Star Petroleum Refining (SPRC TB)

3Q26 Results Preview: Strong Earnings Growth Despite GRM Normalisation

Highlights

- We expect SPRC's 3Q26 net profit to come in at Bt9.5b (+504% yoy, +38% qoq) with core profit of Bt4.2b (+269% yoy, -42% qoq). 9M26 core profit should come in at Bt13.1b.
- We expect GRM to remain above historical mid-cycle levels in 1H27.
- Upgrade to BUY with a target price of Bt17.00.

Analysis

- **Net profit expected to grow impressively yoy and qoq**. Despite the impact from the diesel price intervention, we forecast Star Petroleum Refining's (SPRC) 3Q26 net profit to come in at Bt9.5b (+504% yoy, +38% qoq), largely supported by an estimated inventory gain of Bt6.6b with continued strength in gross refining margin (GRM) at US$15.00/bbl. Excluding inventory impact, core profit is forecast at Bt4.2b (+269% yoy, -42% qoq). 9M26 core profit should reach Bt13.1b, vs Bt2.0b in 9M25, while reported net profit is projected at Bt23.8b vs Bt1.5b in 2025. The strong performance reflects sustained middle-distillate cracks and improved refinery operations. We foresee consensus revising up their earnings forecasts.
- **Refining margins remain well above historical level**. We estimate market GRM at US$15.00/bbl in 3Q26 (2Q26: US$23.70/bbl 3Q25: US$5.40/bbl). Strong diesel and jet fuel cracks continue to support refining profitability, although margins have eased from the exceptional levels seen in 2Q26. Despite ongoing restrictions on diesel exports, refinery utilisation is expected to improve to 89% from 85% in 2Q26 supported by a higher crude run rate of 155kbd after the maintenance shutdown.
- **Diesel price intervention continues to weigh on earnings. W**e estimate that the government's diesel refinery price cuts reduced SPRC's 3Q26 net profit by Bt1.6b after tax, partially offsetting the benefits from exceptionally strong middle-distillate cracks. However, we estimate an inventory gain of US$14.00/bbl in 3Q26, compared with an inventory loss of US$0.73/bbl in 2Q26, lifting total accounting GRM to around US$29.00/bbl.

Key Financials

Year to 31 Dec (Bt m)	2024	2025	2026F	2027F	2028F
Net turnover	270,605.5	241,882.2	289,415.7	303,565.6	316,023.2
EBITDA	5,058.7	5,807.5	37,402.6	17,271.0	11,505.4
Operating profit	1,474.3	2,366.3	33,752.6	13,471.0	7,705.4
Net profit (rep./act.)	2,234.9	2,416.3	27,066.1	10,706.8	6,126.4
Net profit (adj.)	2,170.9	4,130.3	15,066.1	10,706.8	6,126.4
EPS	0.5	1.0	3.5	2.5	1.4
PE (x)	29.8	15.6	4.3	6.0	10.6
P/B (x)	1.6	1.7	1.0	0.9	0.9
EV/EBITDA (x)	14.2	11.5	1.2	2.4	3.4
Dividend yield (%)	2.7	2.7	7.4	7.4	5.4
Net margin (%)	0.8	1.0	9.4	3.5	1.9
Net debt/(cash) to equity(%)	18.0	5.6	(34.0)	(33.5)	(34.2)
Interest cover (x)	11.9	22.5	116.9	43.2	32.0
ROE (%)	5.8	6.3	52.8	19.7	11.0
Consensus net profit	n.a	n.a	(17,231.1)	(7,237.0)	N/A
UOBKH/Consensus (x)	n.a	n.a	(0.57)	(0.5)	N/A

Source: Star Petroleum Refining, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt15.20
Target Price	Bt17.00
Upside	14.1%
Previous TP	Bt12.00

Stock Data

Sector	Energy
Bloomberg ticker	SPRC TB
Shares issued (m)	4,335.9.
Market cap (Btm)	65,905.0
Market cap (US$m)	1,977.1
3-mth avg daily t'over (US$m)	5.2

Price Performance (%)

