IRPC (IRPC TB)

3Q26: Upgrade To BUY Following A Share Price Correction

Highlights

- IRPC reported 3Q26 net profit of Bt4.55b with core profit of Bt4.2b, down 5% qoq but turned from a loss of Bt336m in 3Q25.
- We remain cautious about the sustainability of its profitability in 4Q26 due to higher crude premium and government intervention in diesel prices.
- Upgrade to BUY following a sharp 25% correction with a target price of Bt3.00.

3Q26 Results

Year to 31 Dec (Btm)	3Q26	3Q25	2Q26	yoy(%)	qoq (%)	9M26	9M25	yoy%
Revenue	84,205	70,415	89,981	*20*	*(6.4)*	251,028	211,890	*18*
Core EBITDA	7,660	2,527	7,757	203	(1)	20,252	5,733	253
Inventory gain+NRV	3,212	382	(2,500)	741	(228)	10,850	(1,464)	(841)
Int	(585)	(634)	(401)	(8)	46	(1,750)	(1,900)	(8)
Net income	4,550	340	2,921	1,237	56	15,360	(2,998)	(612)
EPS	0.22	0.02	0.14	1,237	56	1	(0.15)	(612)
Core profit	4,181	(336)	4,401	(1,345)	(5)	10,251	(2,188)	(569)

Source: IRPC, UOB Kay Hian

Analysis

- **Core profit in line with expectations.** IRPC reported 3Q26 net profit of Bt4.55b (+1237% yoy and 56% qoq), 25% below our estimate due to impairment loss of Bt1.0b. Excluding one-off items, core profit was Bt4.2b, down 5% qoq but turned from a core loss of Bt336m in 3Q25, in line with our expectation. Crude run and market GIM came in broadly as expected. 9M26 core profit accounted for 77% of our 2026 forecast.
- **GIM remained exceptionally strong despite lower run rate.** Crude run was 178kbd (83% vs 95% in 3Q25 and 94% in 2Q26). However, the robust yoy core profit was driven by stronger market gross integrated margin (GIM) to US$19.30/bbl from US$9.00/bbl in 2Q26, due to higher diesel and gasoline spreads. The 5% qoq decrease in core profit was due to lower run rate with 46% higher interest expense qoq. IRPC recorded a Bt2.5b net inventory gain, compared with a Bt3.7b loss in 2Q26, mainly due to a Bt3.2b NRV reversal.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	314,833.2	279,572.4	329,415.0	335,340.3	343,952.0
EBITDA	3,964.7	7,555.4	35,764.9	17,804.5	16,074.3
Operating profit	(5,175.0)	(1,869.9)	26,714.9	8,754.5	7,124.3
Net profit (rep./act.)	(5,193.0)	(3,571.4)	19,436.9	5,029.6	3,645.5
Net profit (adj.)	(3,915.0)	(1,388.4)	12,751.9	5,029.6	3,645.5
EPS	(0.2)	(0.1)	0.7	0.2	0.2
PE (x)	(14.6)	(41.2)	4.3	11.4	15.7
P/B (x)	0.8	0.9	0.7	0.7	0.7
EV/EBITDA (x)	30.1	13.0	2.6	5.2	5.5
Dividend yield (%)	0.4	0.4	5.4	1.8	0.7
Net margin (%)	(1.6)	(1.3)	5.9	1.5	1.1
Net debt/(cash) to equity(%)	88.4	62.0	44.9	41.6	36.9
Interest cover (x)	1.6	3.0	13.5	6.6	5.6
ROE (%)	(6.6)	(4.7)	23.0	5.9	4.3
Consensus net profit	n.a	n.a	14,151.1	4,068.7	3,548.6
UOBKH/Consensus (x)	n.a	n.a	1.0	1.2	1.0

Source: IRPC, Bloomberg, UOB Kay Hian

Analyst(s)

Arsit Pamaranont
arsit@uobkh.co.th
(66 2) 090-3354

BUY (Upgraded)

Share Price	Bt2.40
Target Price	Bt3.00
Upside	25%

Stock Data

Sector	Energy
Bloomberg ticker	IRPC TB
Shares issued (m)	20,434.4
Market cap (Btm)	57,625.1
Market cap (US$m)	1,708.0
3-mth avg daily t'over (US$m)	12.6

Price Performance (%)

