

SPRC bounces back

- We project SPRC to see a core NP of THB0.6b in 4Q24, a reverse from a NL of THB1.5b in 3Q24 and NL of THB2.8b in 4Q23.
- We expect SPRC's GRM to rise to USD6/bbl in 4Q24.
- Maintain BUY and a TP of THB9.4

On track for 4Q24 profit rebound amid strong diesel margins

We project SPRC to see a core net profit (NP) of THB0.6b in 4Q24, a reverse from a net loss (NL) of THB1.5b in 3Q24 and NL of THB2.8b in 4Q23. Key points are 1) a stronger market GRM at USD6/bbl, thanks to the higher diesel product margin; 2) a flat q-q crude intake at 155kbpd at the utilization rate of 89%; and 3) higher OPEX at USD3/bbl (vs USD2.38/bbl in 3Q24 and USD2.91/bbl in 4Q23) due to the maintenance shutdown. Including non-recurring item, we expect SPRC to post a NP of THB0.4b, comprises 1) THB0.2b FX gain due to the THB appreciation; and 2) THB0.4b inventory loss.

Higher GRM as diesel margins and SPM costs improve

We expect SPRC's GRM to rise to USD6/bbl, up from USD4.2/bbl in 3Q24 and USD1.8/bbl in 4Q23, supported by 1) the higher diesel product margin due to the winter demand; and 2) the absent of the SPM cost of USD1.6/bbl since the resume operation in Jul-24. SPRC will incur -USD0.87/bbl (THB0.4b loss) from USD31m inventory loss that will be offset by the reversal of USD19m NRV.

Powering domestic growth with retail expansion

SPRC's domestic sales volume rose to 92% in 3Q24, a level expected to remain high following its retail business acquisition. In Sep-24, Caltex partnered with Pure Thai Energy to rebrand 78 stations under its brand, targeting 10% fuel retail growth. As of early 2025, Caltex operates 528 stations nationwide. To expand non-fuel offerings, it partnered with K.V.N. Import Export (1991) Co., Ltd. to open 200 Chao Doi coffee shops at its stations over five years, enhancing customer experience.

Strong GRM potential from lower costs and distillate demand

With over 90% of its crude sourced from the Middle East, SPRC stands to benefit from a potential decline in OSP, lowering feedstock costs. The refinery's higher yield of distillates such as diesel, jet fuel, and gasoline aligns with strong domestic and international demand, supporting improved GRM. SPRC's complex configuration allows efficient processing of sour crude, ensuring consistent output and adherence to environmental standards.

Maintain BUY and a TP of THB9.4

We maintain BUY and a TP of THB9.4, based on 6.0x 2025E EV/EBITDA. We think SPRC will be one of the best refinery plays in Thailand, supported by the stronger net profit growth visibility on the lower cost structure (SPM), higher sales volume on captive demand (PURE), improving GRM (lower fixed cost per unit on higher utilization rate), and emerging revenue growth from non-fuel revenue.

Analyst

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ESG Rating : n.a.

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	9.40
VS. BB Consensus TP (%)	+12.4%
Share Price (THB)	5.15
Upside/Downside	+82.5%

Share Data

Market Cap (THB m)	22,329.90
Par (THB)	6.92
Free Float (%)	39.41
Issued shares (m shares)	4,336

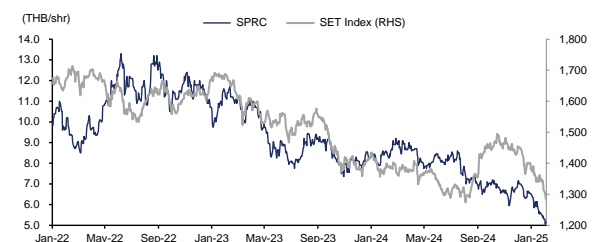
Financial forecast

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	238,284	194,360	195,008	190,196
Net profit	(1,230)	1,828	3,791	4,112
Core net profit	(631)	1,828	3,791	4,112
vs Consensus (%)	-	(35.7)	8.4	4.3
Net profit growth (%)	(116.0)	248.6	107.4	8.5
Core net profit growth (%)	(113.8)	389.5	107.4	8.5
EPS (THB)	(0.28)	0.42	0.87	0.95
Core EPS (THB)	(0.15)	0.42	0.87	0.95
Chg from previous (%)	-	0.00	0.00	0.00
DPS (THB)	0.00	0.21	0.44	0.47
P/E (x)	(29.08)	12.22	5.89	5.43
P/BV (x)	0.98	0.58	0.54	0.51
ROE (%)	(1.68)	4.89	9.54	9.73
Dividend yield (%)	0.00	4.09	8.49	9.21

