5/litre	Bt10/litre	Bt15/litre	Bt18/litre	Bt2/litre	Bt5/litre	Bt10/litre	Bt15/litre	Bt18/litre
BCP	11,657	31,698	29,704	26,712	21,725	16,738	13,746	(6)	(16)	(31)	(47)	(57)
IRPC	(1,161)	16,512	14,868	12,401	8,291	4,180	1,714	(10)	(25)	(50)	(75)	(90)
PTTGC	(16,289)	27,069	25,327	22,716	18,362	14,009	11,398	(6)	(16)	(32)	(48)	(58)
SPRC	4,594	14,711	13,600	11,932	9,152	6,372	4,704	(8)	(19)	(38)	(57)	(68)
TOP	11,602	40,228	38,253	35,292	30,356	25,420	22,458	(5)	(12)	(25)	(37)	(44)

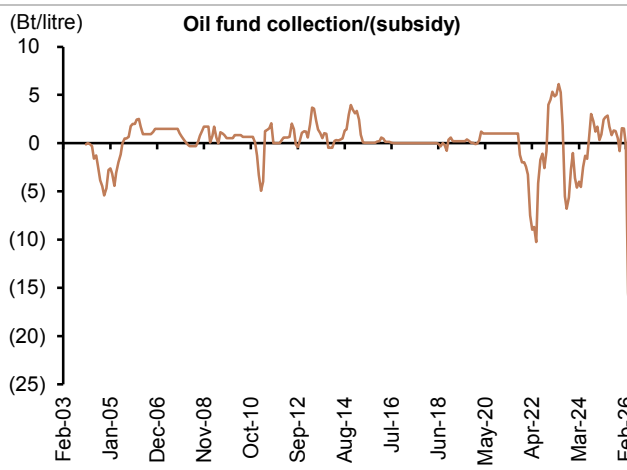
Source: ttb wealth estimates

Ex 4: Oil Fund Balance



Source: offo

Ex 5: Diesel Collection/(subsidy)



Source: EPPO

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