

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

KEY HIGHLIGHTS

Update

Banpu (BANPU TB/HOLD/Bt8.15/Target: Bt8.00)

Gas business remains robust while coal prices continue to decline.

Page 2

Central Pattana (CPN TB/BUY/Bt66.75/Target: Bt83.00)

New earnings record in 2023; continued growth in 2024.

Page 5

Thai Oil (TOP TB/BUY/Bt48.75/Target: Bt68.00)

Challenging refinery market in 2024.

Page 8

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,386.04	(1.09)	(0.08)
SET50	860.71	(0.68)	(0.08)
Value (Btm) - SET	44,736		
Top 5 Sector			
BANK	373.36	0.04	0.01
PETRO	691.70	(9.56)	(1.36)
PROP	221.46	(1.76)	(0.79)
ENERG	20,355.62	131.63	0.65
ICT	149.90	(1.13)	(0.75)

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
PTT	33.75	1.50	1,576.6
HANA	44.25	(13.24)	907.9
BBL	152.50	(0.97)	1,434.7
BDMS	25.75	1.98	1,673.9
COM7	22.10	1.38	1,464.0

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
NEWS	0.02	100.00	0.2
JCKH	0.03	50.00	0.0
TWZ	0.05	25.00	0.1
TMW	45.50	14.47	1.3
S&J	56.75	11.27	0.2

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
JKN	0.25	(32.43)	51.4
KCG	9.15	(16.82)	80.9
NCL	0.90	(13.46)	11.6
HANA	44.25	(13.24)	907.9
AJA	0.15	(11.76)	0.6

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	82.5	(7.7)	(2.3)	1.6
Dubai crude*	84.1	(6.7)	(4.6)	7.0
Baltic Dry Index	1,655.0	(14.9)	41.9	9.2
Gold Spot***	1,962.4	1.5	3.2	7.6

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
0.1	(265.9)	(5,223.3)	(10,149.6)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.52

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 7.10

COMPANY UPDATE

Banpu (BANPU TB)

Gas Business Remains Robust While Coal Prices Continue To Decline

We maintain an optimistic outlook for the natural gas sector, anticipating a continued increase in gas prices until 1Q24. However, coal prices face ongoing challenges due to a slower-than-expected recovery in demand. Furthermore, profits in the electricity business are projected to decline qoq, due to seasonality and increased turnaround plans. As a result, we expect a qoq decrease in core profit for 4Q23. Maintain HOLD. Target price: Bt8.00.

WHAT'S NEW

- The tone from BANPU's analyst meeting is neutral.
- Gas prices are expected to remain in an uptrend until 1Q24.** In 3Q23, the Henry Hub gas price in the US stood at US\$2.7 per One Million British Thermal Unit (MMBTU), up 15% qoq due to heightened demand. Concurrently, the 20% decrease in gas rig operations in the US at end-3Q23 compared to end-2Q23 serves as a contributing factor supporting the recuperation in gas prices. We believe that gas prices have the potential to further increase, driven by seasonality entering the winter season. Additionally, the ongoing 8% qoq reduction in the US' gas rig operations in 4Q23 should sustain the upward trajectory of gas prices. Notably, the gas price for 4Q23 reached US\$3.2/MMBTU, up 20% qoq. We expect that the positive factors stemming from seasonal demand, coupled with limited supply growth due to decreased production from the US' gas rigs and diminishing gas reserves, are expected to sustain the upward trajectory of gas prices until 1Q24.
- Coal price outlook still under pressure from weak demand.** Coal prices are under pressure due to diminished demand from both East Asia (Japan, South Korea and Taiwan) and Europe, with policies implemented to curtail coal usage and boost the portion of gas and renewable energy to drive the economy. The coal price trend is also at risk of further decline due to increased supply factors, primarily stemming from additional production capacity in Indonesia and Australia. We are monitoring the situation and see that there could be heightened coal imports from China, driven by concerns of a decline in domestic supply and escalating domestic coal prices. This potential increase in China coal imports might serve as a mitigating factor, limiting the downside of coal prices.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	133,190	272,270	152,401	155,919	147,737
EBITDA	49,146	124,876	39,174	43,427	39,893
Operating profit	33,250	102,668	18,396	23,596	21,339
Net profit (rep./act.)	9,852	40,519	6,658	10,405	11,311
Net profit (adj.)	22,165	70,610	6,658	10,405	11,311
EPS (Bt)	3.3	8.4	0.8	1.2	1.3
PE (x)	2.5	1.0	10.2	6.5	6.0
P/B (x)	0.5	0.4	0.4	0.4	0.3
EV/EBITDA (x)	3.9	1.5	4.9	4.4	4.8
Dividend yield (%)	5.6	14.9	4.9	6.1	6.6
Net margin (%)	7.4	14.9	4.4	6.7	7.7
Net debt/(cash) to equity (%)	137.6	76.5	66.7	49.7	33.4
Interest cover (x)	8.4	13.3	4.6	6.0	6.1
ROE (%)	9.7	29.3	4.0	5.9	6.0
Consensus net profit	-	-	8,244	9,323	10,457
UOBKH/Consensus (x)	-	-	0.81	1.12	1.08

Source: Banpu, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	Bt8.15
Target Price	Bt8.00
Upside	-1.84%

COMPANY DESCRIPTION

A regional coal producer with mines in four countries, namely Indonesia (ITMG), Australia (Centennial), Mongolia (Hunnu), and China, commanding total equity reserves of 713mt. Banpu Power (Banpu held by 78.7%) also has power generation capacity (equity bas).

