

69% discount to NAV warrants BUY

- 1Q25E net loss of THB0.6b on depressed GIM
- Trading at a 69% discount to our adjusted NAV of THB2.72
- Maintain BUY and a TP of THB1.0; IRPC as an undervalued stock

Suffering loss continued in 1Q25E

IRPC is expected to post a net loss of THB609m, up from a net loss of THB1.1b in 4Q24 but down from a net profit of THB1.5b in 1Q24. Market Gross Integrated Margin (GIM) is projected to plunge to USD6.8/bbl, down from USD8.9/bbl in 4Q24 and USD9.50/bbl in 1Q24. Revenue was down slightly to THB73.4b, down 1% q-q and 7.5% y-y on lower product prices dragged down by declining oil price. Including stock gain of USD1/bbl, accounting GIM will be USD7.63/bbl, down from USD13.3/bbl in 1Q24 and 9.95/bbl in 4Q24.

Margin remained depressed

Market GIM was USD6.8/bbl, comprising 1) USD2.1/bbl Gross Refining Margin (GRM), down from USD3.7/bbl and USD5.8/bbl in 1Q24, due to the declining margins of gasoline and diesel; 2) olefins margin is expected to dip to USD1.3/bbl vs USD1.39/bbl in 4Q24; 3) aromatics margin remained depressed at USD0.38/bbl due to the chronic impact of industry oversupply; 4) lube margin was at USD2.0/bbl due to weak demand; and 5) utilities margin at USD1/bbl.

High-cost structure remains IRPC's Achilles' heel

Thanks to IRPC's small-scale but long and integrated value chain from upstream refinery to olefins/aromatics chemical to lube, IRPC incurs high-cost structure of USD10/bbl that has been the "profitability landmark" for IRPC to struggle to achieve amid the industry downturns of petrochemical and refinery business. We believe the only strategic solution for IRPC to extricate itself from the cost burden will be the much higher proportion of specialty chemical products to 40-50% of EBITDA, up from current 15-20%.

Deep discount to NAV

While net profit visibility remains unclear at best due to the industry uncertainty caused by the intensifying trade war between US and China, we think IRPC's current share price of THB0.83 has already priced in all downsides and becomes attractive for investors holding 1-2 years horizon. At THB0.83, IRPC is traded at 69% discount to its adjusted book value of THB2.72, which excluding intangible assets and other assets. The reported book value of IRPC is THB3.43 as of end-2024 and the number of shares outstanding of 20.4b.

Upgrade from HOLD to BUY but maintain TP of THB1.0

We upgrade our recommendation from HOLD to BUY but maintain our TP of THB1.0, based on 8x 2025E EV/EBITDA. We think IRPC's share price has priced in downsides too much and investors who could buy on "deeply undervalued stock" with an upside on the "value hunting" at 10-20% to our TP, should buy IRPC as a "valued stock".

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ESG Rating : n.a.

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	1.00
VS. BB Consensus TP (%)	+3.1%
Share Price (THB)	0.83
Upside/Downside	+20.5%

Share Data

Market Cap (THB m)	16,960.42
Par (THB)	1.00
Free Float (%)	51.94
Issued shares (m shares)	20,434

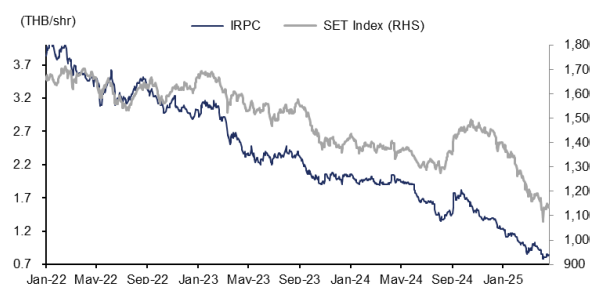
Financial forecast

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 (%)	-	(17.6)	(1,268.9)	(164.1)
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)	(11.58)	(16.09)	(21.99)
P/BV (x)	0.36	0.31	0.32	0.33
ROE (%)	(4.89)	(2.64)	(1.96)	(1.47)
Dividend yield (%)	2.44	3.61	3.61	3.61

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(14.43)	(29.06)	(47.13)	(32.52)
Market	(10.52)	(15.44)	(30.54)	(16.73)
12M High/Low (THB)	2.00 / 0.77			



