

Thai Oil (TOP TB)

Lower GRM Pressures 3Q25 Net Profit

Highlights

- We expect 3Q25 net profit to come in at Bt1.9b, down 71% qoq, mainly due to the maintenance shutdown of CDU Unit 3 and weaker market GRM.
- TOP plans to issue perpetual bonds in early-26.
- Maintain SELL with a target price of Bt31.00 (previously Bt30.00), as we roll over our target price to 2026.

Analysis

3Q25 Results Preview

Year to 31 Dec	3Q24	2Q25	3Q25F	%yoy	%qoq	9M24	9M25F	%yoy
Revenue	111,189	99,440	95,152	-14%	-4%	354,241	301,380	-15%
EBITDA	2,902	1,093	1,073	-63%	-2%	20,835	7,386	-65%
Operating Profit	896	-878	-861	n.a.	n.a.	14,755	1,523	-90%
Core Profit	1,458	2,828	-1,453	n.a.	n.a.	11,679	4,089	-65%
Extraordinary item	-5,675	3,944	3,310	n.a.	-16%	-4,487	9,028	n.a.
Net Income	-4,218	6,476	1,857	n.a.	-71%	7,192	11,837	65%
EPS	-1.89	2.90	0.91			3.22	5.38	
Financial Ratio								
Gross Profit Margin	1.7%	0.1%	0.2%			4.9%	1.5%	
EBITDA Margin	2.6%	1.1%	1.1%			5.9%	2.5%	
Net profit margin	-3.8%	6.5%	2.0%			2.0%	3.9%	

Source: Thai oil, UOB Kay Hian

- **3Q25 net profit expected to decrease qoq.** We expect Thai Oil's (TOP) 3Q25 net profit to decline qoq to Bt1.9b, down 71% qoq, primarily due to the absence of a one-time gain from negative goodwill related to the Chandra Asri Petrochemical (CAP) acquisition of a SG refinery worth Bt7.0b in 2Q25. Meanwhile, core earnings are projected to record a loss of Bt1.5b (vs a net profit of Bt2.8b in 2Q25), pressured by lower gross refinery margin (GRM) and a one-month maintenance shutdown of crude distillation unit (CDU) Unit 3. The market gross integrated margin (GIM) is expected to drop to US\$5.40/bbl in 3Q25 (vs US\$7.00/bbl in 2Q25).
- **GRM decreased qoq seasonally.** Core earnings from the refinery business declined qoq, mainly due to: a) the shutdown of CDU Unit 3 for maintenance, which lowered utilisation rate, and b) weaker market GRM. In 3Q25, the refinery business record at a utilisation rate of 80% (vs 113% in 2Q25) and a fall in market GRM to US\$3.50/bbl (vs US\$5.20/bbl in 2Q25). Meanwhile, the lube base oil business maintained a steady qoq contribution of US\$1.00/bbl to the market GIM.

Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	469,244	466,777	505,139	508,685	515,242
EBITDA	51,923	38,718	17,686	29,789	31,386
Operating profit	24,257	12,264	17,875	11,273	13,049
Net profit (rep./act.)	19,443	9,959	14,030	8,632	10,050
Net profit (adj.)	27,374	17,041	5,182	8,632	10,050
EPS	12.3	7.6	2.3	3.9	4.5
PE	2.9	4.7	15.5	9.3	8.0
P/B	0.5	0.5	0.5	0.5	0.4
EV/EBITDA	5.3	6.7	7.0	5.9	5.3
Dividend yield	9.4	5.3	5.3	5.3	5.3
Net margin	4.1	2.1	2.8	1.7	2.0
Net debt/(cash) to equity	89.9	79.5	61.2	54.9	46.9
Interest cover	10.8	7.8	4.5	5.2	5.6
Consensus net profit	-	-	13,613	11,453	12,450
UOBKH/Consensus (x)	-	-	1.03	0.75	0.81

Source: Bloomberg, Thai oil, UOB Kay Hian

SELL (Maintained)

Share Price	Bt36.00
Target Price	Bt31.00
Upside	-13.29%

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Stock Data

GICS Sector	Energy
Bloomberg ticker	TOP TB
Shares issued (m)	2,233.84
Market cap (Btm)	69,360.95
Market cap (US\$m)	2,134.18
3-mth avg daily t'over (US\$m)	15.6

Price Performance (%)

