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KEY HIGHLIGHTS

Update

Star Petroleum Refining (SPRC TB/BUY/Bt5.35/Target: Bt7.00)
2Q25 preview: Short-term core earnings boost from higher margins.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,107.69	7.68	0.70
SET50	725.35	5.18	0.72
Value (Btm) - SET	59,958		
Top 5 Sector			
BANK	389.62	(0.96)	(0.25)
PETRO	466.02	(1.38)	(0.30)
PROP	135.39	2.30	1.73
ENERG	14,870.16	(36.38)	(0.24)
ICT	180.11	1.38	0.77

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
KTC	26.50	6.00	5,348.5
AOT	32.00	4.92	1,829.2
ADVANC	279.00	0.36	2,512.1
DELTA	105.00	0.48	2,038.3
KBANK	154.50	(0.32)	1,926.4

TOP GAINERS

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
WAVE	0.03	50.00	0.1
SDC	0.04	33.33	0.1
SAWANG	8.80	25.71	0.0
TGPRO	0.05	25.00	0.0
TURTLE	7.50	25.00	0.0

TOP LOSERS

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
ECF	1.33	(30.37)	0.8
BEC	1.83	(30.15)	251.0
GEL	0.04	(20.00)	0.1
TFI	0.04	(20.00)	0.0
STOWER	0.04	(20.00)	0.1

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	67.8	5.7	(5.6)	(7.0)
Dubai crude*	64.7	2.9	(11.9)	(13.9)
Baltic Dry Index	1,665.0	24.3	1.9	67.0
Gold Spot***	3,331.5	(0.4)	10.3	26.9

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

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
81.4	(236.3)	(2,329.2)	2,047.7

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 32.54

Interest Rate (%) - TH Policy Rate = 2.00

Thai Lending Rate (%)* - MLR = 6.90

COMPANY UPDATE

Star Petroleum Refining (SPRC TB)

2Q25 Preview: Short-Term Core Earnings Boost From Higher Margins

SPRC is poised to deliver a strong 2Q25 performance, driven by healthy operational metrics and positive refinery market outlook. We project a core net profit of Bt821m, up 112% qoq supported by a robust crude run rate of 93% and a higher GRM of US\$6.0/bbl. With a valuation of just 0.5x P/BV, well below its historical, SPRC remains an attractive pick for yield-oriented investors (6.6% dividend yield). Maintain BUY with a target price of Bt7.00.

WHAT'S NEW

- Stronger GRM outlook supports earnings momentum. The recent Oil & Gas Outlook conference we attended highlighted a constructive view for Thai refiners in 2H25. The Singapore benchmark GRM surged to a 14-month high of US\$7.4/bbl in late May, underpinned by a) seasonal demand in the West (both US and Europe), and b) refinery maintenance closures (especially in the US and Europe). Looking ahead, Singapore GRM is expected to remain healthy above US\$6.0/bbl in July and stay elevated in 3Q25 driven by the **US driving season (low gasoline inventory helps boost gasoline cracks)** and summer travel period (jet fuel demand recovery). Notably, US crude stockpiles fell by 11.5m barrels 10% below the 5-year average, adding bullish momentum to refined product margins.
- Limited impact from potential Strait of Hormuz blockage. The Strait of Hormuz is the world's most strategic oil chokepoint, with approximately 20m barrels per day (20% of global crude supply) transiting through it. According to SPRC, roughly 95% of its crude feedstock is sourced from the Middle East, primarily from the UAE (~90%), and transported via this route. In the event of a blockade, the UAE could reroute supply through the Abu Dhabi Crude Oil Pipeline (ADCOP) to the Fujairah terminal, located on the Gulf of Oman, bypassing the Strait. However, this route has limited capacity and may increase shipping time. We believe the operational impact to SPRC would be minimal, as crude supply remains accessible, albeit with slightly extended lead times.
- Negligible impact from Thai-Cambodia border tensions. Tensions between Thailand and Cambodia have sharply escalated since late May 25, following military clashes in the Chong Bok border zone. Cambodia officially halted fuel and gas imports from Thailand effective immediately from 22 June. However, SPRC has minimal exposure to the Cambodian market, with sales to Cambodia representing only 0.2% of total volume. As such, we do not expect any material impact on earnings or operations.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	238,284	270,606	300,853	322,665	326,647
EBITDA	1,531	5,059	8,404	9,197	10,562
Operating profit	(1,067)	1,474	4,724	5,986	6,882
Net profit (rep./act.)	(1,230)	2,235	3,664	4,933	5,385
Net profit (adj.)	1,300	2,171	3,664	4,933	5,385
EPS (Bt)	0.3	0.5	0.8	1.1	1.2
PE (x)	17.7	10.6	6.3	4.7	4.3
P/B (x)	0.6	0.6	0.5	0.5	0.5
EV/EBITDA (x)	17.1	5.2	3.1	2.9	2.5
Dividend yield (%)	0.0	7.5	6.6	8.5	9.4
Net margin (%)	(0.5)	0.8	1.2	1.5	1.6
Net debt/(cash) to equity (%)	32.9	17.9	7.7	3.4	0.1
Interest cover (x)	4.2	11.9	18.9	24.9	23.5
ROE (%)	(3.3)	5.9	9.0	11.2	11.4
Consensus net profit (Btm)	-	-	2,534	3,088	3,755
UOBKH/Consensus (x)	-	-	1.45	1.60	1.43

