

Margins under water in 1Q25

- Losses persisted on cost over revenue
- Margins were now deteriorated across all IRPC's products
- Downgraded from BUY to HOLD with an unchanged TP of THB1.0

Still under water

IRPC posted a 1Q25 net loss (NL) of THB1.2b vs a NL of THB1.1b in 4Q24 and a net profit (NP) of THB1.5b in 1Q24, 15% lower than our estimate and the BBG consensus. Excluding an after-tax non-recurring gain of THB0.6b, IRPC's 1Q25 core NL was THB1.8b. IRPC's one-time pre-tax gain of THB0.6b comprised a THB0.5b inventory gain, a THB0.3b oil hedging gain, a THB49m derivative gain, a THB0.5b impairment gain, a THB1m FX gain, and a THB657m investment loss.

Margins depressed across the board

The market gross integrated margin (GIM) plunged to USD6.8/bbl in 1Q25 (vs USD8.9/bbl in 4Q24 and USD9.5/bbl in 1Q24). Key drivers were: 1) a lower market gross refining margin (GRM) of USD2.1/bbl, (vs USD3.7/bbl in 4Q24 and USD5.8/bbl in 1Q24) due to distressed gasoline margins; 2) a lower lube margin at USD2.0/bbl (vs USD2.4/bbl in 4Q24 and USD0.8/bbl in 1Q24) due to the weak demand; and 3) a weaker q-q petrochemical group margin. The olefins GIM was USD1.3/bbl in 1Q25 (vs USD1.4/bbl in 4Q24) due to the weak PP-naphtha margins, while the aromatics GIM was at USD0.4/bbl (vs USD0.4/bbl in 4Q24) due to weak BZ-naphtha, MX-naphtha, polystyrene and ABS-naphtha margins.

High cost continued to cast loss

IRPC still carried a total cost of USD10/bbl, which have been significantly higher than GIM in the past many quarters ranging from USD6.8/bbl and USD9.5/bbl, dragged by weaker margins across all product value chain for IRPC including refinery, olefins, aromatics, and lube GIMs.

Outlook remains bleak in 2025

Once again IRPC's high-cost structure of USD10/bbl remains its biggest challenge, consistently driving its NP into negative territory as the GIM has stayed below USD10/bbl (USD6.8/bbl in 1Q25) amid weak margins on all products. We remain cautious about IRPC's outlook for 2025, as we believe the company has yet to move past its downcycle phase for olefins and aromatics. Additionally, there is a possibility that some parts of its petrochemical production line may be shut down. Meanwhile, the strong GRM has proven insufficient to drive NP growth.

Downgrade to HOLD from BUY with a TP of THB1.0

We downgraded from BUY to HOLD with an unchanged TP of THB1.0, based on 8x 2025E EV/EBITDA. We think IRPC's share price has already priced in upsides from its "deeply undervalued" and "value hunting" and see limited upsides on continued highly challenging margin outlook in 2025.

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ESG Rating : n.a.

CG Rating : ▲▲▲▲▲

HOLD (from BUY)

Target Price 12M (THB)	1.00
VS. BB Consensus TP (%)	+6.4%
Share Price (THB)	0.94
Upside/Downside	+6.4%

Share Data

Market Cap (THB m)	19,208.35
Par (THB)	1.00
Free Float (%)	51.94
Issued shares (m shares)	20,434

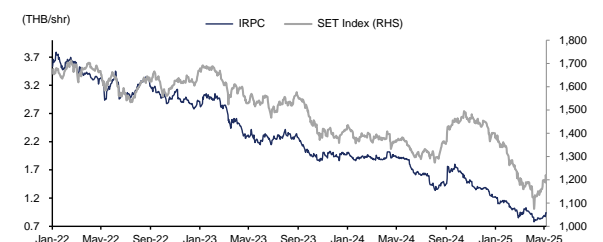
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	314,833	323,855	324,128	324,587
Net profit	(5,193)	(1,818)	(1,308)	(957)
Core net profit	(3,568)	(1,818)	(1,308)	(957)
vs Consensus (%)	-	33.9	(553.2)	(195.5)
Net profit growth (%)	(77.7)	65.0	28.0	26.8
Core net profit growth (%)	(61.3)	49.1	28.0	26.8
EPS (THB)	(0.25)	(0.09)	(0.06)	(0.05)
Core EPS (THB)	(0.17)	(0.09)	(0.06)	(0.05)
Chg from previous (%)	-	0.00	0.00	0.00
DPS (THB)	0.03	0.03	0.03	0.03
P/E (x)	(4.84)	(10.57)	(14.69)	(20.07)
P/BV (x)	0.36	0.28	0.29	0.30
ROE (%)	(4.89)	(2.64)	(1.96)	(1.47)
Dividend yield (%)	2.44	3.19	3.19	3.19