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(20.77)	(23.13)	(30.87)	(21.37)
Market	(14.73)	(11.49)	(31.52)	(14.44)
12M High/Low (THB)				9.40 / 4.98



Major Shareholders (%) as of 29 Aug 2024

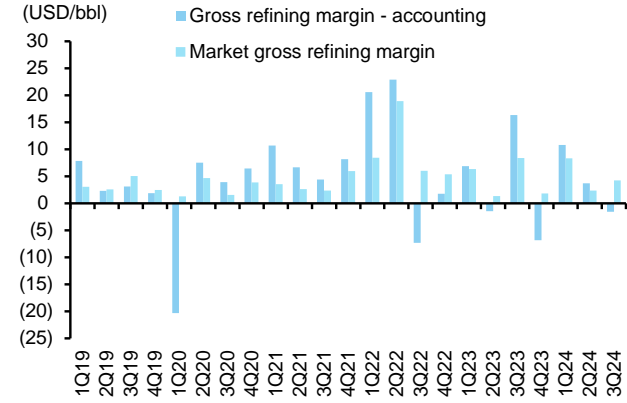
Chevron South Asia Holdings Pte Ltd	60.56
Thai NVDR Company Limited	4.50

Company Profile

SPRC's 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, mix C4 and reformate.

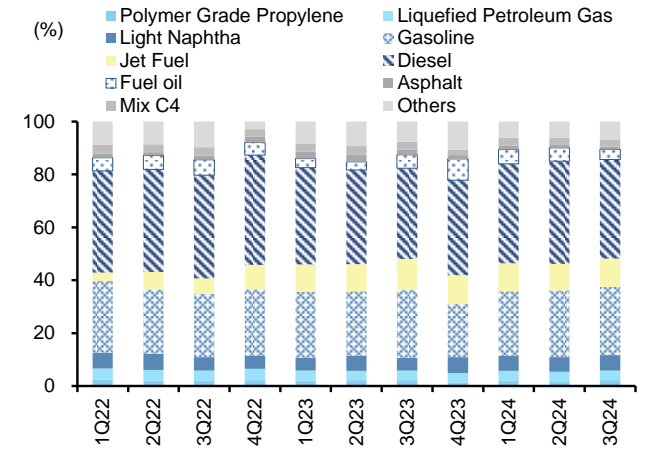
Source: SETSMART, SET

Exhibit 1: SPRC's market GRM and accounting GRM



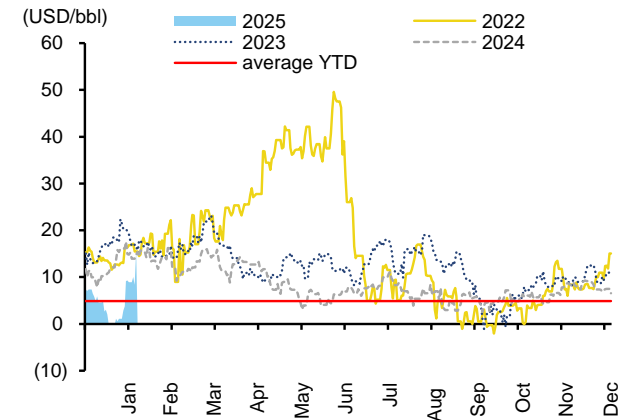
Sources: SPRC

Exhibit 2: Product yield (%)