Source: Star Petroleum Refining, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt5.35
Target Price	Bt7.00
Upside	+30.8%
(Previous TP)	Bt9.00)

COMPANY DESCRIPTION

SPRC is one of the leading refineries in the Asia Pacific. It operates a complex refinery in Rayong which can produce 175,000 barrels/day (13.2% of Thailand's refining capacity) and has a high Nelson complexity index of 6.3.

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	SPRC TB
Shares issued (m):	4,335.9
Market cap (Btm):	30,568.1
Market cap (US\$m):	875.4
3-mth avg daily t'over (US\$m):	3.7

Price Performance (%)

52-week high/low Bt9.40/Bt7.00

1mth	3mth	6mth	1yr	YTD
(14.0)	(11.9)	(16.6)	(25.0)	(14.5)

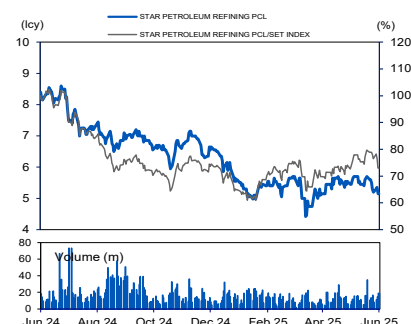
Major Shareholders

	%
CHEVRON SOUTH ASIA HOLDINGS	60.6
Thai NVDR	4.6

FY24 NAV/Share (Bt) 9.57

FY24 Net Debt/Share (Bt) 2.32

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **Positive 2Q25 earnings outlook.** We expect the company to report a core profit of Bt821m in 2Q25, up 112% qoq. This would be supported by a healthy utilisation rate of 93% and a stronger GRM of US\$6.0/bbl in 2Q25 (vs US\$4.5/bbl in 1Q25). SPRC still benefits from the operation of Single-Point Mooring (SPM) for crude oil unloading, which saves around US\$2.0/bbl in logistical costs compared to ship-to-ship transfer in 2Q24.
- **Undemanding valuation with strong yield.** As noted above, we expect SPRC's operational performance to continue improving from 2Q25 onwards, supported by seasonal tailwinds and strong GRM outlook. Despite this positive momentum, SPRC's valuation remains attractive, currently trading at just 0.5x P/BV and offers a compelling FY25F dividend yield of 6.6%. We see room for re-rating if GRM stay firm into 3Q25.

2Q25 EARNINGS PREVIEW

	2Q25F	2Q24	1Q25	yoy % Chg	qoq % Chg	1H25F (Btm)	1H24 (Btm)	yoy % Chg
Turnover	66,584	71,186	64,297	(6)	4	130,881	141,811	(8)
core EBITDA	1,991	528	1,438	277	38	3,429	3,272	5
Inventory gain/(loss)	0	744	233	(100)	(100)	233	2,104	(89)
fx	90	172	175	(48)	(49)	265	380	(30)
Net Profit	911	346	714	163	28	1,625	4,289	(62)
EPS	0.21	0.08	0.16	163	28	0.37	0.99	(62)
Core profit/(loss)	821	(387)	387	N/A	112	1,208	1,758	(31)

Source: Star Petroleum Refining, UOB Kay Hian

EARNINGS REVISION/RISK

- **Earnings revision:** None.

VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt7.00**, based on 0.8x 2025F P/B, which reflects - 1.0 SD below its historical average. This valuation incorporates weak sentiment across the SET. SPRC currently trades at an undemanding 0.5x 2025F P/B and offers an attractive 7.0% dividend yield. We believe the stock has largely priced in the negative news, presenting a favourable risk-reward profile.
- **Sensitivity.** Every US\$1.00/bbl jump in our GRM assumption will increase our 2025 core net profit forecast by Bt2.0b.

SHARE PRICE CATALYST

- July: Higher Singapore GRM.
- 1H25 dividend clarity and 2Q25 earnings surprise potential.

CG Report: 5
SET ESG Rating: None
<ul style="list-style-type: none"> • Environmental <ul style="list-style-type: none"> - To preserve the environment, SPRC targets zero recordable oil spills. It is also aiming for zero waste in landfills and focusing on a waste circular economy. In 2023, less than 1% of total waste was managed through landfill disposal. • Social <ul style="list-style-type: none"> - SPRC's focus is to ensure the wellbeing of its employees and their families, and prevent incidents or injuries while working on site and from home. • Governance <ul style="list-style-type: none"> - SPRC maintains its annual "Excellent" CG scoring from Thai Institute of Directors Association.