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	BANPU TB
Shares issued (m):	10,018.9
Market cap (Btm):	80,652.2
Market cap (US\$m):	2,236.5
3-mth avg daily t'over (US\$m):	25.4

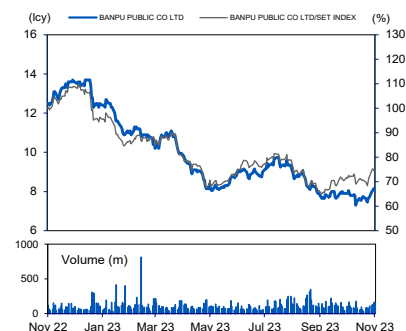
Price Performance (%)

52-week high/low	Bt13.70/Bt7.30			
1mth	3mth	6mth	1yr	YTD
1.9	(13.9)	(1.2)	(36.6)	(41.2)

Major Shareholders

	%
Vongkusolkij family	17.0
NVDR	16.0
State Street Bank Europe Ltd.	6.7
FY23 NAV/Share (Bt)	19.82
FY23 Net Debt/Share (Bt)	13.21

PRICE CHART



Source: Bloomberg

ANALYST(S)

Tanaporn Visaruthaphong

+662 659 8305

tanaporn@uobkayhian.co.th

Benjaphol Suthwanish

+662 659 8301

benjaphol@uobkayhian.co.th

STOCK IMPACT

- CCUS project starts in November; earlier than planned.** The Barnett Zero Project in the US has initiated the implementation of the Carbon Capture, Utilization, and Storage Project (CCUS). This initiative involves capturing carbon dioxide emissions from BKV's gas production plants in Barnett and storing them underground. The company is set to commence commercial operations in Nov 23, which is ahead of the initially scheduled date in Dec 23. This development positions it as the inaugural commercial carbon dioxide storage project in the US.

STOCK IMPACT

- 4Q23: Core profit expected to decrease.** We expect profits from the power business to decrease qoq due to reduced sales volume. This decline is attributed to planned shutdowns for maintenance at the Temple 1 and 2 power plants in the US, scheduled for 35 days and 22 days respectively. Additionally, Hongsa Power Plant (HPC) is planning to close units 2 and 3 for maintenance for 22 days and 55 days respectively. Meanwhile, the coal and gas trends in 4Q23 are expected to recover qoq. This is due to: a) sustained robust profits in the gas business driven by seasonal demand, leading to a 20% qoq increase in the Henry Hub gas price, reaching US\$3.19/MMBTU in 4Q23 qtd, and b) a rise in Australian coal sales due to an increase in production days. However, we expect that the reduced profit in the electricity business will lead to a qoq and yoy decline in 4Q23 core profit.

EARNINGS REVISION/RISK

- None.** The core profit for 9M23 accounts for 55% of our estimated core profit of Bt6.7b for the full year of 2023.

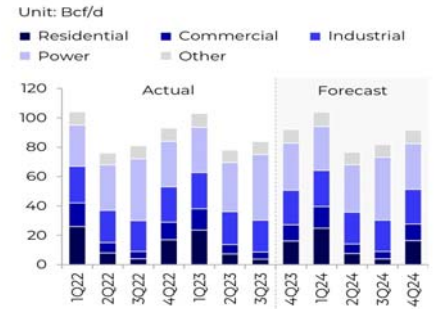
VALUATION/RECOMMENDATION

- Maintain HOLD with a target price of Bt8.00**, based on regional coal PE mean of 6.5x. We still have a cautious stance on the coal business, given the ongoing trend of declining coal prices and a slower-than-anticipated decrease in coal production costs. We prefer the upstream business (exploration and production of oil and gas). Our top picks include PTT Exploration and Production (PTTEP TB/Target: Bt200.00) and ESSO (ESSO TB/Target: Bt15.00).

SHARE PRICE CATALYST

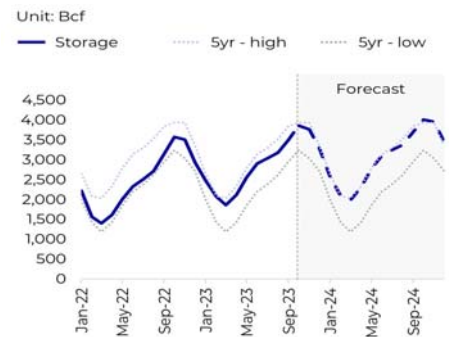
- Volatility in coal price.
- Unplanned shutdowns of power plants.