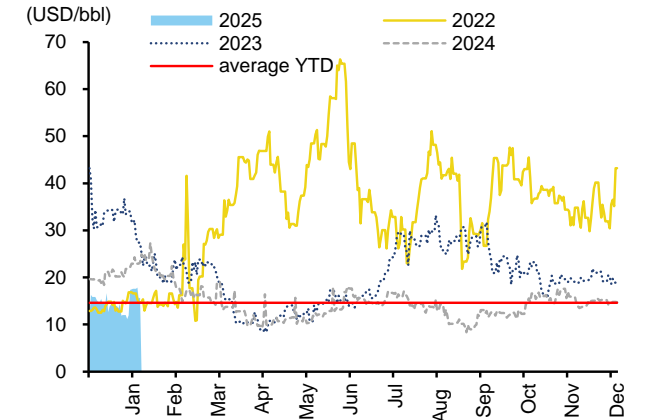
Sources: SPRC

Exhibit 3: 92 Octane Gasoline - Dubai crude oil price



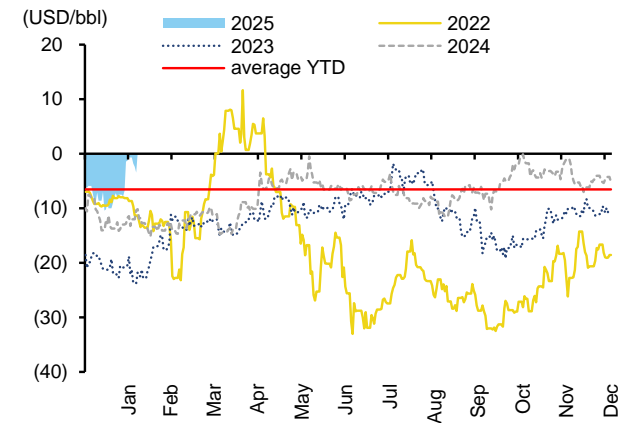
Sources: Bloomberg; Glolex Research

Exhibit 4: Gasoil 0.5% Sulfur - Dubai crude oil price



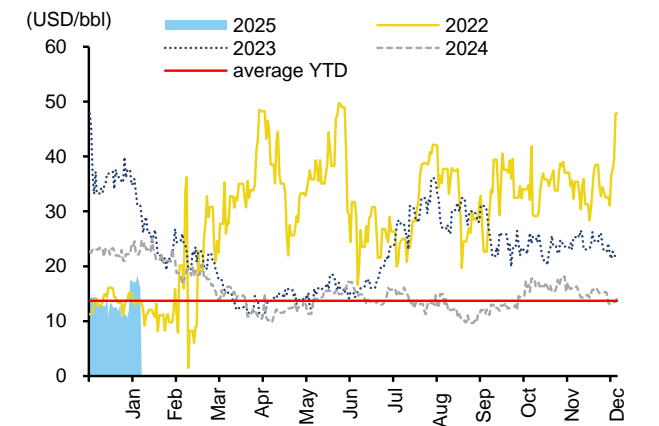
Sources: Bloomberg; Glolex Research

Exhibit 5: High Sulfur fuel Oil Spot fob Singapore - Dubai crude oil price



Sources: Bloomberg; Glolex Research

Exhibit 6: Jet Kerosene Spot - Dubai crude oil price



Sources: Bloomberg; Glolex Research

Balance sheet (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
Current assets					
Cash & ST investment	76	471	(623)	(1,190)	(714)
Account receivable	14,328	17,286	17,286	17,286	17,286
Inventories	23,762	23,736	19,087	18,914	18,399
Others	92	207	169	169	165
Non-current assets					
Net fixed assets	22,735	21,241	20,848	20,365	19,791
Others	2,295	2,720	2,720	2,720	2,720
Total Assets	63,288	65,660	59,486	58,264	57,646

Current liabilities					
Account payable	12,780	14,156	11,383	11,280	10,972
ST borrowing	9,731	12,483	7,500	3,500	1,000
Others	1,393	1,332	1,087	1,090	1,063
Long-term liabilities					
Long-term debts	0	0	0	0	0
Others	677	1,227	1,227	1,227	1,227
Total liabilities	24,581	29,198	21,197	17,097	14,263
Paid-up capital	30,004	30,004	30,004	30,004	30,004
Retained earnings	10,333	8,453	10,281	13,158	15,374
Others	(1,631)	(2,001)	(2,001)	(2,001)	(2,001)
Minority interest	0	5	5	5	5
Shareholders' equity	38,707	36,462	38,290	41,167	43,383