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	9.30	(12.15)	(34.27)	(23.58)
Market	0.79	(7.70)	(20.83)	(12.31)
12M High/Low (THB)				1.99 / 0.77



Major Shareholders (%) as of 26 Feb 2025

PTT Public Company Limited	45.05
Siam Management Holding Company Limited	3.00

Company Profile

The Group's core businesses are 1) Refinery business; its refinery is situated in Rayong province and its petroleum products from the refinery consisted of various kinds of refined oil, diesel, gasoline, lube base oil, fuel oil etc. 2) Petrochemical business, which its products include polymers and other petrochemical products sold to manufacturers as raw materials to plastic converters. 3) Port and tankfarm business, which provides facilities and international standard dock services for domestic and international cargoes. 4) Asset management business, provides asset management services based on its empty plots of land.

Source: SETSMART, SET

Exhibit 1: Summary of 1Q25 operations

	1Q24	4Q24	1Q25			2024	2025E	chg.
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	
Revenue	79,348	74,123	72,858	(1.7)	(8.2)	314,833	323,855	2.9
Operating costs	(74,668)	(70,923)	(71,262)	(0.5)	4.6	(302,607)	(309,046)	(2.1)
EBITDA	4,680	3,200	1,596	(50.1)	(65.9)	4,399	7,684	74.7
EBITDA margin (%)	5.9	4.3	2.2	na	na	1.4	2.4	na
Depn & amort.	(2,141)	(2,429)	(2,328)	4.2	(8.7)	(9,140)	(9,197)	(0.6)
EBIT	2,539	771	(732)	(194.9)	(128.8)	(4,741)	(1,513)	68.1
Interest expense	(500)	(670)	(594)	11.4	(18.7)	(2,510)	(2,422)	3.5
Interest & invt inc	318	138	222	60.6	(30.1)	-	-	nm
Associates' contrib	140	223	(657)	(394.6)	(570.9)	982	982	-
Exceptionals	(589)	(1,916)	450	123.5	176.3	-	-	nm
Pretax profit	1,907	(1,453)	(1,311)	9.8	(168.7)	(7,076)	(1,854)	73.8
Tax	(362)	286	111	(61.1)	130.8	1,474	-	nm
Tax rate (%)	19.0	19.7	8.5	na	na	20.8	-	na
Minority interests	(1)	37	(6)	(117.2)	(939.0)	36	36	-
Net profit	1,545	(1,130)	(1,206)	(6.7)	(178.1)	(5,193)	(1,818)	65.0
Non-recurring	1,744	(764)	589	177.1	(66.2)	(1,625)	-	nm
Core net profit	(199)	(366)	(1,795)	(390.0)	(801.7)	(3,568)	(1,818)	49.1
EPS (THB)	0.08	(0.06)	(0.06)	(6.7)	(178.1)	(0.25)	(0.09)	65.0
Core EPS (THB)	(0.01)	(0.02)	(0.09)	(390.0)	(801.7)	(0.17)	(0.09)	49.1