US CONSUMPTION & PROJECTION



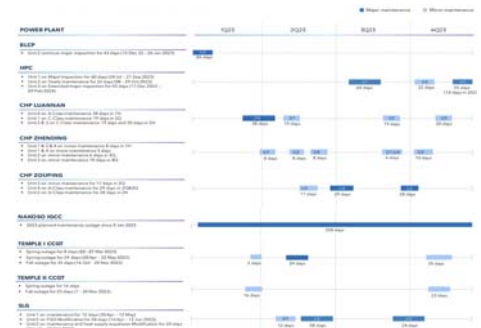
Source: BANPU, UOB Kay Hian

US STORAGE LEVEL



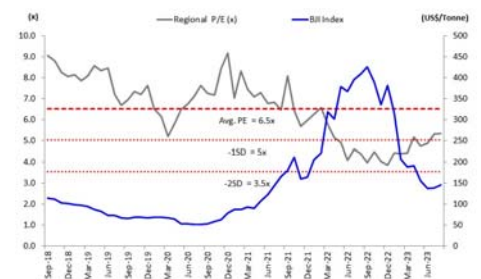
Source: BANPU, UOB Kay Hian

MAINTENANCE SCHEDULE FOR 2023



Source: BANPU, UOB Kay Hian

REGIONAL PE MEAN AND BJI INDEX



Source: Banpu, Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	272,270	152,401	155,919	147,737
EBITDA	124,876	39,174	43,427	39,893
Deprec. & amort.	22,207	20,778	19,832	18,554
EBIT	102,668	18,396	23,596	21,339
Associate contributions	11,980	9,695	8,058	7,786
Net interest income/(expense)	(9,367)	(8,511)	(7,239)	(6,528)
Pre-tax profit	105,282	19,579	24,414	22,597
Tax	(18,379)	(4,405)	(5,493)	(5,084)
Minorities	(16,293)	(8,516)	(8,516)	(6,202)
Net profit	40,519	6,658	10,405	11,311
Net profit (adj.)	70,610	6,658	10,405	11,311

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	61,564	39,935	39,260	35,509
Pre-tax profit	105,282	19,579	24,414	22,597
Tax	(18,379)	(4,405)	(5,493)	(5,084)
Deprec. & amort.	22,207	20,778	19,832	18,554
Working capital changes	(13,856)	3,983	507	(558)
Other operating cashflows	(33,691)	0	0	0
Investing	(30,012)	(17,108)	(15,203)	(6,040)
Investments	(17,410)	(15,000)	(13,500)	(10,000)
Others	(12,602)	(2,108)	(1,703)	3,960
Financing	1,965	(48,789)	(18,329)	(19,162)
Dividend payments	(4,736)	(10,145)	(3,329)	(4,162)
Proceeds from borrowings	6,702	(38,644)	(15,000)	(15,000)
Net cash inflow (outflow)	33,518	(25,962)	5,728	10,307
Beginning cash & cash equivalent	39,581	74,448	48,486	54,214
Changes due to forex impact	1,349	0	0	0
Ending cash & cash equivalent	74,448	48,486	54,214	64,521

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	144,829	139,052	132,720	124,166
Other LT assets	164,560	141,049	142,808	138,717
Cash/ST investment	74,448	48,486	54,214	64,521
Other current assets	52,957	30,660	30,920	29,416
Total assets	436,794	359,246	360,662	356,819
ST debt	38,644	15,000	15,000	15,000
Other current liabilities	57,540	39,226	39,993	37,931
LT debt	160,178	145,178	130,178	115,178
Other LT liabilities	28,057	2,438	2,495	2,364
Shareholders' equity	162,523	167,552	183,144	196,495
Total liabilities & equity	436,794	359,246	360,662	356,819

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	45.9	25.7	27.9	27.0
Pre-tax margin	38.7	12.8	15.7	15.3
Net margin	14.9	4.4	6.7	7.7
ROA	10.1	1.7	2.9	3.2
ROE	29.3	4.0	5.9	6.0
Growth				
Turnover	104.4	(44.0)	2.3	(5.2)
EBITDA	154.1	(68.6)	10.9	(8.1)
Pre-tax profit	203.8	(81.4)	24.7	(7.4)
Net profit	311.3	(83.6)	56.3	8.7
Net profit (adj.)	218.6	(90.6)	56.3	8.7
EPS	155.0	(90.6)	56.3	8.7
Leverage				
Debt to total capital	56.6	50.4	45.6	41.1
Debt to equity	122.3	95.6	79.3	66.3
Net debt/(cash) to equity	76.5	66.7	49.7	33.4
Interest cover (x)	13.3	4.6	6.0	6.1

COMPANY UPDATE

Central Pattana (CPN TB)

New Earnings Record In 2023; Continued Growth In 2024

Although 4Q23 earnings are expected to soften qoq, this would be enough for the full-year earnings to hit a new record high. Earnings momentum is expected to hit a new high again in 2024, driven by: a) new shopping malls, b) new hotels, and c) a solid backlog for transfers. Furthermore, CPN still maintains a robust financial position. Maintain BUY. Target price: Bt83.00.

WHAT'S NEW

- **4Q23 earnings likely to grow yoy but soften qoq.** Revenue is expected to continue growing in 4Q23 and drive earnings growth following new projects, high season of tourism and backlog transfers. In 4Q23, CPN plans to open a new shopping mall (Central Westville with NLA of 32,000 sqm) and a new hotel (Centara Ayutthaya: 302 room keys). Meanwhile, the residential business has a backlog of 4Q23 of Bt1.1b. However, we expect earnings to soften qoq, pressured by higher SG&A expenses following seasonality effects and continued residential project launches in 4Q23.

STOCK IMPACT

- **2023 earnings hit a new high, with momentum to continue in 2024.** Although 4Q23 earnings are likely to drop qoq, it is still enough to lead the full-year earnings to a new record high. In addition, we expect the momentum to continue in 2024 as CPN plans to open more new shopping malls (Central Nakhon Sawan and Central Nakhon Pathom), with hotels in the pipeline. Furthermore, CPN still holds huge backlogs for 2024 of about Bt2.9b, which would be another key driver.
- **Maintaining its strong financial position.** CPN maintained its strong financial position in 3Q23 with the company reporting net interest-bearing debt to equity of 0.76x, improving qoq from 0.85x in 2Q23. Management aims to maintain the ratio between 0.7-0.8x, which is a healthy level, representing its capabilities in expanding the business in accordance to its plan.

