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KEY HIGHLIGHTS

Results

BTS Group Holdings (BTS TB/HOLD/Bt6.00/Target: Bt6.70)

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3QFY24: Rip the band-aid off, and "MOVE" forward.

Thai Oil (TOP TB/BUY/Bt56.50/Target: Bt68.00)

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4Q23: Net profit in line with our expectations.

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,385.11	(6.62)	(0.48)
SET50	844.51	(6.43)	(0.76)
Value (Btm) - SET	32,458		
Top 5 Sector			
BANK	361.51	0.83	0.23
PETRO	706.77	8.60	1.23
PROP	225.99	(0.58)	(0.26)
ENERG	20,481.75	(149.09)	(0.72)
ICT	153.33	(0.37)	(0.24)

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
PTTEP	153.50	(0.65)	857.0
KCE	40.50	(10.00)	422.2
JMT	24.40	(2.01)	1,046.0
AOT	63.25	0.00	1,353.7
DELTA	79.00	(3.66)	507.9

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
SCI	1.01	31.17	34.4
TWZ	0.05	25.00	0.2
SLP	0.46	15.00	1.3
TFI	0.10	11.11	0.0
JMT	24.90	9.69	1,046.0

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
EMC	0.08	(11.11)	0.1
TURTLE	7.20	(9.43)	0.2
NCL	0.90	(9.09)	6.6
ADVICE	4.70	(6.93)	251.3
TGPRO	0.14	(6.67)	1.0

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	81.6	4.7	(0.1)	6.1
Dubai crude*	83.8	4.3	(0.4)	9.5
Baltic Dry Index	1,585.0	16.5	(6.1)	(24.3)
Gold Spot***	1,993.8	(3.0)	1.7	(3.4)

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

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(74.8)	11.3	(858.7)	(10,484.8)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 36.09

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

Thai Lending Rate (%)* - MLR = 7.10

COMPANY RESULTS

BTS Group Holdings (BTS TB)

3QFY24: Rip The Band-aid Off, And "MOVE" Forward

BTS reported a net loss of Bt4,762m (-554% yoy, -1952% qoq) contributed by impairment in KEX and a higher share of losses from associates, coupled with a weaker performance from VGI. This was partially offset by higher construction revenue from the MRT Yellow Line and a higher share of profit from BTSGIF. Maintain HOLD. Target price: Bt6.70.

3QFY24 RESULTS

Year to 31 Mar (Btm)	3QFY24	3QFY23	2QFY24	yoy (%)	qoq (%)	FY24	FY23	yoy (%)
Sales	5,148	4,721	3,981	9%	29%	18,219	18,311	-1%
Gross Profit	1,449	1,487	1,316	-3%	10%	5,724	6,000	-5%
EBITDA	1,050	611	784	72%	34%	2,477	3,056	-19%
Pre-tax Profit	(5,803)	1,490	778	-489%	-846%	(735)	3,162	-123%
Net Profit	(4,762)	1,049	257	-554%	-1952%	(2,175)	1,836	-218%
Core Profit	144	881	34	-84%	324%	(2,689)	2,078	-229%
EPS (Bt)	(0.362)	0.076	0.020	-577%	-1952%	(0.165)	0.139	-218%
Gross Margin (%)	28.1%	31.5%	33.1%			31.4%	32.8%	
EBITDA M. (%)	20.4%	12.9%	19.7%			13.6%	16.7%	
Net Margin (%)	-92.5%	22.2%	6.5%			-11.9%	10.0%	

Source: BTS Group Holdings, UOB Kay Hian

RESULTS

- Bumpy results.** BTS Group Holdings (BTS) posed 3QFY24 net losses of Bt4,762m (+554% yoy, -1952% qoq), or core profit of Bt144m (-84% yoy, +324% qoq). After removing one-off items, which include impairment losses of holding in Kerry Express (KEX) and Rabbit Holdings (RABBIT), the core earnings came in above our forecast by 129%.
- Modest performance.** Its operating revenues grew 9% yoy and 29% qoq; this was largely contributed by higher construction revenue from the MRT Pink Line Extension as its development has been accelerated, coupled with lower revenue recognition for Yellow Line back in 2QFY24 since the project was nearly completed. For transit revenue, we note that average daily ridership for the Yellow Line was lower, which tracked 36,426 trips/day in 3QFY24 (-16.1% qoq), while VGI's growth in transit media and digital service revenues was offset by weaker Fanslink performance.
- Pressure from associates.** KEX and RABBIT contributed share of losses of Bt253m (+29% qoq) and Bt834m (+297% qoq) respectively in 3QFY24. This was due to continuing lower revenue per parcel from tense competition in the delivery space with e-commerce giants and higher expected impairment from Singer Thailand (SINGER) from writing off non-performing accounts and higher additional provisions for expected credit losses.

