THAILAND REFINERIES

Positioned for Stronger Margins

- Refinery stocks now turn more attractive, supported by tight supply, rising seasonal demand, and hurricane risks boosting 2H25 margins.
- Fuel oil margins have surged to rare premiums, providing extra earnings potential.
- TOP and BCP as our top picks for refinery

Refinery stocks are set to outperform in 2H25

We turn more positive with refinery stocks, supported by stronger product margins from tight global supply and limited new capacity. Seasonal demand for gasoline and middle distillates is increasing, driven by travel and pre-winter stockpiling. Geopolitical tensions and possible US hurricane disruptions add upside risk to margins. Additionally, fuel oil margins trading at rare premiums provide extra support, especially for complex refiners.

US refinery inventory volatility signals tight supply ahead

Refining inventory levels in the US remained volatile in 1Q25. Crude stocks rose to 433.8m bbl by Feb-25, driven by lower refinery utilization rates, which dropped below 90% in mid-Jan25 and fell further to 86% by quarter-end. The build-up reflects ongoing maintenance activities. However, gasoline and distillate inventories declined, suggesting steady demand and lower refined output. Meanwhile, U.S. refined product exports rose 14.3% m-m in Mar-25 to USD9.04b, reflecting healthy international demand despite domestic supply disruptions. We think tight global supply from seasonal maintenance, along with strong U.S. exports, could support refining margins in 2H25, especially if hurricane-related disruptions materialize.

Weather and winter demand in focus

We believe that the refining margins could see an upside in 2H25 from potential hurricane disruptions in the US Gulf Coast and stronger seasonal demand in winter. The EIA notes that the Gulf Coast, holding over 55% of US refining capacity, is vulnerable to hurricanes, especially during the Jun-Nov hurricane season. If storms cause outages while winter stockpiling for heating demand increases, product spreads—particularly for diesel and heating oil—could widen significantly.

From negative to premium: HSFO margin reversal shakes market

Fuel oil has quietly become a hidden gem in the refining margin landscape. Both low-sulfur fuel oil (LSFO) and high-sulfur fuel oil (HSFO) are trading at unusually strong premiums, with LSFO currently at USD 14/bbl and HSFO recently turning from a negative spread to a USD 5/bbl premium over Dubai crude (as of 23 May 2025). This shift reflects tighter global supply due to ongoing refinery maintenance and limited new capacity, alongside steady demand from Asia and the Middle East, especially for power generation and marine fuel. Among Thai refiners, PTTGC leads with 13% LSFO yield, followed by BSRC (8% LSFO, 1% HSFO), BCP (6% LSFO), TOP (4% LSFO), SPRC (4% HSFO), and IRPC (2% LSFO).

TOP and BCP as our top picks for refinery

We prefer TOP and BCP as top picks due to their high exposure to middle distillates, with gasoline and diesel making up approximately 60-70% of their total product output. Their high yield of LSFO further strengthen their GRMs in coming quarters. Compared to peers with more diversified or heavier fuel oil slates, TOP and BCP stand to benefit more directly from the current market environment. Given these factors and their limited downside risks, TOP and BCP offer more resilient earnings potential and attractive valuations.