EARNINGS REVISION/RISK

- We revise up earnings forecasts for 2023-24 by 10-14% to reflect better-than-expected gross margin and higher-than-expected residential transfers.
- Risks include: a) slower-than-expected economic recovery, b) shopping malls being closed for renovation, and c) higher inflation and interest rates affecting purchasing power.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	24,840.0	35,574.6	44,710.7	46,178.5	44,740.9
EBITDA	12,766.2	19,473.4	24,453.8	25,157.1	25,501.4
Operating profit	4,642.0	10,923.4	15,565.1	15,874.8	15,827.0
Net profit (rep./act.)	7,148.5	10,759.9	14,829.6	15,594.0	15,751.9
Net profit (adj.)	7,148.5	10,759.9	14,829.6	15,594.0	15,751.9
EPS (Bt)	1.6	2.4	3.3	3.5	3.5
PE (x)	41.9	27.8	20.2	19.2	19.0
P/B (x)	4.1	3.7	3.3	3.0	2.7
EV/EBITDA (x)	29.8	19.6	15.6	15.1	14.9
Dividend yield (%)	0.9	1.7	2.0	2.1	2.1
Net margin (%)	28.8	30.2	33.2	33.8	35.2
Net debt/(cash) to equity (%)	102.2	90.4	80.0	68.5	62.8
Interest cover (x)	7.1	8.8	9.5	11.9	12.1
ROE (%)	10.1	13.9	17.2	16.2	14.9
Consensus net profit	-	-	13,681	14,965	16,064
UOBKH/Consensus (x)	-	-	1.08	1.04	0.98

Source: Central Pattana, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt66.75
Target Price	Bt83.00
Upside	+24.3%
(Previous TP)	Bt80.00)

COMPANY DESCRIPTION

Thailand's largest retail property developer which focuses on developing retail properties like shopping malls in major cities for rental, as well as other mall-related businesses like F&B, hotels and residential properties.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	CPN TB
Shares issued (m):	4,488.0
Market cap (Btm):	299,574.0
Market cap (US\$m):	8,450.8
3-mth avg daily t'over (US\$m):	12.2

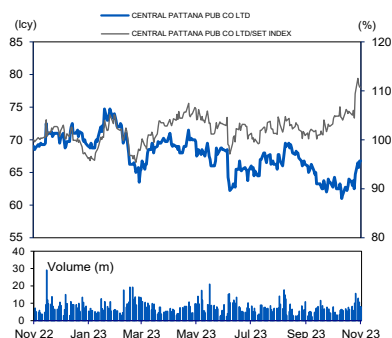
Price Performance (%)

52-week high/low	Bt74.75/Bt61.00			
1mth	3mth	6mth	1yr	YTD
5.1	1.9	(4.6)	(4.3)	(6.0)

Major Shareholders

	%
Central Holding	26.2
Thai NVDR	7.0
BBHISL NOMINEES LIMITED	2.3
FY23 NAV/Share (Bt)	20.31
FY23 Net Debt/Share (Bt)	16.25

PRICE CHART



Source: Bloomberg

ANALYST(S)

Kasemsun Koonnara
 +662 659 8027
 Kasemsun@uobkayhian.co.th

3Q23 RESULTS PREVIEW

Year to 31 Dec (Btm)	3Q22	2Q23	3Q23	yoy %	qoq %
Gross revenue	9,349	11,133	12,277	31.3	10.3
Gross profit	4,489	5,591	6,154	37.1	10.1
Operating EBITDA	5,073	6,036	6,566	29.4	8.8
Core profit	2,602	3,412	3,876	48.9	13.6
Net profit	2,872	3,678	4,162	44.9	13.2
Percent	3Q22	2Q23	3Q23	yoy ppt	qoq ppt
Gross margin	49.8	51.5	51.6	1.8	0.2
SG&A to sales	17.1	15.8	14.7	(2.3)	(1.1)
EBIT margin	65.3	73.5	76.4	11.1	2.9
Net profit margin	31.9	33.9	34.9	3.0	1.1

Source: CPN, UOB Kay Hian

- **3Q23 earnings exceeded estimates, driven by solid transfer growth.** CPN reported impressive earnings of Bt4.2b in 2Q23 (+45% yoy, +13% qoq), exceeding our forecasts by 15%. The earnings beat was due to higher-than-expected residential revenue.
- **Gross revenue increased by 31% yoy and 10% qoq to Bt12.3b,** mainly driven by all businesses and especially the residential business. Residential transfers came in at Bt1.9b (+210% yoy, +90% qoq) as the company began transferring condos (Escent Hatyai and Phyll Phuket). Meanwhile, revenue from rental and services remained solid qoq, underpinned by healthy occupancy rates and the improved average rental rate following higher sales from consignment stores. In addition, hotel revenue grew qoq despite the low season on improved occupancy rates of new hotels. Gross margins rose slightly qoq to 52%, following higher margins in the rental and residential businesses. SG&A expenses remained stable from the previous quarter.