KEY FINANCIALS

Year to 31 Mar (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	26,056	18,311	18,219	15,167	15,939
EBITDA	4,277	3,056	2,477	3,395	4,302
Operating profit	3,406	2,089	1,209	1,440	1,906
Net profit (rep./act.)	3,826	1,836	(5,400)	607	1,493
Net profit (adj.)	2,527	2,078	231	607	1,493
EPS (Bt)	0.2	0.1	0.3	0.0	0.1
PE (x)	37.5	48.7	19.4	166.8	67.8
P/B (x)	1.2	1.3	1.5	1.2	1.2
EV/EBITDA (x)	56.4	79.0	97.4	71.1	56.1
Dividend yield (%)	5.4	5.4	5.4	0.6	1.4
Net margin (%)	14.7	10.0	(2.3)	4.0	9.4
Net debt/(cash) to equity (%)	236.4	283.1	283.6	181.9	166.4
Interest cover (x)	1.3	0.8	0.4	0.6	0.8
ROE (%)	6.3	3.1	n.a.	1.0	2.2
Consensus net profit	-	-	1,445	1,413	1,875
UOBKH/Consensus (x)	-	-	3.61	0.43	0.80

Source: BTS Group Holdings, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

HOLD

(Maintained)

Share Price	Bt6.00
Target Price	Bt6.70
Upside	+11.6%
(Previous TP)	Bt7.00

COMPANY DESCRIPTION

BTS Group Holdings is a multi-industry conglomerate specialised in mass transit business, especially rail transport, media, digital services and property businesses seeking to amplify value from data integration and cross-business synergies.

STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	BTS TB
Shares issued (m):	13,167.6
Market cap (Btm):	79,005.8
Market cap (US\$m):	2,185.6
3-mth avg daily t'over (US\$m):	4.8

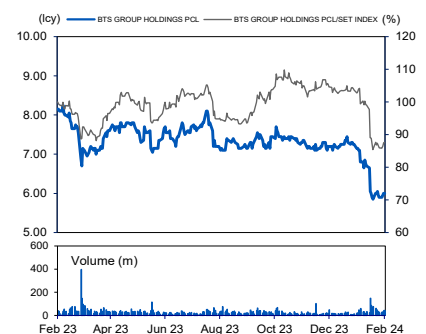
Price Performance (%)

52-week high/low	Bt8.25/Bt5.85			
1mth	3mth	6mth	1yr	YTD
(17.2)	(17.8)	(16.7)	(26.8)	(17.2)

Major Shareholders

	%
Kanjanapas Group	24.8
THAI NVDR COMPANY LIMITED	10.6
UBS AG SINGAPORE BRANCH	7.1
FY24 NAV/Share (Bt)	3.93
FY24 Net Debt/Share (Bt)	10.61

PRICE CHART



Source: Bloomberg

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3QFY24 AND FY23/FY24 KEY STATISTICS

Year to 31 Dec (Btm)	3QFY24F	3QFY23	2QFY24	yoy (%)	qoq (%)	FY24F	FY23	yoy (%)
Revenue								
O&M	1,766	1,662	1,744	6%	1%	7,039	6,834	3%
Construction	1,508	1,392	744	8%	103%	5,181	5,848	-11%
MIX Business	1,452	1,388	1,176	5%	23%	4,800	4,889	-2%
Net Profit	(4,762)	1,049	257	-554%	-1952%	(5,400)	1,836	-394%
Core Profit	144	881	34	-84%	324%	231	2,078	-89%
Share of Profit								
BTS	192	102	182	88%	5%	848	235	262%
RABBIT	(834)	497	(210)	-268%	-297%	515	220	134%
ADR – Core Green (m)	587,391	498,913	557,092	18%	5%	541,694	447,671	21%