Major Shareholders (%) as of 26 Feb 2025

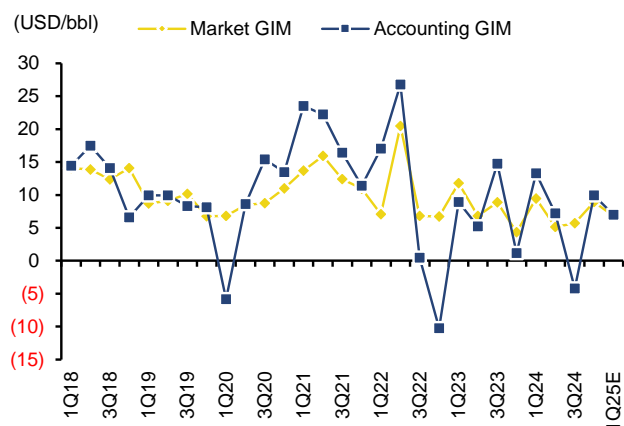
PTT Public Company Limited	45.05
Siam Management Holding Company Limited	3.00
Thai NVDR	2.68

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.

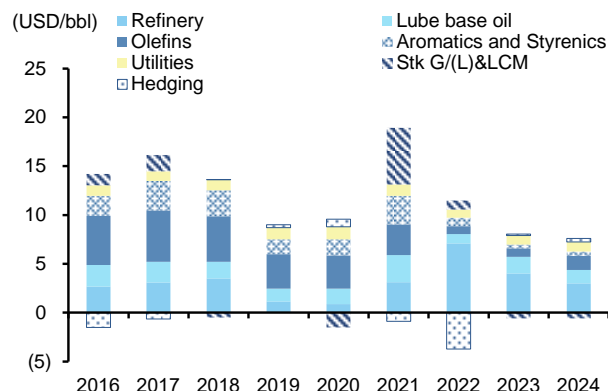
Source: SETSMART, SET

Exhibit 1: Net profit breakdown by business unit



Sources: IRPC; Globlex Research

Exhibit 2: Net profit upside breakdown by business (%)



Sources: IRPC; Globlex Research

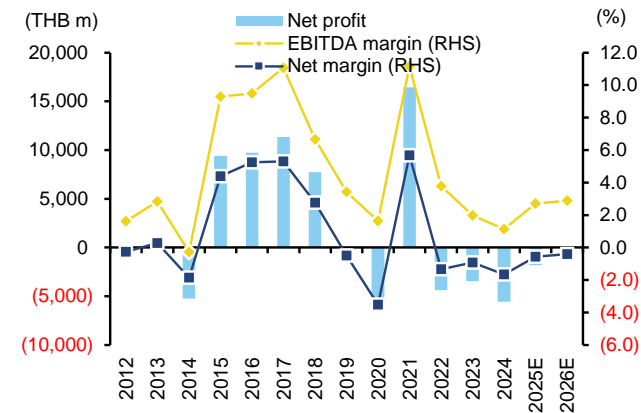
Exhibit 3: Asset-based valuation analysis

Other current assets	3,173	0.16
Total current asset	56,999	3
Investments	8,841	0.43
PPE net	109,789	5.37
Intangible assets - net	672	0.03
Other non-current assets	8,254	0.40
Total current liabilities	53,844	2.63
Interest bearing debt	(THB m)	(Per share)
ST loans related	12,459	0.61
Long-term loans	55,727	2.73
Shareholders' equity	(THB m)	(Per share)
Total shareholders' equity	70,109	3.43
No of Shares at Year End (m)	20,434	1.00

Asset-based valuation analysis	(THB m)	(Per share)
Cash and near cash	23,193	1.14
Working capital	33,806	1.65
Investments	8,841	0.43
PPE net	109,789	5.37
Total high-liquid assets	175,629	8.59
Other liabilities	51,919	2.54
Interest-bearing debt	68,186	3.34
Net adjusted asset	55,524	2.72
Valuation	(THB m)	(Per share)
Current share price	16,961	0.83
Net adjusted asset	55,524	2.72
Implied EV	(51,225)	(2.51)
Discount to adjusted NAV		-69%