OPERATING STATISTICS

US\$/bbl	2Q25F	2Q24	1Q25
GRM	6.0	2.4	4.5
Inventory gain/(loss)	0	1.4	0.4
Total GRM	6.0	3.8	4.9

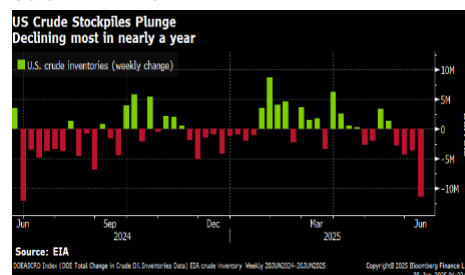
Source: UOB Kay Hian

CRUDE RUN

	2Q25F	2Q24	1Q25
Crude run (kbd)	93%	90%	95%

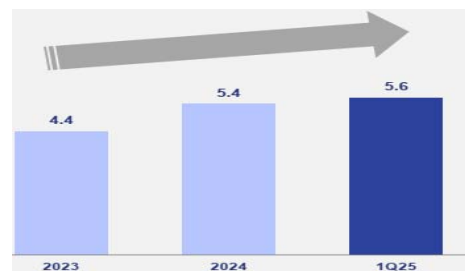
Source: SPRC, UOB Kay Hian

US OIL INVENTORY



Source: UOB Kay Hian

RETAIL MARKET SHARE



SINGAPORE GRM



HISTORICAL P/B



PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	238,284	276,625	300,853	322,665
EBITDA	1,531	6,048	8,404	9,197
Deprec. & amort.	2,599	3,604	3,680	3,211
EBIT	(1,067)	2,444	4,724	5,986
Total other non-operating income	(89)	970	300	550
Associate contributions	0	0	0	0
Net interest income/(expense)	(367)	(433)	(444)	(370)
Pre-tax profit	(1,524)	2,981	4,580	6,166
Tax	294	(534)	(916)	(1,233)
Minorities	0	0	0	0
Net profit	(1,230)	2,447	3,664	4,933
Net profit (adj.)	1,300	2,423	3,664	4,933

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	21,241	20,637	19,457	18,746
Other LT assets	2,720	2,720	2,605	2,716
Cash/ST investment	471	646	977	3,093
Other current assets	41,228	46,000	48,860	50,790
Total assets	65,660	70,003	71,899	75,344
ST debt	12,483	11,983	11,483	10,983
Other current liabilities	15,488	16,970	17,874	18,908
LT debt	0	0	0	0
Other LT liabilities	1,227	1,422	1,520	1,650
Shareholders' equity	36,462	39,628	41,022	43,803
Minority interest	0	0	0	0
Total liabilities & equity	65,660	70,003	71,899	75,344

CASH FLOW

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	(213)	2,959	5,601	7,267
Pre-tax profit	(1,524)	2,981	4,580	6,166
Tax	294	(534)	(916)	(1,233)
Deprec. & amort.	2,599	3,604	3,680	3,211
Working capital changes	(1,732)	(3,290)	(1,956)	(896)
Other operating cashflows	150	197	213	19
Investing	(1,129)	(3,002)	(2,500)	(2,500)
Capex (growth)	(1,104)	(3,000)	(2,500)	(2,500)
Others	(25)	(2)	0	0
Financing	1,737	219	(2,770)	(2,652)
Dividend payments	(650)	(1,734)	(2,168)	(2,602)
Proceeds from borrowings	2,753	(500)	(500)	(500)
Others/interest paid	(365)	2,453	(102)	450
Net cash inflow (outflow)	395	176	331	2,115
Beginning cash & cash equivalent	76	471	646	977
Ending cash & cash equivalent	471	646	977	3,093

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	0.6	2.2	2.8	2.9
Pre-tax margin	(0.6)	1.1	1.5	1.9
Net margin	(0.5)	0.9	1.2	1.5
ROA	(1.9)	3.6	5.2	6.7
ROE	(3.3)	6.4	9.1	11.6
Growth				
Turnover	(16.5)	16.1	8.8	7.2
EBITDA	(87.5)	294.9	39.0	9.4
Pre-tax profit	n.a.	n.a.	53.7	34.6
Net profit	n.a.	n.a.	49.7	34.6
Net profit (adj.)	(87.0)	86.4	51.2	34.6
EPS	(87.0)	86.4	51.2	34.6
Leverage				
Debt to total capital	25.5	23.2	21.9	20.0
Debt to equity	34.2	30.2	28.0	25.1
Net debt/(cash) to equity	32.9	28.6	25.6	18.0
Interest cover (x)	4.2	14.0	18.9	24.9

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