Source: BTS, BTSGIF, UOB Kayhian

STOCK IMPACT

• **Delay, delay, and more delays.** Various projects are still being delayed at this point, namely: a) U-Tapao Airport (UTP), b) MRT Pink Line Extension, and c) Orange Line Ruling. BBS JV cannot start its UTP construction and realise its construction revenue until there is a Notice to Proceed (NTP), not after high-speed rail construction first commenced, which has been delayed multiple times. As for Pink Line Extension, the construction progress reached 41.4% as of Dec 23, and now delayed its commercial run to mid-25 instead of end-24. For the Orange Line, as the Department of Special Investigation (DSI) had stated since Oct 23 that the second bidding process is considered unlawful, there are no new developments so far. These have not been included in our current forecast.

• **Overhang from KEX.** After S.F. Holding submitted a tender offer for KEX's shares at Bt5.50 on 8 Feb 24, there is a possibility that BTS and VGI will accept the tender offer to prevent further risks from KEX, which reported distressed performance in the past few quarters. We see two options going forward for BTS,

- Option 1: Go for divestment. If the divestment occurs, it would be a short-term positive for BTS and VGI as each company will receive Bt548.2m and Bt1,480.8m cash, respectively, assuming that the offer price for KEX is Bt5.50 per share. Given full impairment is booked at Bt4,568m, BTS will no longer recognise any losses from divestment.

- Option 2: Wait and see. There is also a possibility that BTS will hold on to KEX's holding. This will allow BTS to wait for S.F. Holding to turn KEX's operation around, while BTS will continue to book shares of losses from KEX until it turns a profit; this will open room for a higher offer price for KEX in the future.

• **Trouble filling empty seats.** Mobility has also been slow for the Yellow Line, dropping 2.3% qoq, while the Pink Line's average daily ridership is struggling to stand above 60,000 trips/day. As of Jan 24, these two lines tracked an average daily ridership of 35,234 trips/day (-6.2% mom) and 50,852 trips/day (-43.2% mom) respectively, far below the promising trial runs figures which stood at 89,494 trips/day and 54,906 trips/day for the Pink and Yellow Lines, well below our forecast, and a distance from breakeven level.

• **Earnings outlook for FY24-25.** We forecast core profit of Bt231m (-88.9% yoy) for FY24 and core earnings Bt607m (+163% yoy) for FY25. We expect FY24 to be the bottom for BTS' performance, given the impairment of KEX, so BTS will no longer recognise share of losses from the next fiscal quarter onwards, and we expect a ramped-up ridership for the MRT Yellow and Pink Lines after more Bt20 flat rates are implemented across all rail systems.

EARNINGS REVISION/RISK

• **Forecast revised.** Revised impairment accounts, new ridership assumption for the Green, Pink and Yellow Lines, new effective holding of KEX, and SOTP-based valuation.

(Btm)	FY24F			FY25F		
	Old	New	% chg	Old	New	% chg
Sales	16,197	18,219	12.5%	15,196	15,167	-0.2%
Net profit	(623)	(5,400)	766.7%	(91)	607	-767.4%
Core profit	(1,137)	231	-120.3%	(91)	607	-767.4%

Source: BTS, UOB Kay Hian

VALUATION/RECOMMENDATION

• **Maintain HOLD with an SOTP-based target price of Bt6.70.** We continue our HOLD rating on BTS, although the price weakened in the past few weeks, we are still uncertain on its future ridership growth and its associate performance.

SHARE PRICE CATALYST

- Yellow Line ridership and pass-through ridership from other monorail lines.
- Better associate and JV performance.

