THAILAND ENERGY

Winners on energy supply disruptions on U.S.-Iran war

- Impacts of U.S-Iran war energy disruptions are far less than Russia-Ukraine war
- Thailand faces higher crude oil supply risk than gas thanks to its power shift
- Top picks: power GULF/RATCH; oil & gas PTTEP/PTT; refinery TOP/BCP

Middle East dominance in global energy market is now coming to an end

The ongoing war between US-Israel and Iran has clearly disrupted global energy market but the impact seems far less than the impact of Russia-Ukraine war in 2022. Both oil and gas markets have so far seen limited impacts of the supply disruptions despite the near-complete shutdown of the Strait of Hormuz that cut the crude oil supply by 15% and LNG supply by 20% of global supply. We believe this reflects the structural change in global energy market with global oil and gas supply now weighted much lower from Middle East producers, which we estimate to drop from 2/3 decades ago down to 1/3 or 1/4 of global oil and gas supplies in 2026.

Limited impact of global gas market but Europe's energy security is risky

In the gas market, the Middle East dominance is dwindling greatly. The Japan-Korea market (JKM) LNG spot price jumped to USD15/mmbtu, up 50%, but still far lower than USD70/mmbtu peak seen in Aug-22 while the Dutch TTF gas price in Europe surged to €49/MWh, far lower than €350/MWh seen in Aug-22. We think the likelihood that the global gas LNG prices will reach the same levels in 2022 is low given we expect the US-Iran war to last months, not years, and the gas inventories in many large importers like EU, Japan, South Korea, and China, are all at high levels to sufficiently supply 2-3 months. Yet the disruption of Qatari LNG supply and the market reactions highlight EU's structural vulnerabilities due to its dependence on imported fossil fuels.

Thailand faces crude supply risk if the disruption exceeds 2 months

Thailand has relied over 80% of its crude oil from imports, estimated at 56.1b litres or 0.91mbpd in 2025. Most of the imported crude oil will come from Middle East, accounting for 58% of total crude oil import in 2025, followed by Far East (Indonesia, Malaysia) at 19% and 24% from other sources including West Africa and U.S. We think the risk for crude oil supply disruption will be moderate, given Thailand has around 60 days of crude inventory yet if the supply disruption continues over 60 days, Thailand may face the supply risk.

Gas supply disruption risk is low for Thailand

Thailand's power generation mostly is the gas-fired power, accounting for 54% of total power generation but down from 59% in 2024. We think the risk for gas supply disruption is lower than the crude oil for Thailand, considering that Thailand has successfully increased power generations from renewable (10.5%), imported power (17.1%), and coal-fired power (15%).

GULF/RATCH are power top picks; TOP and BCP are top picks for refiners

Our top picks for Thai power are GULF and RATCH given 1) no or low risks from the gas price hike due to their IPP portfolio; 2) growths from other business (ADVANC for GULF) and RATCH (overseas power). In refinery, our top picks are TOP and BCP (GRM spikes) while E&P PTTEP is the sole winner in higher oil and gas prices. PTT is now our top pick as a winner on higher oil and gas prices, lower regulatory risks, and growths from PTTEP and downstream refinery and petrochemical units.

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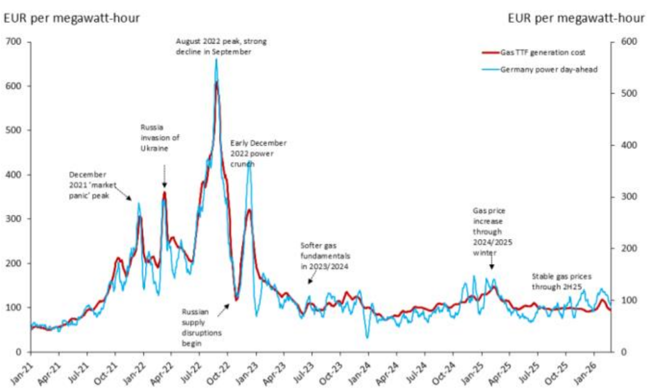
Exhibit 1: Dutch TTF gas price Apr-26 (TGJ26)

Sources: Barchart.com

Exhibit 2: LNG JKM spot price futures Aor-26 (JKMJ26)

