# Star Petroleum Refining (SPRC TB)

3Q26: Core Earnings in Line; Positive Outlook in 2027

## Highlights

- SPRC reported 3Q26 net profit of Bt10.2b (+547% yoy, +48% qoq), supported by inventory gains of Bt7.9b. Core profit fell 46% qoq to Bt3.87b. Both core and net profit were in line with our estimate.
- 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.
- Maintain BUY with a target price Bt17.00.

### 3Q26 Results

| Year to 31 Dec (Btm) | 3Q26 | 3Q25 | 2Q26 | yoy % | qoq% | 9M26 | 9M25 | yoy % |
|---|---|---|---|---|---|---|---|---|
| Net turnover | 80,906 | 61,596 | 83,417 | 31 | (3) | 216,309 | 184,401 | 17 |
| Core EBITDA | 5,611 | 2,371 | 9,947 | 137 | (44) | 18,548 | 5,020 | 270 |
| Inventory gain/(loss) | 7,930 | 474 | (324) | 1,573 | (2,550) | 13,246 | (976) | (1,458) |
| **Net Profit** | **10,214** | **1,579** | **6,917** | **547** | **48** | **24,498** | **1,480** | **1,556** |
| **EPS** | **2.4** | **0.4** | **1.6** | **547** | **48** | **5.6** | **0.3** | **1,556** |
| **Core profit/( loss)** | **3,829** | **1,137** | **7,175** | **237** | **(47)** | **12,732** | **1,993** | **539** |

*Source: Star Petroleum Refining, UOB Kay Hian*

## Analysis

- **Both net profit and core earnings in line with expectations.** Star Petroleum Refining (SPRC) reported 3Q26 net profit of Bt10.2b (+547% yoy, +48% qoq), supported by inventory gains and LCM. Excluding inventory impact of Bt7.9b, core profit fell 46% qoq to Bt3.82b. Both core and net profit were in line with our estimate. 9M26 core profit was Bt12.7b, up 539% yoy, accounting for 82% of our full-year forecast. All operating numbers were in line with our estimates.
- **GRM declined despite higher refinery utilisation.** Market GRM dropped to US$14.3/bbl from US$23.7/bbl in 2Q26, reflecting weaker naphtha, jet fuel and fuel oil spreads, higher crude costs and government diesel price intervention. Marketing margin fell 75% qoq to US$0.36/bbl despite a 4.7% qoq increase in sales volume. Key pressures included jet fuel pricing lags, intense domestic competition and a less favorable sales mix.

### 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 | 19,269.1 | 7,831.1 | 5,669.7 |
| UOBKH/Consensus (x) | n.a | n.a | 0.8 | 1.4 | 1.1 |

*Source: Star Petroleum Refining, Bloomberg, UOB Kay Hian*

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**BUY (Maintained)**

| | |
|---|---|
| Share Price | Bt13.4 |
| Target Price | Bt17.0 |
| Upside | 26.9% |

### Stock Data

| | |
|---|---|
| **Sector** | Energy |
| **Bloomberg ticker** | SPRC TB |
| **Shares issued (m)** | 4,335.9 |
| **Market cap (Btm)** | 58,101.1 |
| **Market cap (US$m)** | 1,714.0 |
| **3-mth avg daily t'over (US$m)** | 14.3 |

### Price Performance (%)

| **52-week high/low** | | | | Bt16.2/Bt5.6 |
|---|---|---|---|---|
| **1mth** | **3mth** | **6mth** | **1yr** | **YTD** |
| (11.8) | 18.6 | 94.2 | 133.0 | 127.1 |

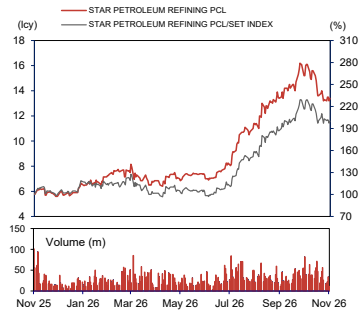
### Major Shareholders (%)

| | |
|---|---|
| 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.

- **Diesel price intervention continues to weigh on earnings.** 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 diesel cracks.
- **4Q26 outlook.** We foresee higher crude premium and policy intervention limits earnings upside. We expect 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. Based on the government's refinery diesel price discounts of Bt4.00/litre in October and Bt2.00/litre in November, and assuming the Bt2.00/litre discount continues through December, we estimate a 4Q26 earnings impact of approximately Bt2.0b after tax, based on diesel sales of 10m litres/day. This remains a key drag on core earnings despite resilient middle-distillate cracks.
- **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.

## Valuation/Recommendation

- **Maintain BUY with a target price of Bt17.00.** Although 3Q26 core earnings were slightly below our expectations, we remain positive on SPRC's medium-term outlook. We expect refining margins to stay above historical mid-cycle levels in 1H27, supported by tight middle-distillate supply, limited capacity additions and structural refinery closures. While higher crude premiums and government diesel price intervention could constrain near-term profitability, we believe these headwinds are largely reflected in our conservative earnings assumptions.
- **GRM sensitivity.** EveryUS$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

- None.

## Share Price Catalyst

- 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 | 3Q26 | 3Q25 | 2Q26 |
|---|---|---|---|
| GRM | 14.31 | 5.4 | 23.73 |
| Inventory gain/(loss) | 16.69 | 0.96 | (0.73) |
| Total GRM | 31.0 | 6.36 | 23.0 |

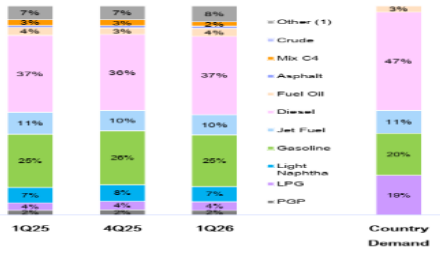
*Source: SPRC, UOB Kay Hian*

## 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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