52-week high/low				Bt3.2/Bt1.0
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(8.4)	24.8	77.4	151.8	184.8

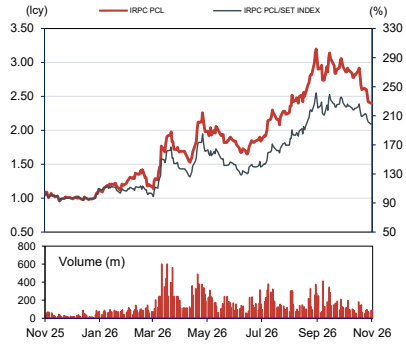
Major Shareholders (%)

PTT	45.05
Siam management holding	3.00

Balance Sheet Metrics

FY26 NAV/Share (Bt)	4.0
FY26 Net Debt/Share (Bt)	1.8

Price Chart



Source: Bloomberg

Company Description

IRPC is one of Southeast Asia's integrated petrochemical companies. The company operates a refinery and petrochemical complex in Rayong with capacity of 215kbd.

- **Government intervention and asset impairments remain key earnings risks.** As mentioned in a conference call last night, the government-mandated diesel price reduction lowered 3Q26 margins by US$3/bbl (around Bt1.5b). Meanwhile, IRPC recognised Bt1.04b in impairments, partly related to compound production facilities and high-cost fuel-oil power generation assets. Going forward, we still expect 4Q26 earnings face downside risks from lower utilisation (guided at 160-170kbd from 178kbd in 3Q26) with an estimated impact of around Bt1.4b during Oct-Nov 26.
- **4Q26 outlook remains weak despite resilient diesel cracks.** We remain cautious about the sustainability of profitability in 4Q26. Management expects crude premiums to increase to approximately US$18-20/bbl in 4Q26, compared with US$13.2/bbl in 3Q26. This could pressure GIM in 4Q26, particularly if diesel cracks normalise from their current elevated levels. In addition, we think inventory gains may not have the same magnitude in 4Q26. Hence, we expect earnings to soften in 4Q26.

Valuation/Recommendation

- **Upgrade to BUY following a sharp share price correction** We upgrade IRPC from HOLD to BUY while maintaining our target price of Bt3.00, based on 0.75x 2027F P/BV. Following a sharp 25% correction from its Sep 26 peak, we believe the share price has largely priced in concerns over weaker 4Q26 earnings, rising crude procurement costs and sluggish petrochemical margins. Although management expects refinery utilisation to decline to 160-170kbd in 4Q26, diesel cracks remain resilient, while improving petrochemical spreads could provide some earnings support. We maintain our 2027 earnings recovery outlook. At current valuation levels, we see a more attractive risk/reward profile, supporting our rating upgrade.

Earnings Revision/Risk

- We fine-tune our 4Q26 forecast to Bt12.8b (from Bt13.3b), reflecting lower run rates in 4Q26.

Share Price Catalyst

- 19 Nov 26: Analyst meeting.
- 4Q26: Seasonal strong demand for diesel and fuel oil products.

Environment, Social, Governance (ESG) Updates

Environmental

- Aims to reduce GHG emissions. IRPC aims to reduce GHG emissions by 20% by 2030our

Social

- IRPC has implemented CSR strategies, requiring investments in CSR projects to amount to 3% of the average net profit over the past three years. The company remains committed to driving sustainable development and improving the wellbeing of communities surrounding the IRPC Industrial Zone.
- To this end, IRPC has undertaken CSR initiatives across three focus areas: community development, education, and social development.

Governance

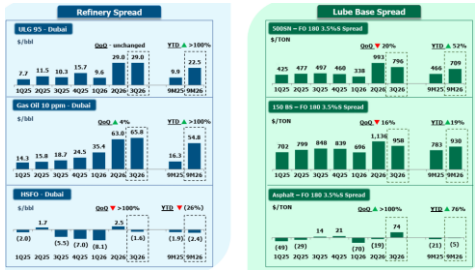
- Good governance. The Board of Directors aims to foster a high-performance organisation, underpinned by strong corporate governance and operational excellence, with the goal of maximising value for shareholders and all stakeholders.