Sources: IRPC; Globlex Research

Exhibit 2: 1Q25 key performance

Utilisation rate*	1Q24	4Q24	1Q25		
	(%)	(%)	(%)	(q-q %)	(y-y %)
Refinery	85	96	97	1.0	12.0
RDCC	108	115	103	(12.0)	(5.0)
Lube-based oil	66	95	87	(8.0)	21.0
Olefins	79	71	81	10.0	2.0
Aromatics and Styrenics	75	75	74	(1.0)	(1.0)
Electricity	57	53	55	2.0	(2.0)
Steam	60	56	63	7.0	3.0
	(USD/bbl)	(USD/bbl)	(USD/bbl)	(q-q %)	(y-y %)
Market GIM	9.5	8.9	6.8	(23.7)	(27.9)
Refinery	5.8	3.7	2.1	(43.9)	(63.5)
Lube-based oil	0.8	2.4	2.0	(17.4)	146.9
Olefins	1.4	1.39	1.30	(6.5)	(5.8)
Aromatics and Styrenics	0.4	0.36	0.38	5.6	2.7
Utilities	1.1	1.01	1.03	2.0	(9.6)
Stock Gain/(Loss) & LCM	3.8	0.1	0.8	663.6	(77.6)
Hedging	0.1	0.9	0.2	(79.3)	90.0
Accounting GIM	13.3	9.95	7.84	(21.2)	(41.1)

Sources: IRPC

Exhibit 3: 1Q25 quarterly information

Quarterly information	1Q24	4Q23	1Q25		
			(q-q %)	(y-y %)	
Crude intake (m bbl)	16.60	18.44	17.97	(2.5)	8.3
Sales volume (THB m)	79,348	74,123	72,858	(1.7)	(8.2)
Net sales (THB m)	74,644	63,037	62,224	(1.3)	(16.6)
Market GIM (THB m)	5,618	5,622	3,886	(30.9)	(30.8)
Market GIM (USD/bbl)	9.45	8.92	6.34	(28.9)	(32.9)
Accounting GIM (THB m)	7,902	6,270	4,518	(27.9)	(42.8)
Accounting GIM (USD/bbl)	13.30	9.95	7.37	(25.9)	(44.6)

Sources: IRPC

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	6,220	9,924	7,375	5,174	3,654
Account receivable	15,597	13,269	10,875	8,479	6,080
Inventories	32,413	28,791	29,247	29,248	29,251
Others	7,453	5,015	5,158	5,163	5,170
Non-current assets					
Net fixed assets	114,362	109,789	107,759	105,410	102,741
Others	16,616	17,767	17,767	17,767	17,767
Total Assets	192,661	184,555	178,181	171,241	164,663

Current liabilities					
Account payable	34,305	29,589	30,058	30,059	30,062
ST borrowing	7,200	6,800	6,800	6,800	6,800
Others	17,439	17,455	17,955	17,970	17,995
Long-term liabilities					
Long-term debts	52,945	55,727	50,727	45,727	40,727
Others	4,650	4,875	4,875	4,875	4,875
Total liabilities	116,539	114,447	110,415	105,432	100,460
Pai-up capital	20,434	20,434	20,434	20,434	20,434
Retained earnings	27,046	21,285	18,855	16,934	15,364
Others	28,430	28,246	28,371	28,371	28,371
Minority interest	211	143	106	70	34
Shareholders' equity	76,122	70,109	67,766	65,809	64,203

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(1.8)	(1.3)	2.9	0.1	0.1
Operating profit	(49.3)	(49.0)	177.1	3.2	5.3
EBITDA	(42.7)	(28.5)	74.7	3.2	5.3
Net profit	33.0	(77.7)	65.0	28.0	26.8
Core net profit	49.3	(61.3)	49.1	28.0	26.8
EPS	33.0	(77.7)	65.0	28.0	26.8
Core EPS	49.3	(61.3)	49.1	28.0	26.8
Profitability (%)					
Gross margin	3.8	3.4	4.6	4.6	4.8
Operation margin	1.7	0.9	2.4	2.4	2.6
EBITDA margin	1.9	1.4	2.4	2.4	2.6
Net margin	(0.9)	(1.6)	(0.6)	(0.4)	(0.3)
ROE	(2.8)	(4.9)	(2.6)	(2.0)	(1.5)
ROA	(0.3)	(0.8)	0.0	0.2	0.3
Stability					
Interest bearing debt/equity (x)	0.8	0.9	0.8	0.8	0.7
Net debt/equity (x)	0.7	0.8	0.7	0.7	0.7
Interest coverage (x)	(1.2)	(1.9)	(0.6)	(0.7)	(0.8)
Interest & ST debt coverage (x)	(0.3)	(0.5)	(0.2)	(0.2)	(0.2)
Cash flow interest coverage (x)	0.1	0.1	0.1	0.1	0.1
Current ratio (x)	1.0	1.1	1.0	0.9	0.8
Quick ratio (x)	0.4	0.4	0.3	0.2	0.2
Net debt (THB m)	53,925	52,603	50,152	47,353	43,873
Activity					
Asset turnover (X)	1.6	1.7	1.8	1.9	1.9
Days receivables	17.5	16.7	13.6	10.9	8.2
Days inventory	42.7	36.7	34.3	34.5	34.5
Days payable	40.9	38.3	35.2	35.5	35.5
Cash cycle days	19.3	15.1	12.7	9.9	7.2