SOTP-BASED VALUATION

Business(es)	Value (Btm)	Note
Mass Transit - Green Line O&M	58,733	DCF, WACC 5.2%
Mass Transit - BTSGIF	18,612	DCF, WACC 6.4%
Mass Transit - Pink Line	20,578	DCF, WACC 4.9%
Mass Transit - Yellow Line	18,371	DCF, WACC 4.9%
MX Business (Media)	17,871	Based on VGIs Fair value
Thanulux PCL	4,362	Market Price
RABBIT Holdings	12,077	BV
Intercity Motorways	5,274	DCF, WACC 5.0%
- Adjusted Net Debt	(67,776)	
Total Value	88,104	
number of shares (m)	13,169	
Fair Value (Bt)	6.70	

Source: BTS, UOB Kay Hian

CASH RECEIVED AFTER KEX DIVESTMENT

As of 13 Feb 2024

	Effective Hold %	
	15.06%	
Direct Holding	5.7%	
Kerry Express		
Through VGI	4.8%	
BTS	5.7%	Through BTSC
VGI	15.5%	
		# O/S Shares
		1,742.6 mn shares
VGI		
BTS	31.3%	Eff Holding %
BTSC	29.7%	
		Offering price
		5.50 Bt/share
BTSC		
BTS	98.2%	BTS will receive
		548.2 Bt mn
		VGI will receive
		1,480.8 Bt mn

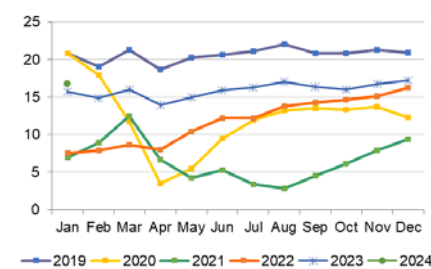
Source: 247-4 form, BTS, UOB Kay Hian

REVENUE BREAKDOWN BY SEGMENT



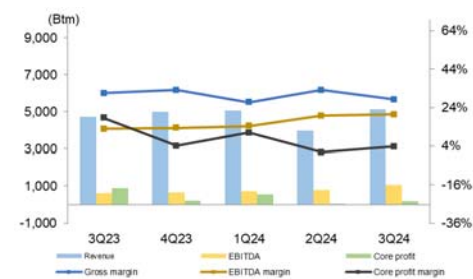
Source: BTS, UOB Kay Hian

AVERAGE RIDERSHIP – GREEN LINE (BTSGIF)



Source: BTSGIF, UOB Kay Hian

QUARTERLY RESULTS AND MARGINS



Source: BTS, UOB Kay Hian

PROFIT & LOSS

Year to 31 Mar (Btm)	2023	2024F	2025F	2026F
Net turnover	18,311	18,219	15,167	15,939
EBITDA	3,056	5,173	3,032	3,939
Deprec. & amort.	967	1,268	1,955	2,396
EBIT	2,089	3,906	1,077	1,543
Total other non-operating income	4,936	5,648	4,433	4,715
Associate contributions	257	(1,586)	639	1,127
Net interest income/(expense)	(3,818)	(5,923)	(5,823)	(5,375)
Pre-tax profit	3,464	2,044	327	2,010
Tax	(1,539)	(4,713)	(87)	(536)
Minorities	214	(87)	80	(268)
Net profit	1,836	(2,114)	320	1,206
Net profit (adj.)	2,078	(2,627)	320	1,206

CASH FLOW

Year to 31 Mar (Btm)	2023	2024F	2025F	2026F
Operating	5,195	18,538	8,038	8,488
Pre-tax profit	3,162	2,687	327	2,010
Tax	(1,539)	(4,713)	(87)	(536)
Deprec. & amort.	967	1,268	1,955	2,396
Associates	257	(1,586)	639	1,127
Working capital changes	(10,803)	20,261	5,180	3,447
Non-cash items	13,152	622	24	44
Other operating cashflows	0	0	0	0
Investing	(9,249)	1,228	(2,728)	(420)
Capex (growth)	(6,377)	(1,647)	(2,389)	(33)
Investments	(4,532)	1,516	(702)	(1,181)
Others	1,660	1,359	363	794
Financing	12,263	8,389	5,070	(16,359)
Dividend payments	(4,082)	(4,082)	(262)	(904)
Issue of shares	13	4	5,271	4
Proceeds from borrowings	20,239	10,350	0	0
Loan repayment	0	0	(10,350)	(15,466)
Others/interest paid	(3,906)	2,117	10,411	8
Net cash inflow (outflow)	8,209	28,155	10,380	(8,291)
Beginning cash & cash equivalent	5,676	13,885	42,040	52,420
Ending cash & cash equivalent	13,885	42,040	52,420	44,129