Key Statistics

	3Q26	3Q25	2Q26
GIM (US$)	19.29	9.04	17.12
Inventory +Hedging gain/(loss) (US$)	4.50	0.83	(6.09)
Crude run (%)	83%	95%	94%

Source: UOB Kay Hian

Production Spread - Petroleum



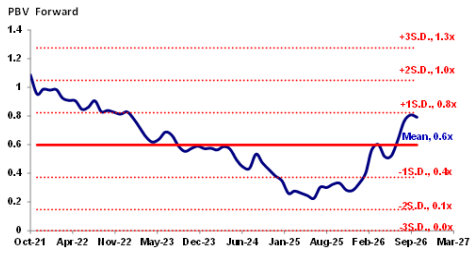
Source: IRPC, UOB Kay Hian

Production Spread - Petrochem



Source: IRPC, UOB Kay Hian

P/B



Source: IRPC, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**279,572**	**329,415**	**335,340**	**343,952**
EBITDA	7,555	35,765	17,805	16,074
Deprec. & amort.	9,425	9,050	9,050	8,950
EBIT	(1,870)	26,715	8,755	7,124
Total other non-operating income	0	0	1	2
Associate contributions	(37)	250	250	300
Net interest income/(expense)	(2,510)	(2,650)	(2,700)	(2,850)
Pre-tax profit	**(4,417)**	**24,315**	**6,306**	**4,576**
Tax	817	(4,863)	(1,261)	(915)
Minorities	29	(15)	(15)	(16)
Net profit	**(3,571)**	**19,437**	**5,030**	**3,645**
Net profit (adj.)	(1,388)	13,437	5,030	3,645

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	101,534	97,484	93,434	89,484
Other LT assets	18,762	18,350	19,002	19,002
Cash/ST investment	27,198	30,044	33,457	38,373
Other current assets	39,888	49,804	53,456	53,456
Total assets	**187,382**	**195,682**	**199,350**	**200,315**
ST debt	10,786	8,500	8,750	8,750
Other current liabilities	48,194	42,240	43,121	43,121
LT debt	57,229	58,229	59,229	60,229
Other LT liabilities	5,183	4,950	5,120	5,120
Shareholders' equity	65,882	81,641	82,991	82,956
Minority interest	107	122	138	138
Total liabilities & equity	**187,382**	**195,682**	**199,350**	**200,315**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**22,746**	**14,610**	**11,326**	**12,593**
Pre-tax profit	(4,417)	24,315	6,305	4,574
Tax	817	(4,863)	(1,261)	(915)
Deprec. & amort.	9,425	9,050	9,050	8,950
Associates	29	(15)	(15)	(16)
Working capital changes	17,528	(15,870)	(2,771)	0
Other operating cashflows	(636)	1,993	18	0
Investing	**(1,197)**	**(6,814)**	**(5,500)**	**(5,000)**
Capex (growth)	(1,170)	(5,000)	(5,000)	(5,000)
Investments	(27)	(1,814)	(500)	0
Others	0	0	0	0
Financing	**(4,275)**	**(4,949)**	**(2,412)**	**(2,678)**
Dividend payments	(502)	(3,678)	(3,678)	(3,678)
Proceeds from borrowings	(3,727)	(1,286)	1,250	1,000
Others/interest paid	(45)	15	16	0
Net cash inflow (outflow)	**17,274**	**2,846**	**3,413**	**4,915**
Beginning cash & cash equivalent	**9,924**	**27,198**	**30,044**	**33,457**
Ending cash & cash equivalent	**27,198**	**30,044**	**33,457**	**38,373**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	2.7	10.9	5.3	4.7
Pre-tax margin	(1.6)	7.4	1.9	1.3
Net margin	(1.3)	5.9	1.5	1.1
ROA	(1.9)	10.3	2.6	1.9
ROE	(4.7)	23.0	5.9	4.3
Growth				
Turnover	(0.4)	17.4	19.5	22.6
EBITDA	(59.0)	94.0	(3.4)	(12.8)
Pre-tax profit	(149.5)	172.7	(29.3)	(48.7)
Net profit	(146.2)	151.3	(35.0)	(52.9)
EPS	(115.6)	50.5	(43.7)	(59.2)
Leverage				
Debt to total capital	103.1	81.6	81.8	83.0
Debt to equity	103.2	81.7	81.9	83.2
Net debt/(cash) to equity	62.0	44.9	41.6	36.9
Interest cover	3.0	13.5	6.6	5.6

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