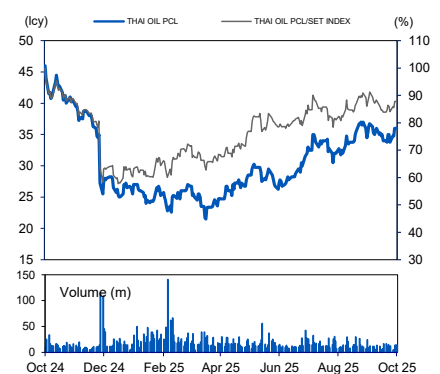
52-week high/low Bt48.50/Bt21.00

1mth	3mth	6mth	1yr	YTD
(4.76)	20.69	48.94	20.45	23.89

Major Shareholders

PTT	45.03%
Thai NVDR	7.86%
Siam manager holdings	2.97%

Price Chart



Source: Bloomberg

Company Description

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

- **Petrochemical business profit decreased qoq.** The petrochemical business' profit declined qoq, following reduced utilisation rates of Thai paraxylene (TPX) and Thai lube base (LAB) to 39% and 67%, respectively, in line with the shutdown of CDU Unit 3 for maintenance. Contribution to market GIM remained flat qoq at US\$0.90/bbl. Although paraxylene and LAB spreads rose 61% qoq and 31% qoq respectively, this was offset by a 73% qoq drop in benzene spread amid weak demand.
- **Extra items comprised:** a) stock gain of Bt1.9b, b) hedging losses from derivatives of Bt90m, c) a Bt1.2b gain from bond buyback, and d) forex gains of Bt300m.
- **Perpetual bond issuance expected in early-26.** TOP still intends to issue perpetual bonds in early-26, with the target amount remaining within the earlier guidance of US\$500m-1.0b. In addition, we continue to monitor TOP's asset monetisation plan, which is expected to take place in late-25, or in early-26 at the latest. Both the perpetual bond issuance and asset monetisation initiatives are aimed at strengthening financial liquidity and mitigating the risk of a long-term credit rating downgrade.
- **SBM unit 2 expected to resume operations in 2Q26.** During the oil spill on 5 Jun 25, about 8,000 litres of crude oil were spilled at single buoy mooring unit 2. The Marine Department is reviewing the plan to resume operations. TOP expects to resume operations no later than 2Q26.

Valuation/Recommendation

- **Maintain SELL with a new 2026 target price of Bt31.00 (previously Bt30.00).** We have rolled over our target price to 2026, based on refinery regional core forward PE of 8x (previous refinery regional core forward PE of 7x). In the oil & gas sector, we prefer PTT Oil and Retail (OR TB/BUY/Target: Bt20.00) SCG Packaging (SCGP TB/BUY/Target: Bt26.00) and Indorama Ventures (IVL TB/BUY/Target: Bt27.00).

Earnings Revision/Risk

- **Cut 2025-26 net profit forecasts.** We have downgraded our 2025-26 net profit estimates by 10% and 20% respectively due to downward adjustments to our assumptions of: a) market GRM, b) aromatic spread, and c) higher ship-to-ship cost in 2026. We expect SBM unit 2 to resume operations by 2Q26 (previous estimate: end-25). This leads to our 2025 net profit forecast of Bt14.0b, up 41% yoy, and 2026 net profit of Bt8.6b, down 36% yoy. In 9M25, we expect core earnings to account for 79% of our 2025 estimate.

Environmental, Social, Governance (ESG) Updates

Environmental

- **Net zero GHG reduction.** Reduce greenhouse gas (GHG) emissions by 15% in 2035 from the base year of 2026 to achieve carbon neutrality in 2050 and net zero GHG emissions target in 2060 through the implementation of net zero GHG emissions.

Social

- **Creating social value.** To develop the quality of life in society in alignment with the company's strategic direction to become a petrochemical and innovative business and contribute to net zero GHG emissions. **Strengthen community engagement.** To maintain community engagement score at 90% or above. **Nature-based solution.** To support zero GHG emissions target through forest conservation, reforestation and afforestation initiatives.

Governance

- **Zero cases of non-compliance and fraud incidents.** No cases of non-compliance with laws, regulations and the company's code of conduct. **Good governance recognition.** Being a recognised organisation for good corporate governance.

Key Statistics

	3Q24	2Q25	3Q25F	% yoy	% qoq
Avg. Fx (Bt per US\$)	34.7	33.3	32.5	-6%	-2%
Dubai price (US\$/bbl)	78.3	66.9	65.1	-17%	-3%
SG GRM (US\$/bbl)	3.58	5.57	3.98	11%	-29%
Actual Capacity (KBD)	311	311	220	-29%	-29%
Refinery Utilization	113%	113%	80%	-29%	-29%
Market GRM (US\$/bbl)	3.7	5.2	3.5	-5%	-33%
Market GIM (US\$/bbl)	5.4	7.0	5.4	0%	-23%
Crude Premium	1.3	2.0	2.3	74%	15%