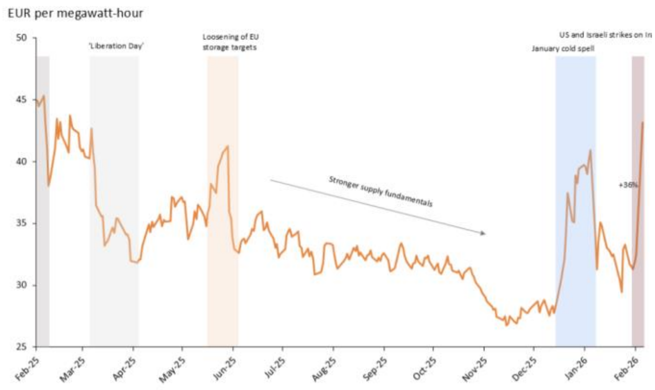
Sources: Barchart.com

Exhibit 3: Cost of gas generation and Germany power price



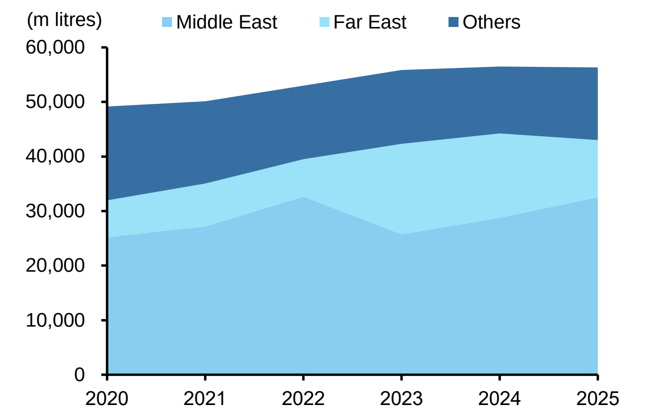
Sources: MOTS

Exhibit 4: Front-month TTF gas price, Feb-25 to Feb-26



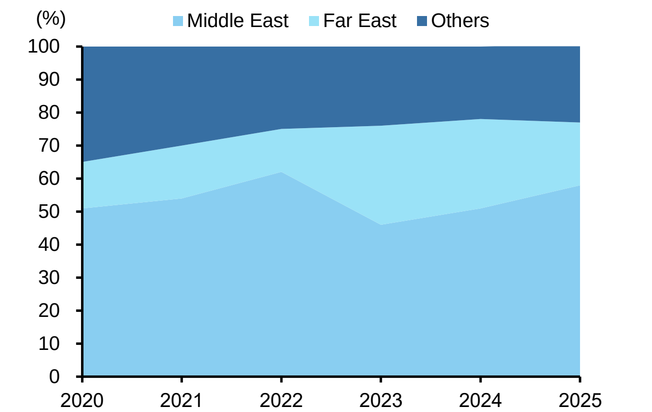
Sources: LSEG analytics

Exhibit 5: Thailand's import of crude by source



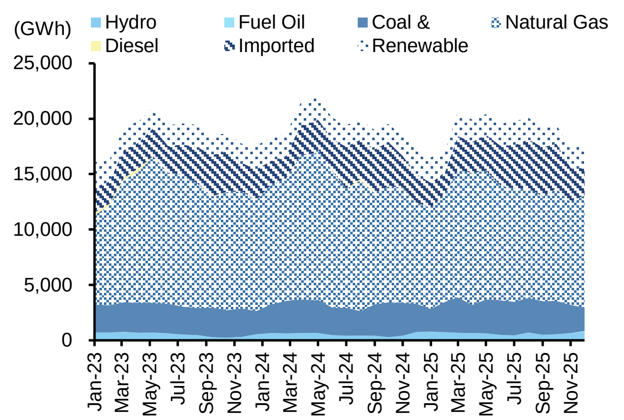
Sources: Department of Energy Business (DOEB)

Exhibit 6: Thailand's import of crude by source (%)



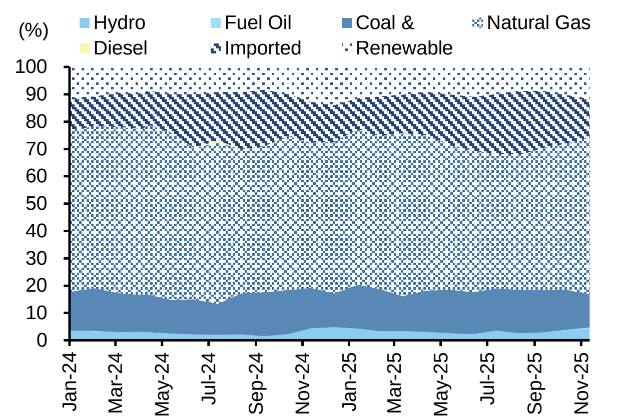
Sources: Department of Energy Business (DOEB)

Exhibit 7: Thailand's power generation by energy type



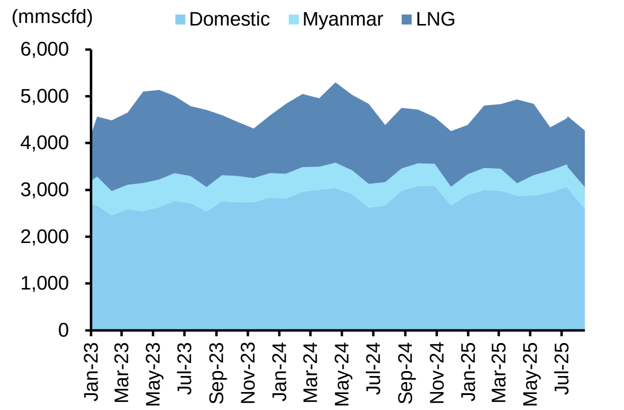
Sources: EPPO

Exhibit 8: Thailand's power generation by energy type (%)



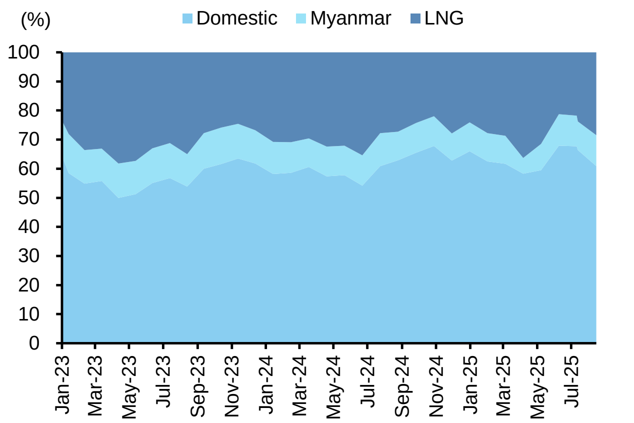
Sources: EPPO

Exhibit 9: Thailand's gas supply by source



Sources: EPPO

Exhibit 10: Thailand's gas supply by source (%)



Sources: EPPO

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.