Star Petroleum Refining (SPRC TB) - BUY

Earnings Preview

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2Q26F – Strong quarter, upside remains

- **2Q26F profit at Bt6.7bn despite inventory losses**
- **1H26F beats FY26 forecast**
- **Higher DPS likely**
- **3Q26F outlook stronger than expected**

2Q26F net profit of Bt6.7bn is well above our previous Bt4.0bn estimate, driven by a stronger-than-expected GRM above US$20/bbl (including subsidy impact) versus US$12.8/bbl in 1Q26 and lower than expected OPEX post turnaround in 1Q26.

- Net profit fell 7% q-q due to inventory losses but surged from Bt1.0bn a year ago. Core profit jumped to Bt7.0bn from Bt1.7bn in 1Q26, supported by significantly stronger refining margins.
- Inventory loss is expected at only ~Bt400m, versus an Bt8.0bn inventory gain in 1Q26.
- Operations remained resilient, with refinery utilization at 85% despite export constraints.
- OPEX improved to US$1.8/bbl, from US$2.9/bbl in 1Q26 and US$2.2 in 2025, and SPRC believes this lower cost base is sustainable.
- 3Q26F earnings should remain strong, with July GRM still around US$10/bbl, easing our previous concerns over margin normalization.
- Our Bt0.75/share DPS forecast (8% yield) appears conservative. 1H26F core earnings of Bt8.8bn (Bt2/share) have already exceeded our full-year forecast. At a 40% payout ratio, DPS could reach Bt0.80/share.
- SPRC remains our top refinery pick. BUY

Key Valuations

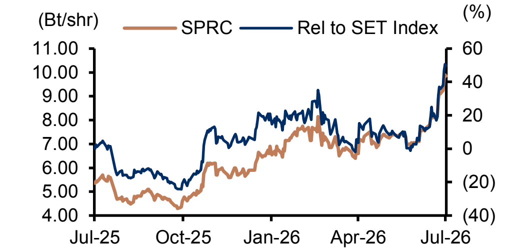
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	241,882	246,612	265,916	265,916
Net profit	2,570	7,664	4,411	5,367
Norm net profit	4,594	6,320	4,411	5,367
Norm EPS (Bt)	1.1	1.5	1.0	1.2
Norm EPS gr (%)	94.8	37.6	(30.2)	21.7
Norm PE (x)	9.3	6.8	9.7	8.0
EV/EBITDA (x)	5.3	4.2	4.8	3.9
P/BV (x)	1.1	1.0	1.0	0.9
Div. yield (%)	4.6	7.6	5.6	6.1
ROE (%)	11.9	15.6	10.1	11.7
Net D/E (%)	5.6	(6.4)	(9.7)	(16.5)

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	9.85
Target price (Bt)	8.50
Market cap (US$ m)	1,263
Avg daily turnover (US$ m)	6.1
12M H/L price (Bt)	9.90/4.30

Price Performance



Source: Bloomberg

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