BALANCE SHEET

Year to 31 Mar (Btm)	2023	2024F	2025F	2026F
Fixed assets	66,542	66,922	67,356	64,993
Other LT assets	181,677	163,600	159,271	157,580
Cash/ST investment	13,885	42,040	52,420	44,129
Other current assets	8,822	5,401	5,668	5,894
Total assets	270,926	277,963	284,715	272,597
ST debt	33,783	32,562	37,676	33,276
Other current liabilities	7,052	7,736	7,948	8,555
LT debt	138,830	150,402	134,938	123,872
Other LT liabilities	9,939	11,514	12,105	13,138
Shareholders' equity	56,073	50,500	66,799	68,507
Minority interest	25,248	25,248	25,248	25,248
Total liabilities & equity	270,926	277,963	284,715	272,597

KEY METRICS

Year to 31 Mar (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	16.7	28.4	20.0	24.7
Pre-tax margin	18.9	11.2	2.2	12.6
Net margin	10.0	(11.6)	2.1	7.6
ROA	0.7	n.a.	0.1	0.4
ROE	3.1	n.a.	0.5	1.8
Growth				
Turnover	(29.7)	(0.5)	(16.8)	5.1
EBITDA	(28.6)	69.3	(41.4)	29.9
Pre-tax profit	0.2	(41.0)	(84.0)	515.1
Net profit	(52.0)	(215.1)	n.a.	277.1
Net profit (adj.)	(17.7)	(226.4)	n.a.	277.1
EPS	(23.1)	(226.4)	n.a.	277.0
Leverage				
Debt to total capital	68.0	70.7	65.2	62.6
Debt to equity	307.8	362.3	258.4	229.4
Net debt/(cash) to equity	283.1	279.1	179.9	165.0
Interest cover (x)	0.8	0.9	0.5	0.7

COMPANY RESULTS

Thai Oil (TOP TB)

4Q23: Net Profit In Line With Our Expectations

TOP reported 4Q23 net profit of Bt2.9b, in line with our and consensus expectations. 4Q23 net profit decreased 73% qoq as a result of market GRM decreasing due to lower petroleum product spread in main products, along with increased stock losses due to declining crude oil prices. We expect 1Q24 core profit to recover on key factors in both GRM and petrochemical spreads. Maintain BUY. Target price: Bt68.00.

4Q23 RESULTS

Year to 31 Dec	4Q22 (Btm)	3Q23 (Btm)	4Q23 (Btm)	yoy % chg.	qoq % chg.	2022 (Btm)	2023 (Btm)	yoy % chg.
Revenue	125,426	124,206	119,556	-5%	-4%	529,589	469,244	-11%
EBITDA	8,074	13,357	6,902	-15%	-48%	48,401	37,359	-23%
Interest expenses	994	1,032	1,053	6%	2%	3,860	4,089	6%
EBT	5,155	10,737	4,169	-19%	-61%	37,147	26,894	-28%
Norm. Income	5,200	7,997	3,447	-34%	-57%	27,791	22,080	-21%
Net Income	147	10,828	2,944	1905%	-73%	32,668	19,443	-40%
EPS	0.07	4.85	1.32			14.62	8.70	
Gross Profit Margin	6.1%	9.9%	5.0%			8.5%	7.0%	
EBITDA Margin	6.4%	10.8%	5.8%			9.1%	8.0%	
SG&A Exp. / Sales	1.3%	0.7%	1.0%			0.8%	0.8%	
Net profit margin	0.1%	8.7%	2.5%			6.2%	4.1%	

Source: Thai Oil PCL, UOB Kay Hian

RESULTS

- **4Q23 net profit decreased 73% qoq.** Thai Oil PCL (TOP) reported 4Q23 net profit of Bt2.9b, down 73% qoq, in line with our and consensus expectations. TOP reported accounting gross integrated margin (GIM) at US\$3.60/bbl (vs US\$23.30/bbl in 3Q23 and US\$1.50/bbl in 4Q22), as a result of market GRM decreasing both qoq and yoy as well as increased stock losses. As a result, TOP's 2023 net profit came in at Bt22.1b, a decrease of 40% yoy, in line with accounting GIM that decreased to US\$9.80/bbl (vs US\$14.30/bbl in 2022).