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	319,047	314,833	323,855	324,128	324,587
Cost of goods sold	(306,832)	(304,232)	(309,046)	(309,064)	(309,093)
Gross profit	12,215	10,601	14,809	15,064	15,494
Operating expenses	(6,777)	(7,827)	(7,125)	(7,131)	(7,141)
Operating profit	5,437	2,773	7,684	7,934	8,353
EBIT	(2,517)	(4,741)	(1,513)	(1,583)	(1,482)
Depreciation	(8,666)	(9,140)	(9,197)	(9,516)	(9,835)
EBITDA	6,149	4,399	7,684	7,934	8,353
Non-operating income					
Other incomes	853	818	1,100	1,400	1,400
Other non-op income	-	-	-	-	-
Non-operating expense	(2,789)	(4,135)	(2,422)	(2,143)	(1,893)
Interest expense	(2,077)	(2,510)	(2,422)	(2,143)	(1,893)
Other non-op expense	(712)	(1,625)	-	-	-
Equity income/(loss)	254	982	982	982	982
Pre-tax Profit	(4,199)	(7,076)	(1,854)	(1,344)	(993)
Extraordinary items	515	373	-	-	-
Current taxation	772	1,474	-	-	-
Minorities	(11)	36	36	36	36
Net Profit	(2,923)	(5,193)	(1,818)	(1,308)	(957)
Core net profit	(2,211)	(3,568)	(1,818)	(1,308)	(957)
EPS (THB)	(0.14)	(0.25)	(0.09)	(0.06)	(0.05)
Core EPS (THB)	(0.11)	(0.17)	(0.09)	(0.06)	(0.05)

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	(2,923)	(5,193)	(1,818)	(1,308)	(957)
Depre. & amortization	8,666	9,140	9,197	9,516	9,835
Change in working capital	10,915	3,687	2,763	2,407	2,418
Others	254	982	982	982	982
Investment cash flow	(11,360)	(4,824)	(6,888)	(6,834)	(6,809)
Net CAPEX	(11,346)	(4,317)	(6,888)	(6,834)	(6,809)
Change in LT investment	(473)	(679)	-	-	-
Change in other assets	460	172	-	-	-
Free cash flow	5,553	3,792	4,236	4,763	5,469
Financing cash flow					
Change in share capital	-	-	-	-	-
Net change in debt	(704)	2,382	(5,000)	(5,000)	(5,000)
Dividend paid	(817)	(613)	(613)	(613)	(613)
Others	(1,042)	(1,857)	(1,172)	(1,351)	(1,376)
Net cash flow	2,990	3,704	(2,549)	(2,201)	(1,520)
Per share (THB)					
EPS	(0.14)	(0.25)	(0.09)	(0.06)	(0.05)
Core EPS	(0.11)	(0.17)	(0.09)	(0.06)	(0.05)
CFPS	0.26	0.17	0.36	0.40	0.43
BVPS	3.71	3.42	3.31	3.22	3.14
Sales/share	15.61	15.41	15.85	15.86	15.88
EBITDA/share	0.30	0.22	0.38	0.39	0.41
DPS	0.03	0.03	0.03	0.03	0.03
Valuation					
P/E (x)	(14.12)	(4.84)	(10.57)	(14.69)	(20.07)
P/BV (x)	0.54	0.36	0.28	0.29	0.30
Dividend yield (%)	1.49	2.44	3.19	3.19	3.19
Dividend payout ratio (%)	(20.97)	(11.80)	(33.73)	(46.87)	(64.05)

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.