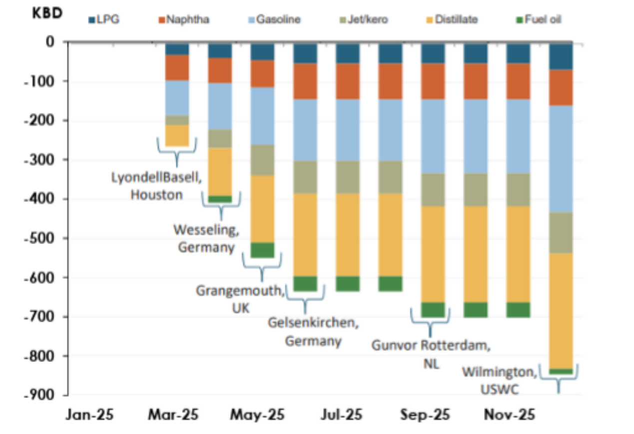
Analyst

Siriluck Pinthusoonthorn
Siriluck@globlex.co.th,
+662 672 5806

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

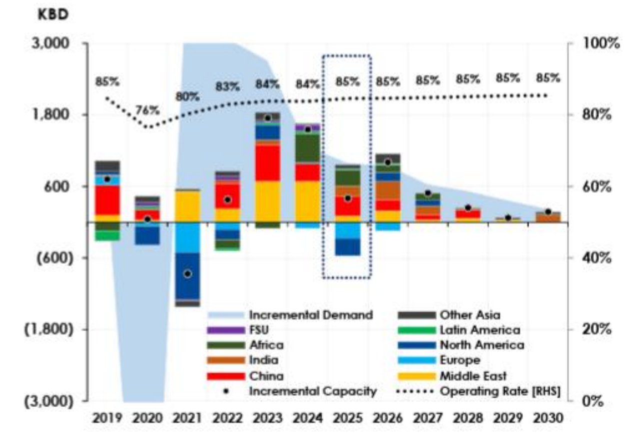
Globlex Securities Co., Ltd.