KEY RENTAL OPERATING STATISTICS

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
NLA (000sqm)	1,602	1,661	1,672	1,698	1,697	1,694	1,691	1,692	1,692
Growth of NLA y-y (%)	0%	4%	7%	9%	6%	2%	1%	0%	0%
Blended rental rate (Bt)	749	1,215	1,425	1,458	1,552	1,615	1,724	1,714	1,731
Growth yoy (%)	-43%	-3%	20%	46%	107%	33%	21%	18%	12%
Retail OCC (%)	91%	91%	90%	90%	89%	89%	90%	90%	90%

Source: CPN, UOB Kay Hian

VALUATION/RECOMMENDATION

- **Maintain BUY with an SOTP-based target price of Bt83.00.** We value CPN's core business at Bt81.80/share, based on DCF, assuming a WACC of 7.4%, risk-free rate of 2%, debt premium of 1%, equity risk premium of 8.5%, and terminal growth rate of 3.0%. Cash flows are discounted to 2024. We value the residential business at Bt1.20/share, assuming 10x 2023F PE. We remain optimistic about CPN's earnings outlook with its expansion plan. CPN's earnings are expected to continue its momentum to hit a new high again in 2024.

SHARE PRICE CATALYST

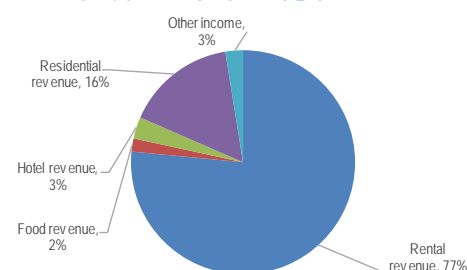
- a) Better-than-expected performance, especially from the rental and service segment, b) announcement of new projects, c) better profitability, and d) new measures for boost retail from the government.

EARNINGS REVISION

Year to 31 Dec (Btm)	2023F			2024F			2025F		
	New	Old	chg	New	Old	chg	New	Old	chg
Revenue	44,711	41,830	6.9%	46,178	43,804	5.4%	44,741	45,850	-2.4%
Operating profit	15,565	13,546	14.9%	15,875	14,340	10.7%	15,827	15,104	4.8%
EBITDA	24,454	22,544	8.5%	25,157	23,955	5.0%	25,501	25,407	0.4%
Net profit	14,830	12,968	14.4%	15,594	13,660	14.2%	15,752	14,243	10.6%
Percent	New	Old	chg	New	Old	chg	New	Old	chg
Gross margin	51.8%	49.4%	2.43	51.3%	49.6%	1.64	52.2%	49.7%	2.43
SG&A to sales	17.0%	17.0%	0.00	16.9%	16.9%	0.00	16.8%	16.8%	0.00
Net profit margin	33.6%	31.3%	2.29	34.0%	31.4%	2.57	35.5%	31.3%	4.15

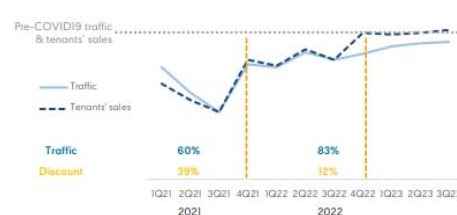
Source: CPN, UOB Kay Hian

REVENUE CONTRIBUTION IN 3Q23



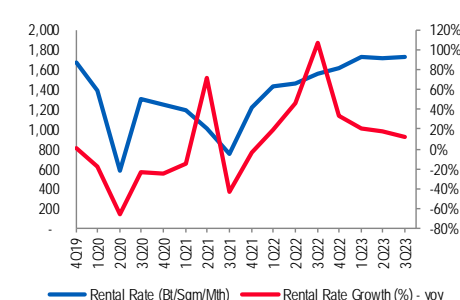
Source: CPN, UOB Kay Hian

TENANTS' SALES EXCEED PRE-COVID19



Source: CPN

EFFECTIVE RENTAL RATE BY QUARTER



Source: CPN, UOB Kay Hian

STRONG FINANCIAL POSITION



Source: CPN

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	35,575	44,711	46,178	44,741
EBITDA	19,473	24,454	25,157	25,501
Deprec. & amort.	8,550	8,889	9,282	9,674
EBIT	10,923	15,565	15,875	15,827
Total other non-operating income	3,082	3,050	3,076	3,169
Associate contributions	1,560	2,177	2,242	2,354
Net interest income/(expense)	(2,204)	(2,580)	(2,117)	(2,103)
Pre-tax profit	13,361	18,212	19,077	19,248
Tax	(2,487)	(3,207)	(3,367)	(3,379)
Minorities	(114)	(176)	(116)	(117)
Net profit	10,760	14,830	15,594	15,752
Net profit (adj.)	10,760	14,830	15,594	15,752

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	18,388	25,680	24,440	25,199
Pre-tax profit	13,361	18,212	19,077	19,248
Tax	(2,487)	(3,207)	(3,367)	(3,379)
Deprec. & amort.	8,550	8,889	9,282	9,674
Working capital changes	(840)	300	(597)	142
Non-cash items	(196)	1,486	45	(487)
Other operating cashflows	0	0	0	0
Investing	(14,874)	(19,830)	(14,623)	(19,214)
Capex (growth)	(11,488)	(13,238)	(13,256)	(13,859)
Investments	(1,156)	(2,732)	(897)	(942)
Others	(2,230)	(3,860)	(470)	(4,414)
Financing	(3,450)	(5,814)	(9,432)	(6,738)
Dividend payments	(2,709)	(5,161)	(5,932)	(6,238)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,034)	(653)	(3,500)	(500)
Others/interest paid	293	0	0	0
Net cash inflow (outflow)	63	36	386	(753)
Beginning cash & cash equivalent	6,057	6,121	6,157	6,542
Ending cash & cash equivalent	6,121	6,157	6,542	5,789