52-week high/low				Bt11.40)/Bt4.38)
1mth	3mth	6mth	1yr	YTD
(2.7)	3.6	19.3	32.7	20.3

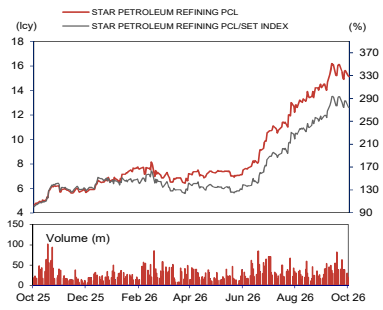
Major Shareholders (%)

CHEVRON SOUTH ASIA HOLDINGS	60.6
NVDR	4.1

Balance Sheet Metrics

FY26 NAV/Share (Bt)	14.8
FY26 Net Debt/Share (Bt)	(5.0)

Price Chart



Source: Bloomberg

Company Description

Refinery.

3Q26 Preview

Year to 31 Dec (Btm)	3Q26F	3Q25	2Q26	yoy %	qoq%	9M26F	9M25	yoy %
Net turnover	75,800	61,596	83,417	23	(9)	211,203	184,401	15
Core EBITDA	6,154	2,293	9,947	168	(38)	19,090	5,020	280
Inventory gain/(loss)	6,628	474	(324)	1,298	(2,148)	11,944	(976)	(1,324)
Net Profit	9,541	1,579	6,917	504	38	23,825	1,480	1,510
EPS	2.2	0.4	1.6	504	38	5	0.3	1,510
Core profit/(loss)	4,191	1,137	7,175	269	(42)	13,094	1,993	557

Source: Star Petroleum Refining, UOB Kay Hian

- **4Q26 outlook: Higher crude premium and policy intervention limits earnings upside.** We expect the strong GRM to sustain in 4Q26, supported by resilient diesel and jet cracks and utilisation rate remaining high. However, an assumed US$4-5/bbl increase in crude premiums and continued diesel price intervention should weigh on core profit. Assuming a Bt4.00/litre price reduction and diesel sales of 10m litres/day throughout the quarter, we estimate a Bt2.9b after-tax impact
- **1H27 outlook.** We expect GRM to remain above historical mid-cycle levels in 1H27, supported by limited new refining capacity, structural refinery closures and persistent middle-distillate supply tightness. SPRC should benefit from its improved crude flexibility, higher jet yield and lower operating costs. However, our conservative assumption of a continued Bt4.00/litre diesel price cut through 1H27 implies an estimated Bt5.8b after-tax earnings impact, limiting the company's ability to fully capture strong GRM in 1H27. Any relaxation of the measure would represent upside risk to our forecasts.

Valuation/Recommendation

- **Upgrade to BUY with target price rolled over to 2027 at Bt17.00.** We upgrade SPRC to BUY from HOLD, following an approximately 8% pullback from its early-October peak. We expect resilient refining margins and potential upward consensus earnings revisions to support sentiment.
- **GRM sensitivity.** Every US$1/bbl change in GRM would impact SPRC's annual core earnings by Bt700m-900m, highlighting its strong earnings leverage to refining margins.

Earnings Revision/Risk

- We revise up our 2026 core profit forecast by 15% to Bt15.0b (from Bt13.0b) and increase our 2027 core profit forecast by 106% to Bt11.0b to reflect our strong GRM assumption in 2027.

Share Price Catalyst

- 13 November: 3Q26 results announcement.
- 16 November: Analyst meeting, during which we expect positive guidance from management.

Environment, Social, Governance (ESG) Updates

Environmental

- 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

- 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

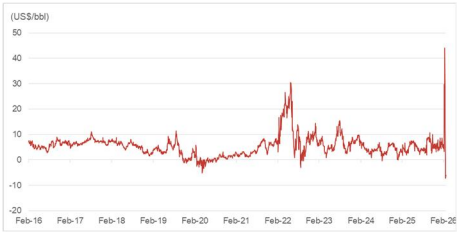
- SPRC maintains its annual "Excellent" CG scoring from Thai Institute of Directors Association.