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	529,589	469,244	528,923	478,196	478,548
EBITDA	49,264	38,698	27,898	39,665	42,929
Operating profit	41,520	30,898	19,692	27,570	30,812
Net profit (rep./act.)	32,668	19,443	13,989	17,698	19,694
Net profit (adj.)	27,791	22,080	13,989	17,698	19,694
EPS (Bt)	12.4	9.9	6.3	7.9	8.8
PE (x)	4.5	5.7	9.0	7.1	6.4
P/B (x)	0.8	0.8	0.7	0.7	0.6
EV/EBITDA (x)	5.1	6.5	9.1	6.4	5.9
Dividend yield (%)	4.6	6.0	5.3	6.2	7.1
Net margin (%)	6.2	4.1	2.6	3.7	4.1
Net debt/(cash) to equity (%)	84.4	89.9	72.6	57.3	45.6
Interest cover (x)	12.8	9.5	8.3	6.0	5.7
ROE (%)	23.2	11.9	8.2	9.8	10.2
Consensus net profit	-	-	19,410	14,873	22,389
UOBKH/Consensus (x)	-	-	0.72	1.19	0.88

Source: Thai Oil PCL, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt56.50
Target Price	Bt68.00
Upside	+20.4%

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):	126,211.7
Market cap (US\$m):	3,491.5
3-mth avg daily t'over (US\$m):	11.4

Price Performance (%)

52-week high/low Bt57.00/Bt42.75

1mth	3mth	6mth	1yr	YTD
9.2	15.9	4.6	(1.3)	5.1

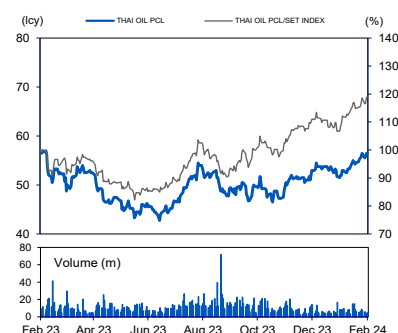
Major Shareholders

	%
PTT	49.1
NVDR	4.5
HSBC (Singapore) Nominees Pte. Ltd.	2.6

FY24 NAV/Share (Bt) 77.98

FY24 Net Debt/Share (Bt) 56.63

PRICE CHART



Source: Bloomberg

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• **Refinery business was weak in 4Q23.** Profits from the refinery and lubricant business were under pressure as: a) market gross refinery margin (GRM) was at US\$7.20/bbl, decreasing both qoq and yoy, with petroleum product spread in main products decreasing as a result of demand for jet fuel increasing less than expected, especially the number of Chinese flights (production capacity in the region increased in 4Q23 from the gradual return to production after the planned shutdown in 3Q23), b) crude premium increased at US\$3.30/bbl (vs US\$1.80/bbl in 3Q23), and c) the price of crude oil decreased, resulting in a stock loss of Bt3.3b in 4Q23 (vs stock gain of Bt7.9b in 3Q23) and a 77% qoq decrease in profit from the refinery and lubricant business in 4Q23 to Bt2.3b.

• **The aromatics business recovers from seasonal factors.** The performance of the petrochemical business turned around to a net profit of Bt159m (vs net loss in 3Q23 of Bt12m) as a result of the recovery of spread paraxylene and benzene both qoq and yoy as a result of seasonal demand in the textile business and increased demand for beverage packaging ahead of the new year in 2024, as well as the unplanned shutdowns of aromatics plants in China.