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	173,998	178,348	182,321	186,506
Other LT assets	73,452	78,622	80,546	80,929
Cash/ST investment	6,121	6,157	6,542	5,789
Other current assets	19,122	19,289	19,923	19,302
Total assets	272,692	282,416	289,332	292,526
ST debt	27,441	37,150	34,150	34,150
Other current liabilities	14,591	16,545	16,626	15,661
LT debt	52,304	41,942	41,442	40,942
Other LT liabilities	88,736	87,314	87,871	82,899
Shareholders' equity	81,475	91,143	100,805	110,320
Minority interest	8,145	8,321	8,437	8,554
Total liabilities & equity	272,692	282,416	289,332	292,526

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	54.7	54.7	54.5	57.0
Pre-tax margin	37.6	40.7	41.3	43.0
Net margin	30.2	33.2	33.8	35.2
ROA	4.0	5.3	5.5	5.4
ROE	13.9	17.2	16.2	14.9
Growth				
Turnover	43.2	25.7	3.3	(3.1)
EBITDA	52.5	25.6	2.9	1.4
Pre-tax profit	48.0	36.3	4.7	0.9
Net profit	50.5	37.8	5.2	1.0
Net profit (adj.)	50.5	37.8	5.2	1.0
EPS	50.5	37.8	5.2	1.0
Leverage				
Debt to total capital	47.1	44.3	40.9	38.7
Debt to equity	97.9	86.8	75.0	68.1
Net debt/(cash) to equity	90.4	80.0	68.5	62.8
Interest cover (x)	8.8	9.5	11.9	12.1

COMPANY UPDATE

Thai Oil (TOP TB)

2024: Challenging Refinery Market

The tone from the analyst meeting was neutral. Despite a huge new capacity addition for the refinery segment in 2024, management still believes the new capacity addition should be offset by higher demand. We need to keep monitoring the impact of huge new refineries, most of which are starting commercial production in 2Q24. The better outlook in aromatics should support TOP's performance. Maintain BUY. Target price: Bt68.00.

WHAT'S NEW

- The tone from Thai Oil PCL's (TOP) analyst meeting was neutral.
- Higher demand growth in 2024 led by travel demand.** Management foresees jet fuel demand as the main refined oil product to support 2024 Gross Refining Margin (GRM), followed by gasoline. Improving flight activity to above pre-COVID-19 levels, higher travel mobility and the continued low inventory levels for both gasoline and diesel are key factors to back GRM.
- Watch out for new capacity addition in 2024.** Unlike this year, management expects 2024 to be a challenging year for global refineries. They foresees huge new global refinery supplies coming on stream in 2024, amounting to 1.8m barrels per day (bpd) while additional demand should be around 1.5m bpd. There are two large new refiners commencing operations in 2Q24, including Dangote in Nigeria with a refining capacity of 650,000 bpd and Dos Bocas in Mexico with a capacity of 340,000 bpd. Despite the upcoming new supply, management believes new capacity addition should be offset by the higher demand. We will keep monitoring if these projects are delayed or have start-up difficulties. Management assumes TOP's GRM in 2024 should normalise in the range of US\$6-7/bbl, aligning with our assumption of US\$6.8/bbl in 2024 (9M23: US\$9.0). Note that TOP's GRM is normally higher than Singapore GRM in the range of US\$0-3/bbl.
- Demand growth to absorb capacity addition aromatics market.** Unlike 2023, overall aromatics capacity addition should be absorbed by demand growth. New paraxylene (PX) capacity addition, a leading aromatics product, is projected at 1.1m tonnes per annum (tpa) in 2024 (vs an influx of new PX supply of 6.3m tpa in 2023 from China aiming to become completely self-sufficient in PX production) while additional demand is around 1.5-1.6m tpa in 2023-24.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	345,496	529,589	555,257	530,144	479,272
EBITDA	16,050	49,264	33,922	27,910	38,757
Operating profit	8,626	41,520	25,737	19,604	27,112
Net profit (rep./act.)	12,578	32,668	19,102	13,989	17,698
Net profit (adj.)	4,184	27,791	19,102	13,989	17,698
EPS (Bt)	1.1	12.4	8.6	6.3	7.9
PE (x)	46.3	3.9	5.7	7.8	6.2
P/B (x)	1.6	0.7	0.6	0.6	0.6
EV/EBITDA (x)	13.8	4.5	6.5	8.0	5.7
Dividend yield (%)	5.3	5.3	5.1	5.5	6.7
Net margin (%)	3.6	6.2	3.4	2.6	3.7
Net debt/(cash) to equity (%)	95.3	84.4	65.9	60.3	47.5
Interest cover (x)	4.5	12.8	9.7	8.6	6.2
ROE (%)	10.4	23.2	11.6	8.0	9.7
Consensus net profit	-	-	17,550	14,509	20,661
UOBKH/Consensus (x)	-	-	1.09	0.96	0.86

Source: Thai Oil, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt48.75
Target Price	Bt68.00
Upside	+39.5%

COMPANY DESCRIPTION

TOP is an oil refinery company. It also produces oil related products including LPG, kerosene, fuel oil and chemicals.