Key Statistics

US$/bbl	3Q26F	3Q25	2Q26
GRM	15.00	5.4	23.73
Inventory gain/(loss)	14.00	0.96	(0.73)
Total GRM	**29.0**	**6.36**	**23.0**

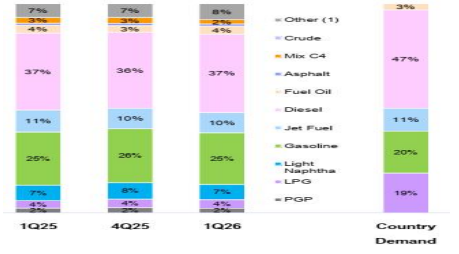
Source: SPRC, UOB Kay Hian

SINGAPORE GRM



Source: UOB Kay Hian

Production Yield



Source: SPRC

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**241,882**	**289,416**	**303,566**	**316,023**
EBITDA	5,807	37,403	17,271	11,505
Deprec. & amort.	3,441	3,650	3,800	3,800
EBIT	2,366	33,753	13,471	7,705
Total other non-operating income	851	400	350	350
Net interest income/(expense)	(258)	(320)	(400)	(360)
Pre-tax profit	**2,960**	**33,833**	**13,421**	**7,695**
Tax	(544)	(6,767)	(2,714)	(1,569)
Minorities	0	0	0	0
Net profit	**2,416**	**27,066**	**10,707**	**6,126**
Net profit (adj.)	4,130	15,066	10,707	6,126

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	21,037	19,887	18,587	17,287
Other LT assets	4,688	5,108	5,182	5,431
Cash/ST investment	976	24,862	26,606	28,070
Other current assets	33,179	36,998	43,417	46,944
Total assets	**59,880**	**86,855**	**93,792**	**97,732**
ST debt	1,356	1,356	1,356	1,356
Other current liabilities	17,095	18,179	18,979	20,112
LT debt	1,750	1,750	1,750	1,750
Other LT liabilities	3,176	2,950	2,999	2,999
Shareholders' equity	37,915	64,038	70,125	72,933
Total liabilities & equity	**61,293**	**88,273**	**95,209**	**99,150**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**10,626**	**27,117**	**9,023**	**7,453**
Pre-tax profit	3,113	33,833	13,571	7,845
Tax	(544)	(6,767)	(2,714)	(1,569)
Deprec. & amort.	3,441	3,650	3,800	3,800
Working capital changes	3,787	(2,735)	(5,619)	(2,394)
Other operating cashflows	828	(864)	(15)	(229)
Investing	**(1,983)**	**(2,287)**	**(2,510)**	**(2,520)**
Capex (growth)	(2,179)	(2,500)	(2,500)	(2,500)
Others	195	213	(10)	(20)
Financing	**(8,242)**	**(943)**	**(4,769)**	**(3,469)**
Dividend payments	(1,301)	(4,769)	(4,769)	(3,469)
Proceeds from borrowings	(4,486)	0	0	0
Others/interest paid	(2,455)	3,826	0	0
Net cash inflow (outflow)	**401**	**23,886**	**1,743**	**1,465**
Beginning cash & cash equivalent	**575**	**976**	**24,862**	**26,606**
Ending cash & cash equivalent	**976**	**24,862**	**26,606**	**28,070**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	2.4	12.9	5.7	3.6
Pre-tax margin	1.2	11.7	4.4	2.4
Net margin	1.0	9.4	3.5	1.9
ROA	4.2	38.2	14.4	8.0
ROE	6.3	52.8	19.7	11.0
Growth				
Turnover	15.6	38.4	45.1	51.1
EBITDA	23.2	693.6	266.5	144.1
Pre-tax profit	5.6	1,106.6	378.7	174.5
Net profit	6.8	1,095.9	373.1	170.7
Net profit (adj.)	90.3	264.8	(28.9)	(42.8)
EPS	27.1	363.7	229.5	88.6
Leverage				
Debt to total capital	8.2	4.8	4.4	4.3
Debt to equity	8.2	4.8	4.4	4.3
Net debt/(cash) to equity	5.6	(34.0)	(33.5)	(34.2)
Interest cover	22.5	116.9	43.2	32.0

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