KEY STATISTICS

	4Q22	3Q23	4Q23	yoy % chg.	qoq % chg.	2022	2023	yoy % chg.
Avg. Fx (Bt per US\$)	36.4	34.8	35.8	-2%	3%	35.1	34.8	-1%
Dubai Crude oil price (US\$/bbl)	84.9	86.7	83.6	-2%	-4%	96.3	82.1	-15%
Actual Capacity (KBOD)	283	303	305	8%	1%	294.3	306.6	4%
Refinery Utilization	103%	110%	111%	8%	1%	107%	112%	5%
Market GRM (US\$/bbl)	9.3	12.4	7.2	-23%	-42%	12.0	8.5	-29%
Market GIM (US\$/bbl)	11.0	13.6	8.6	-22%	-37%	13.4	10.0	-25%
Murban Crude (Crude Premium)	7.0	1.8	3.3	-52%	90%	7.2	3.2	-55%

Source: Thai Oil PCL, UOB Kay Hian

STOCK IMPACT

• **The core profit trend for 1Q24 is still strong.** The unplanned shutdown in Crude Distillation Unit 3 (CDU-3) resulted in a reduction of production capacity by 180 thousand barrels per day (KBD) for 13 days (16-28 Jan 24) due to technical problems, with the refinery's utilisation rate declining to 90-98%. However, our positive outlook on 1Q24 core profit remains unchanged, driven by the qtd performance which is showing signs of recovery: a) qtd GRM at US\$8.50/bbl (vs US\$5.50/bbl in 4Q23), due to recovering demand and the planned shutdown of many refineries around the world resulting in a decrease in supply (we expect average GRM for 1Q24 at around US\$8.00/bbl), b) lower crude premium at US\$1.10/bbl (vs US\$3.34/bbl in 4Q23 and US\$4.96/bbl in 1Q23), and c) continued recovery in aromatics spread, particularly benzene spreads which increased 103% qoq, as a result of the crisis in the Red Sea.

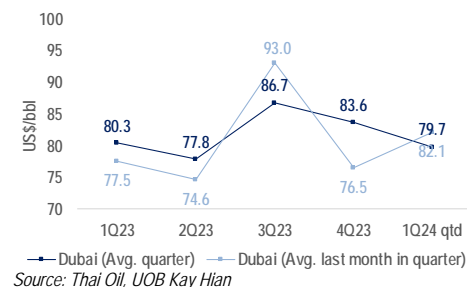
EARNINGS REVISION/RISK

• **None.** TOP announced a Bt2.75/share dividend payment for 2H23 based on its operating results (ex-dividend date: 27 Feb 24, dividend payment: 30 Apr 24). In 2023, TOP will pay a total dividend of Bt3.40/share. Looking ahead to 2024, we expect TOP to pay a dividend of Bt3.00/share.

VALUATION/RECOMMENDATION

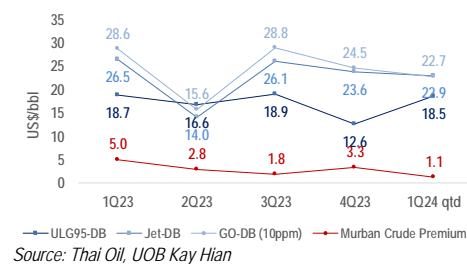
• **Maintain BUY with a target price of Bt68.00**, based on a refinery regional core forward PE mean of 11x. We like TOP based on its undemanding valuation as the stock is trading at 9.0x forward PE and 0.73x P/B in 2024. As for the top picks in the energy sector, we prefer PTT Exploration and Production (PTTEP TB/Target: Bt200.00), Thai Oil (TOP TB/Target: Bt68.00) and Bangchak Siracha (BSRC TB/Target: Bt15.00).