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	TOP TB
Shares issued (m):	2,233.8
Market cap (Btm):	108,899.5
Market cap (US\$m):	3,019.9
3-mth avg daily t'over (US\$m):	19.2

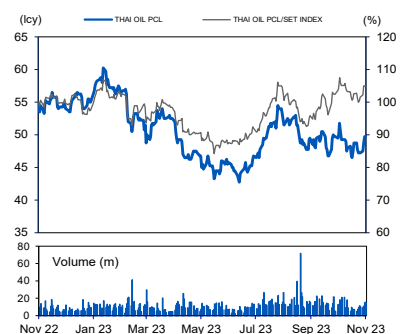
Price Performance (%)

52-week high/low	Bt60.25/Bt42.75			
1mth	3mth	6mth	1yr	YTD
(2.0)	(9.7)	3.2	(12.2)	(13.3)

Major Shareholders

	%
PTT	49.1
NVDR	4.5
HSBC (Singapore) Nominees Pte. Ltd.	2.6
FY23 NAV/Share (Bt)	76.80
FY23 Net Debt/Share (Bt)	50.60

PRICE CHART



Source: Bloomberg

ANALYST(S)

Tanaporn Visaruthaphong
+662 659 8305
tanaporn@uobkayhian.co.th

Benjaphol Suthwanish
+662 659 8301
benjaphol@uobkayhian.co.th

• **Challenging olefins market.** There are anticipated new supply increases in 2024 for both polyethylene (PE) and polypropylene (PP). For example, the company indicated an additional new high-density polyethylene (HDPE) capacity launch in 2024 of 1.3m tpa, from 3.3m tpa in 2023. These capacities are fully offset by a growing HDPE demand led by the packaging industry (2024: 1.2m tpa; 2023: 0.9m tpa). A continued expansion of PP capacity (2024: 6.2m tpa, 2023: 5.7m tpa), mostly from China and India, is more than enough to offset the improvement in PP demand (2024: 2.7m tpa; 2023: 1.4m tpa).

STOCK IMPACT

• **Aspirational target in 2030.** Management is trying not to rely too much on the profit contribution from refineries which currently accounts for 66% of its earnings. TOP is targeting to lower the contribution from refineries to 45% by 2030 with the remaining 30% from petrochemical, 5% from power and 20% from new s-curve businesses. We will probably see the significant contribution from these new s-curve businesses from 2028 with an essential capex plan of more than US\$1b. TOP's first priority is now to complete the construction of its clean-fuel project (CFP) in early-25 and olefins investment at Chandra Asri (CAP), its olefins-associated company in Indonesia. The remaining capex for CFP as well as the new olefins investment should be as high as US\$1b.

EARNINGS REVISION/RISK

- **None.**
- **GRM sensitivity.** Every US\$1/bbl decrease in GRM would lower our 2024 core profit forecast by 20%, or Bt2.3b. Our 2024 GRM assumption for TOP is at US\$6.8/bbl (vs US\$9/bbl in 2023).

SENSITIVITY ANALYST ON GRM VS OUR 2024 EARNINGS FORECASTS

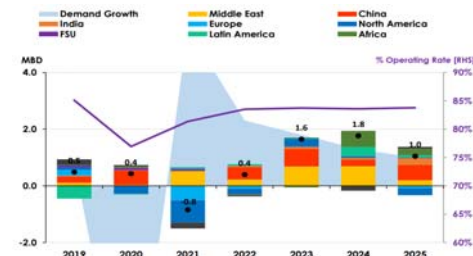
GRM (US\$/bbl) 2024 Assumption	TOP's 2024 Net Profit (Btm)	EPS (Bt/share)	2024 Target Price (Bt)	Current PE 2024 (x)
4.8	9,296	4.2	44.9	12.0
5.8	11,643	5.2	56.4	9.5
6.8	13,989	6.3	68.0	7.9
7.8	16,336	7.3	79.6	6.8
8.8	18,682	8.4	91.1	5.9

Source: UOB Kay Hian

VALUATION/RECOMMENDATION

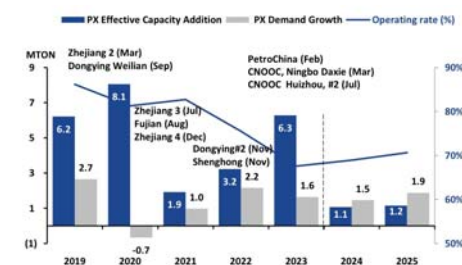
- **Maintain BUY with a 2024 target price of Bt68.00**, based on a forward PE mean of 11x. We like TOP based on its undemanding valuation as the stock is trading at 7.8x PE in 2024. Our sector top picks are: PTT Exploration and Production (PTTEP TB/BUY/Target: Bt200.00) and ESSO (ESSO TB/BUY/Target: Bt15.00).