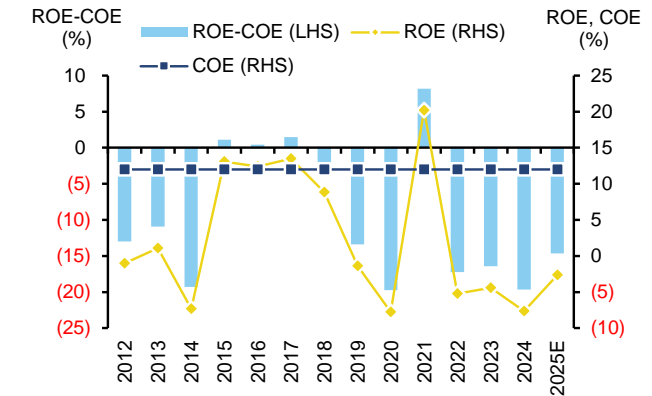
Sources: IRPC; Globlex Research

Exhibit 4: Net profit, EBITDA margin, and net margin



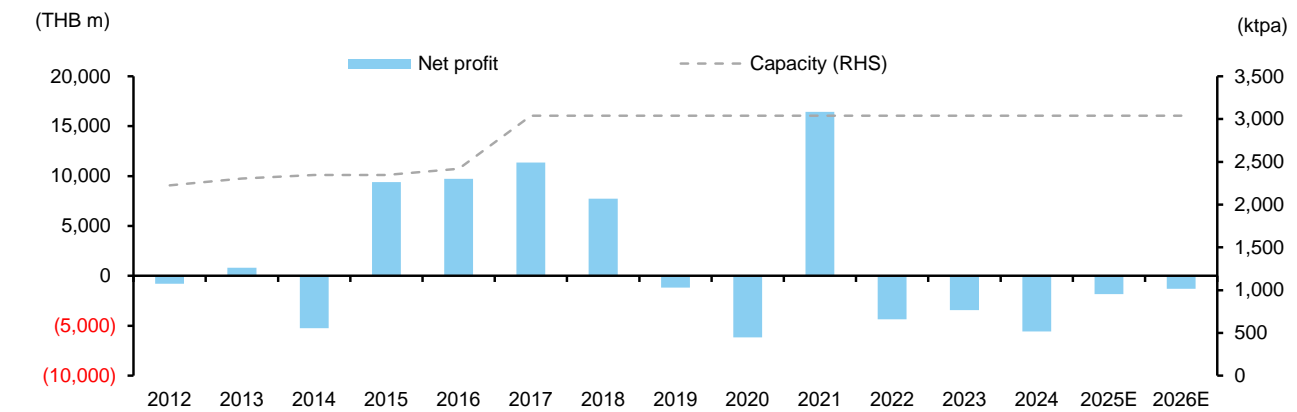
Sources: IRPC; Globlex Research

Exhibit 5: ROE, COE



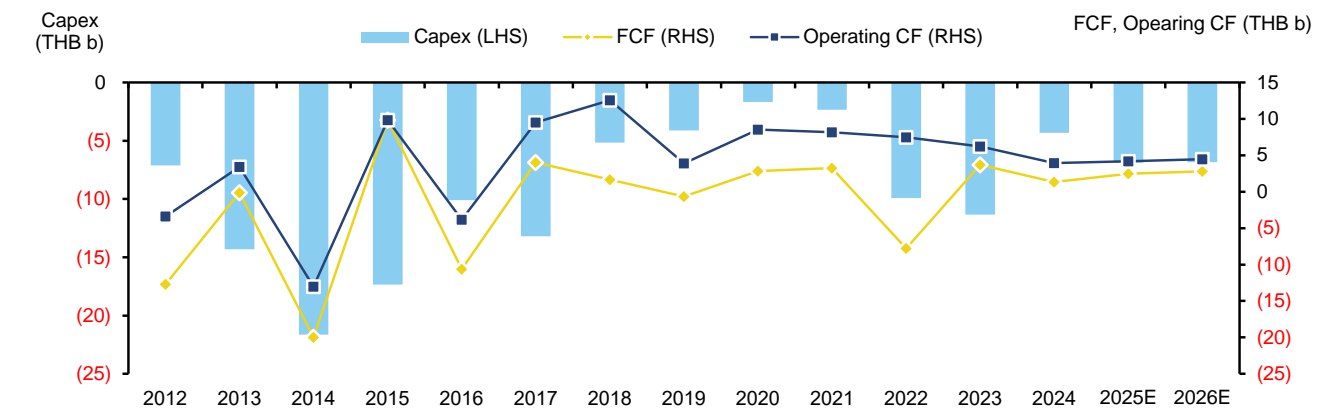
Sources: IRPC; Globlex Research

Exhibit 6: Net profit and capacity



Sources: IRPC; Globlex Research

Exhibit 7: Capex, FCF, operating FCF



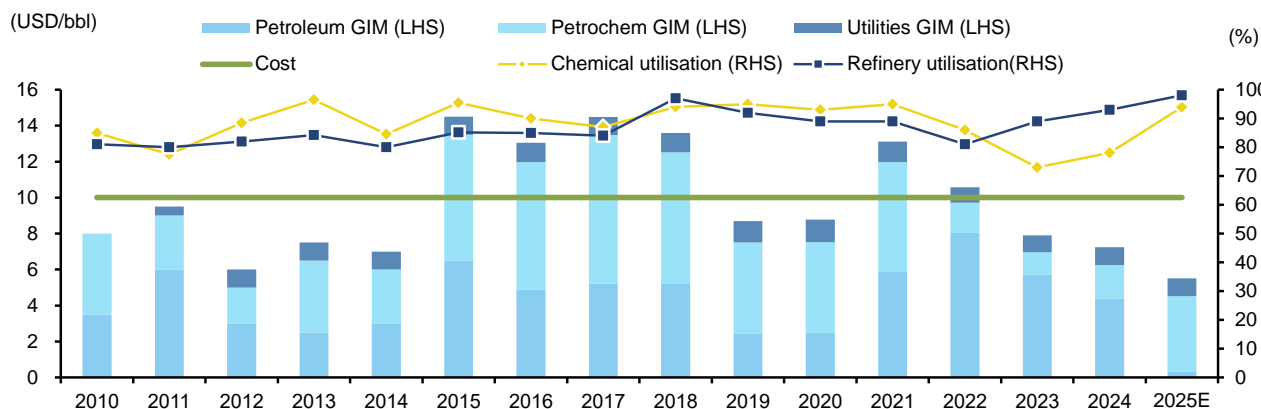
Sources: IRPC; Globlex Research

Exhibit 8: 1Q25E preview

	1Q24	4Q24	----- 1Q25E-----		
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Revenue	79,348	74,123	73,382	(1.0)	(7.5)
Operating costs	(74,668)	(70,923)	(71,840)	(1.3)	3.8
EBITDA	4,680	3,200	1,542	(51.8)	(67.1)
EBITDA margin (%)	5.9	4.3	2.1	na	na
Depn & amort.	(2,141)	(2,429)	(2,141)	11.8	-
EBIT	2,539	771	(599)	(177.7)	(123.6)
Interest expense	(500)	(670)	(668)	0.3	(33.6)
Interest & invt inc	318	138	148	6.9	(53.5)
Associates' contrib	140	223	180	(19.3)	28.9
Exceptionals	(589)	(1,916)	120	106.3	120.4
Pretax profit	1,907	(1,453)	(819)	43.6	(143.0)
Tax	(362)	286	210	(26.5)	158.0
Tax rate (%)	19.0	19.7	25.6	na	na
Minority interests	(1)	37	-	(100.0)	100.0
Net profit	1,545	(1,130)	(609)	46.1	(139.4)
Non-recurring	1,216	(764)	145	119.0	(88.1)
Core net profit	328	(366)	(754)	(105.9)	(329.7)
EPS (THB)	0.08	(0.06)	(0.03)	46.1	(139.4)
Core EPS (THB)	0.02	(0.02)	(0.04)	(105.9)	(329.7)

Sources: IRPC; Globlex Research estimates

Exhibit 9: GIM breakdown by segment



Sources: IRPC; Globlex Research

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

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
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	853	818	1,100	1,400	1,400
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	16,912	8,616	11,125	11,597	12,278
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	(2,563)	(88)	(6,785)	(6,964)	(6,989)
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)

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

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)	(9.33)	(12.97)	(17.72)
P/BV (x)	0.54	0.36	0.25	0.26	0.26
Dividend yield (%)	1.49	2.44	3.61	3.61	3.61
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.