CRUDE OIL PRICE



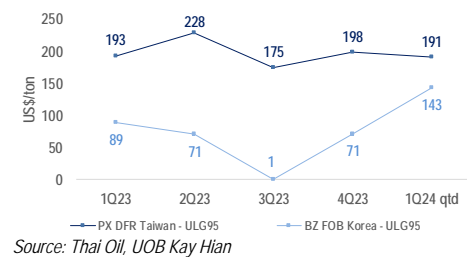
Source: Thai Oil, UOB Kay Hian

GRM'S OF PETROLEUM PRODUCT SPREAD AND CRUDE PREMIUM



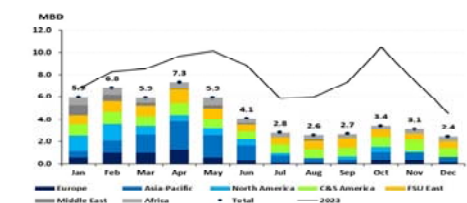
Source: Thai Oil, UOB Kay Hian

AROMATICS SPREAD AND LUBE OIL BIUSNSS



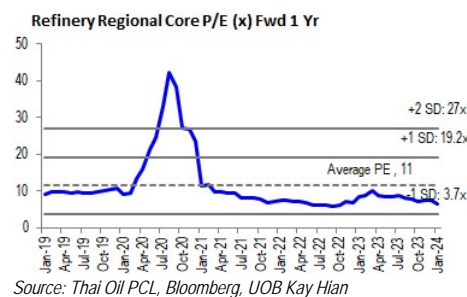
Source: Thai Oil, UOB Kay Hian

2024 GLOBAL REFINERIES MAINTENANCE



Source: Thai Oil, UOB Kay Hian

REFINERY REGIONAL CORE FORWARD PE



Source: Thai Oil PCL, Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	469,244	528,923	478,196	478,548
EBITDA	38,698	27,898	39,665	42,929
Deprec. & amort.	7,799	8,207	12,095	12,116
EBIT	30,898	19,692	27,570	30,812
Associate contributions	84	1,756	1,858	1,966
Net interest income/(expense)	(4,089)	(3,347)	(6,660)	(7,482)
Pre-tax profit	24,257	18,101	22,768	25,296
Tax	(4,672)	(3,620)	(4,554)	(5,059)
Minorities	(142)	(492)	(517)	(542)
Net profit	19,443	13,989	17,698	19,694
Net profit (adj.)	22,080	13,989	17,698	19,694

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	28,088	4,545	36,641	36,778
Pre-tax profit	24,257	18,101	22,768	25,296
Tax	(4,672)	(3,620)	(4,554)	(5,059)
Deprec. & amort.	7,799	8,207	12,095	12,116
Working capital changes	(6,873)	(18,142)	6,331	4,425
Other operating cashflows	7,576	0	0	0
Investing	(19,692)	27,382	(11,240)	(12,500)
Investments	(14,504)	(11,411)	(11,240)	(12,500)
Others	(5,188)	38,793	0	0
Financing	(23,072)	(13,854)	(10,096)	(12,464)
Dividend payments	(5,249)	(7,595)	(5,596)	(7,964)
Issue of shares	0	0	0	0
Proceeds from borrowings	(17,823)	(6,259)	(4,500)	(4,500)
Others/interest paid	n.a.	n.a.	n.a.	n.a.
Net cash inflow (outflow)	(14,676)	18,073	15,305	11,814
Beginning cash & cash equivalent	43,576	28,432	46,505	61,810
Changes due to forex impact	(468)	0	0	0
Ending cash & cash equivalent	28,432	46,505	61,810	73,624

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	218,618	221,822	220,967	221,351
Other LT assets	76,004	37,329	36,821	36,825
Cash/ST investment	28,432	46,505	61,810	73,624
Other current assets	96,940	101,025	90,157	89,835
Total assets	419,993	406,681	409,755	421,634
ST debt	6,259	4,500	4,500	4,500
Other current liabilities	67,242	53,185	48,648	52,751
LT debt	173,009	168,509	164,009	159,509
Other LT liabilities	5,171	5,289	4,782	4,785
Shareholders' equity	167,802	174,196	186,298	198,028
Total liabilities & equity	419,993	406,681	409,755	421,634

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	8.2	5.3	8.3	9.0
Pre-tax margin	5.2	3.4	4.8	5.3
Net margin	4.1	2.6	3.7	4.1
ROA	4.5	3.4	4.3	4.7
ROE	11.9	8.2	9.8	10.2
Growth				
Turnover	(11.4)	12.7	(9.6)	0.1
EBITDA	(21.4)	(27.9)	42.2	8.2
Pre-tax profit	(42.3)	(25.4)	25.8	11.1
Net profit	(40.5)	(28.1)	26.5	11.3
Net profit (adj.)	(20.5)	(36.6)	26.5	11.3
EPS	(20.5)	(36.6)	26.5	11.3
Leverage				
Debt to total capital	51.6	49.7	47.3	45.0
Debt to equity	106.8	99.3	90.5	82.8
Net debt/(cash) to equity	89.9	72.6	57.3	45.6
Interest cover (x)	9.5	8.3	6.0	5.7

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