GLOBAL EFFECTIVE ADDITIONAL DEMAND AND SUPPLY



Source: Thai Oil

PX CAPACITY ADDITION VS DEMAND GROWTH IN REGION



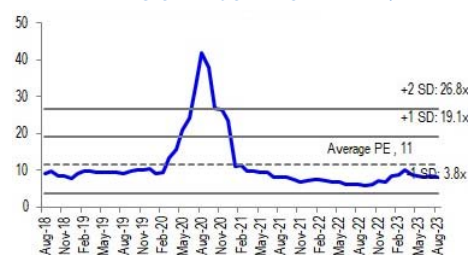
Source: Thai Oil PCL

KEY ASSUMPTION

	9M23	2023F	2024F
Crude Oil (Dubai)	81.6	81.0	84.0
Fx (Baht/USD)	34.4	34.0	34.5
Refinery business			
Market GRM	10.4	9.0	6.8
Aromatics Business			
PX DFR Taiwan - ULG95	199	180	160
BZ FOB Korea - ULG95	54	70	70
Olefins Business			
Spread PE - Naphtha (US\$/Ton)	405	390	420
Spread PP - Naphtha (US\$/Ton)	389	360	400
Net Profit (Btm)	16,499	19,102	13,989

Source: Thai Oil

REFINERY REGIONAL CORE FORWARD P/E



Source: Thai Oil, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	529,589	555,257	530,144	479,272
EBITDA	49,264	33,922	27,910	38,757
Deprec. & amort.	7,744	8,185	8,306	11,645
EBIT	41,520	25,737	19,604	27,112
Associate contributions	(513)	1,315	1,756	1,858
Net interest income/(expense)	(3,860)	(3,503)	(3,259)	(6,202)
Pre-tax profit	42,024	23,549	18,102	22,768
Tax	(8,918)	(3,979)	(3,620)	(4,554)
Minorities	(438)	(469)	(492)	(517)
Net profit	32,668	19,102	13,989	17,698
Net profit (adj.)	27,791	19,102	13,989	17,698

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	43,251	(3,739)	26,411	34,756
Pre-tax profit	42,024	23,549	18,102	22,768
Tax	(8,918)	(3,979)	(3,620)	(4,554)
Deprec. & amort.	7,744	8,185	8,306	11,645
Working capital changes	13,384	(31,494)	3,624	4,896
Other operating cashflows	(10,984)	0	0	0
Investing	(9,049)	30,437	(11,411)	(11,240)
Investments	(31,929)	(11,751)	(11,411)	(11,240)
Others	22,880	42,188	0	0
Financing	(20,253)	(10,544)	(11,096)	(28,795)
Dividend payments	(8,547)	(5,808)	(8,596)	(6,295)
Issue of shares	0	0	0	0
Proceeds from borrowings	(11,706)	(4,736)	(2,500)	(22,500)
Others/interest paid	n.a.	n.a.	n.a.	n.a.
Net cash inflow (outflow)	13,949	16,154	3,905	(5,279)
Beginning cash & cash equivalent	30,039	43,576	59,731	63,635
Changes due to forex impact	(69)	0	0	0
Ending cash & cash equivalent	43,919	59,731	63,635	58,356

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	206,476	210,042	213,146	212,742
Other LT assets	84,277	38,156	37,904	37,396
Cash/ST investment	43,919	59,731	63,635	58,356
Other current assets	109,909	92,811	88,938	79,332
Total assets	444,581	400,739	403,625	387,826
ST debt	4,736	2,500	22,500	22,500
Other current liabilities	98,937	50,001	49,753	45,043
LT debt	172,765	170,265	147,765	125,265
Other LT liabilities	9,486	5,553	5,301	4,793
Shareholders' equity	158,268	171,562	176,955	188,358
Total liabilities & equity	444,581	400,739	403,625	387,826

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	9.3	6.1	5.3	8.1
Pre-tax margin	7.9	4.2	3.4	4.8
Net margin	6.2	3.4	2.6	3.7
ROA	8.1	4.5	3.5	4.5
ROE	23.2	11.6	8.0	9.7
Growth				
Turnover	53.3	4.8	(4.5)	(9.6)
EBITDA	206.9	(31.1)	(17.7)	38.9
Pre-tax profit	178.3	(44.0)	(23.1)	25.8
Net profit	159.7	(41.5)	(26.8)	26.5
Net profit (adj.)	564.3	(31.3)	(26.8)	26.5
EPS	1,080.5	(31.3)	(26.8)	26.5
Leverage				
Debt to total capital	52.8	50.0	48.8	43.7
Debt to equity	112.2	100.7	96.2	78.4
Net debt/(cash) to equity	84.4	65.9	60.3	47.5
Interest cover (x)	12.8	9.7	8.6	6.2

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Securities (Thailand) Public Company Limited (“UOBKHST”), which is a licensed corporation providing Securities Brokerage, Securities Dealing, Underwriting, Derivative Agent and Financial Advisory in Thailand.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHST. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHST may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHST and its connected persons (as defined in Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 and the Securities and Exchange Act of Thailand) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report (“Information”) has been obtained or derived from sources believed by UOBKHST to be reliable. However, UOBKHST makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHST accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHST and its associate may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHST and its connected persons are subject to change without notice. UOBKHST reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHST, its associates and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKHST, its associate and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKHST may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the “Subject Business”); and (4) UOBKHST may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHST, a company authorized, as noted above, to engage in securities and derivative activities in Thailand. UOBKHST is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHST (whether directly or through its US registered broker dealer affiliate named below) to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHST by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc (“UOBKHUS”), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHST.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKHST who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHST or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHST's total revenues, a portion of which are generated from UOBKHST's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia. Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2023, UOB Kay Hian Securities (Thailand) Public Company Limited. All rights reserved.

<http://www.utrade.co.th>