Key ratios					
Year ending Dec	2022	2023	2024E	2025E	2026E
Growth (%YoY)					
Sales	65.4	(16.5)	(18.4)	0.3	(2.5)
Operating profit	52.9	(76.7)	86.1	59.5	5.2
EBITDA	52.9	(76.7)	86.1	59.5	5.2
Net profit	61.7	(116.0)	248.6	107.4	8.5
Core net profit	135.5	(113.8)	389.5	107.4	8.5
EPS	61.7	(116.0)	248.6	107.4	8.5
Core EPS	135.5	(113.8)	389.5	107.4	8.5
Profitability (%)					
Gross margin	4.2	1.4	2.6	3.8	4.0
Operation margin	3.2	0.9	2.0	3.2	3.5
EBITDA margin	3.2	0.9	2.0	3.2	3.5
Net margin	2.7	(0.5)	0.9	1.9	2.2
ROE	12.5	(1.7)	4.9	9.5	9.7
ROA	7.4	(1.3)	2.9	6.1	6.8
Stability					
Interest bearing debt/equity (x)	0.3	0.3	0.2	0.1	0.0
Net debt/equity (x)	0.2	0.3	0.2	0.1	0.0
Interest coverage (x)	20.6	(1.3)	6.8	21.9	29.1
Interest & ST debt coverage (x)	0.7	(0.0)	0.2	1.0	3.4
Cash flow interest coverage (x)	0.0	(0.0)	0.3	0.4	0.5
Current ratio (x)	1.6	1.5	1.8	2.2	2.7
Quick ratio (x)	0.6	0.6	0.8	1.0	1.3
Net debt (THB m)	9,655	12,012	8,123	4,690	1,714
Activity					
Asset turnover (X)	4.6	3.7	3.1	3.3	3.3
Days receivables	17.6	24.2	32.5	32.4	33.2
Days inventory	26.9	36.9	41.3	37.0	37.3
Days payable	17.9	20.9	24.6	22.0	22.3
Cash cycle days	26.6	40.2	49.1	47.3	48.2

Profit & loss (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
Revenue	285,264	238,284	194,360	195,008	190,196
Cost of goods sold	(273,340)	(234,851)	(189,334)	(187,619)	(182,506)
Gross profit	11,925	3,432	5,026	7,389	7,690
Operating expenses	(2,791)	(1,302)	(1,062)	(1,066)	(1,039)
Operating profit	9,134	2,130	3,964	6,323	6,650
EBIT	6,531	(469)	1,304	3,572	3,808
Depreciation	(2,603)	(2,599)	(2,660)	(2,751)	(2,842)
EBITDA	9,134	2,130	3,964	6,323	6,650
Non-operating income	(106)	630	1,129	1,242	1,366
Other incomes	(241)	1,026	1,129	1,242	1,366
Other non-op income	135	(396)	0	0	0
Non-operating expense	3,170	(1,685)	(190)	(163)	(131)
Interest expense	(316)	(367)	(190)	(163)	(131)
Other non-op expense	3,486	(1,318)	0	0	0
Equity income/(loss)	0	0	0	0	0
Pre-tax Profit	9,595	(1,524)	2,242	4,650	5,043
Extraordinary items					
Current taxation	(1,921)	294	(414)	(859)	(932)
Minorities	0	0	0	0	0
Net Profit	7,674	(1,230)	1,828	3,791	4,112
Core net profit	4,564	(631)	1,828	3,791	4,112
EPS (THB)	1.77	(0.28)	0.42	0.87	0.95
Core EPS (THB)	1.05	(0.15)	0.42	0.87	0.95

Cash flow (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
Operating cash flow	703	(363)	6,157	6,615	7,139
Net profit	7,674	(1,230)	1,828	3,791	4,112
Depre. & amortization	2,603	2,599	2,660	2,751	2,842
Change in working capital	(9,574)	(1,732)	1,669	73	185
Others	0	0	0	0	0
Investment cash flow	(4,092)	651	(3,053)	(3,235)	(3,416)
Net CAPEX	(4,085)	(4,014)	(3,053)	(3,235)	(3,416)
Change in LT investment	(7)	4,665	0	0	0
Change in other assets	0	0	0	0	0
Free cash flow	(3,389)	288	3,104	3,380	3,723
Financing cash flow	520	107	(4,198)	(3,947)	(3,247)
Change in share capital	0	0	0	0	0
Net change in debt	1,677	2,753	(4,983)	(4,000)	(2,500)
Dividend paid	(5,587)	(5,587)	0	(914)	(1,896)
Others	4,430	2,941	785	967	1,148
Net cash flow	(2,869)	395	(1,094)	(567)	475

Per share (THB)					
EPS	1.77	(0.28)	0.42	0.87	0.95
Core EPS	1.05	(0.15)	0.42	0.87	0.95
CFPS	2.37	0.32	1.04	1.51	1.60
BVPS	8.93	8.41	8.83	9.49	10.00
Sales/share	65.79	54.96	44.83	44.98	43.87
EBITDA/share	2.11	0.49	0.91	1.46	1.53
DPS	1.11	0.00	0.21	0.44	0.47
Valuation					
P/E (x)	6.0	(29.1)	12.2	5.9	5.4
P/BV (x)	1.20	0.98	0.58	0.54	0.51
Dividend yield (%)	10.37	0.00	4.09	8.49	9.21
Dividend payout ratio (%)	62.72	0.00	50.00	50.00	50.00

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Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.