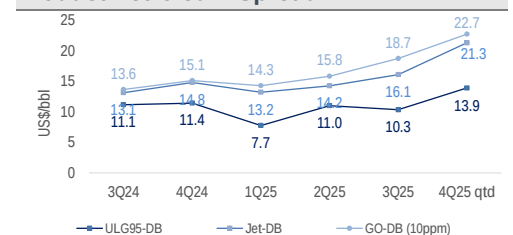
Source: TOP, UOB Kay Hian

Key Assumption

	2025F			2026F		
	Old	New	%Chg	Old	New	%Chg
Market GRM (US\$/bbl)	5.50	4.50	-18%	5.50	5.00	-9%
Curde run	100%	100%	0%	110%	110%	0%
Petrochemical spread (US\$/tonne)						
PX-ULG95	180	150	-17%	200	170	-15%
BZ-ULG95	150	80	-47%	150	100	-33%

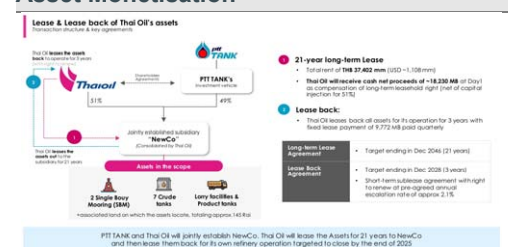
Source: TOP, UOB Kay Hian

Product Petroleum Spread



Source: TOP, UOB Kay Hian

Asset Monetisation



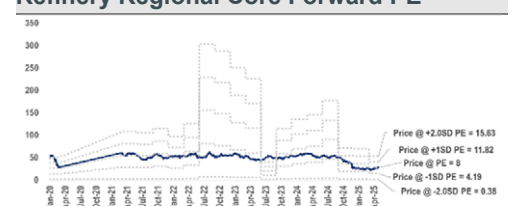
Source: TOP, UOB Kay Hian

Target Asset Monetisation Project Timeline



Source: TOP, UOB Kay Hian

Refinery Regional Core Forward PE



Source: TOP, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	466,777	505,139	508,685	515,242
EBITDA	38,718	17,686	29,789	31,386
Deprec. & amort.	8,106	11,770	12,987	12,960
EBIT	30,612	5,917	16,802	18,426
Associate contributions	2,008	2,173	2,189	2,217
Net interest income/(expense)	-4,052	-5,889	-5,709	-5,577
Pre-tax profit	12,264	17,875	11,273	13,049
Tax	-2,283	-3,328	-2,099	-2,429
Minorities	-22	-517	-542	-570
Net profit	9,959	14,030	8,632	10,050
Net profit (adj.)	17,041	5,182	8,632	10,050

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	39,355	21,287	27,300	26,961
Pre-tax profit	12,264	17,875	11,273	13,049
Tax	-2,283	-3,328	-2,099	-2,429
Deprec. & amort.	8,106	11,770	12,987	12,960
Working capital changes	20,339	-2,024	5,139	3,381
Other operating cashflows	929	-3,006	0	0
Investing	39,355	21,287	27,300	26,961
Investments	-8,955	-11,240	-12,500	-12,500
Others	-5,053	31,055	0	0
Financing	-24,267	-10,746	-9,389	-7,229
Dividend payments	-8,823	-4,244	-5,612	-3,453
Issue of shares	0	0	0	0
Proceeds from borrowings	-15,444	-6,502	-3,777	-3,777
Others/interest paid	n.a.	n.a.	n.a.	n.a.
Net cash inflow (outflow)	1,079	30,356	5,411	7,232
Beginning cash & cash equivalent	39,127	29,042	59,398	64,810
Changes due to forex impact	-468	0	0	0
Ending cash & cash equivalent	39,738	59,398	64,810	72,041

Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	224,153	223,623	223,136	222,676
Other LT assets	31,427	31,427	31,427	31,427
Cash/ST investment	39,738	59,398	64,810	72,041
Other current assets	45,515	9,598	9,665	9,790
Total assets	409,010	398,887	404,227	411,963
ST debt	6,502	3,777	3,777	3,777
Other current liabilities	9,582	10,103	10,174	10,305
LT debt	165,008	161,231	157,455	153,678
Other LT liabilities	10,154	5,051	5,087	5,152
Shareholders' equity	165,680	172,460	175,480	182,077
Total liabilities & equity	409,010	398,887	404,227	411,963

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	6.8	5.3	5.9	6.1
Pre-tax margin	3.5	2.2	2.5	0.0
Net margin	2.1	2.8	1.7	2.0
ROA	3.2	4.6	2.8	3.2
ROE	7.3	10.0	6.1	6.9
Growth				
Turnover	-0.5	8.2	0.7	1.3
EBITDA	-25.4	-54.3	68.4	5.4
Pre-tax profit	-61.9	45.7	-36.9	15.8
Net profit	-48.8	40.9	-38.5	16.4
Net profit (adj.)	-37.7	-69.6	66.6	16.4
EPS	-37.7	-69.6	66.6	16.4
Leverage				
Debt to total capital	103.2	95.1	91.1	85.5
Debt to equity	103.5	95.7	91.9	86.5
Net debt/(cash) to equity	79.5	61.2	54.9	46.9
Interest cover (x)	7.8	4.5	5.2	5.6

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