Exhibit 1: Cumulative product loss from 2025 Atlantic basin refinery closures



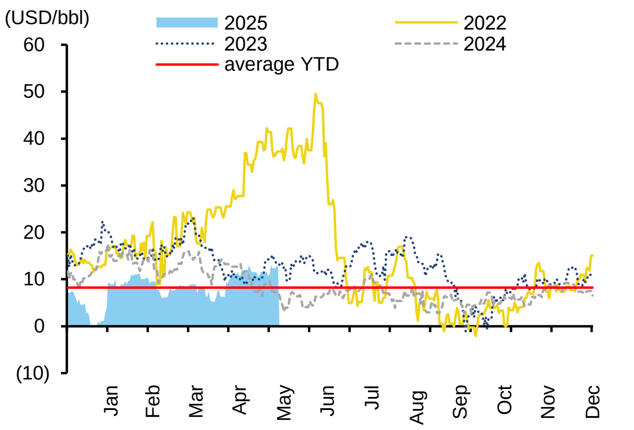
Sources: TOP

Exhibit 2: Global effective CDU addition vs Additional demand



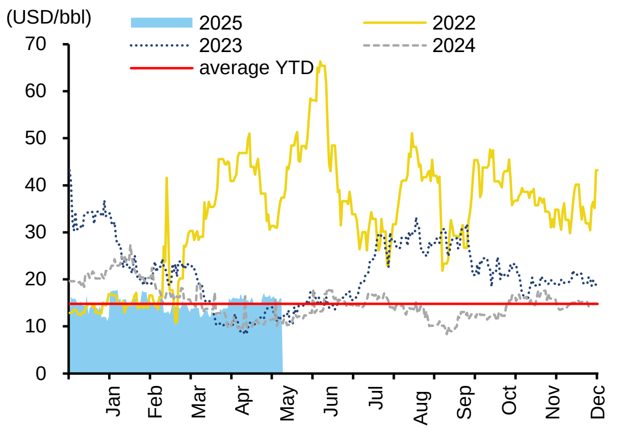
Sources: TOP

Exhibit 3: 92 Octane Gasoline fob Spot Price - Dubai crude oil price



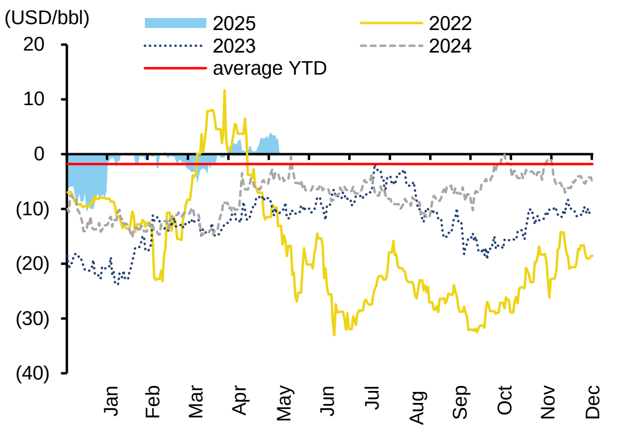
Sources: Bloomberg

Exhibit 4: Gasoil 0.5% Sulfur fob SG Spot Price - Dubai crude oil price



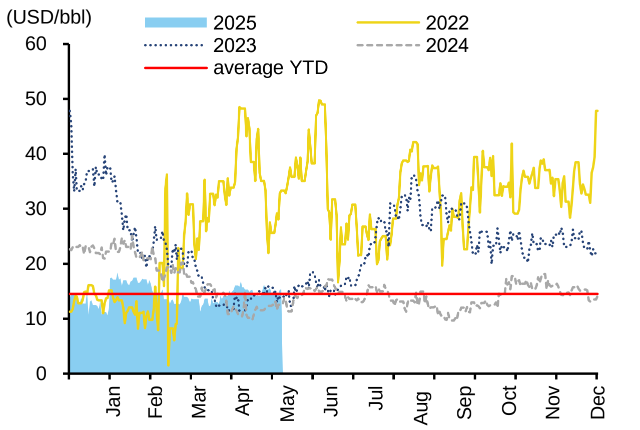
Sources: Bloomberg

Exhibit 5: High Sulfur fuel Oil Spot fob Singapore - Dubai crude oil price



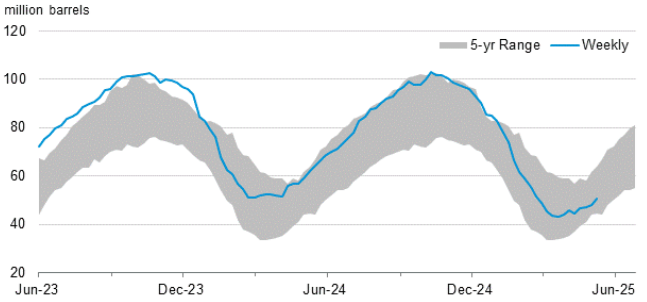
Sources: Bloomberg

Exhibit 6: Jet Kerosene fob Spot Price - Dubai crude oil price



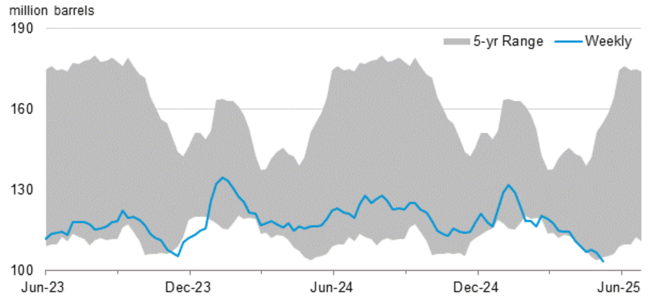
Sources: Bloomberg

Exhibit 7: US propane/propylene inventory



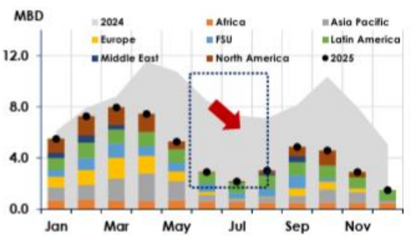
Sources: EIA

Exhibit 8: US distillate inventory



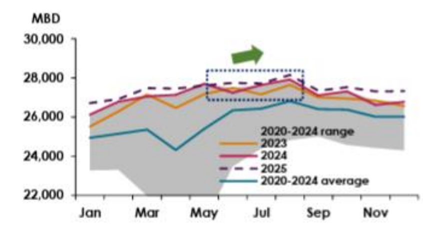
Sources: EIA

Exhibit 9: 2025 Refinery maintenance



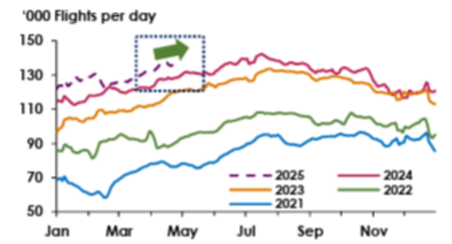
Sources: TOP

Exhibit 10: Global gasoline demand



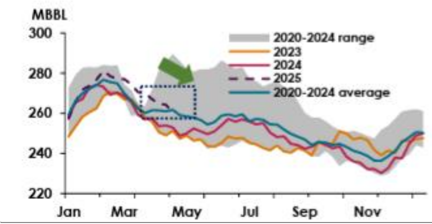
Sources: TOP

Exhibit 11: Commercial flights



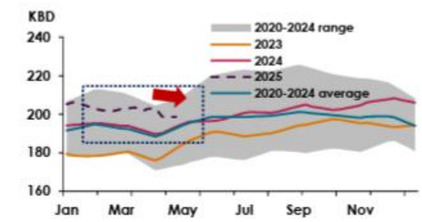
Sources: TOP

Exhibit 12: Global gasoline inventory



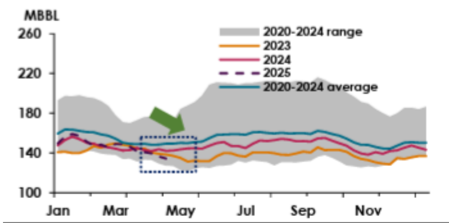
Sources: TOP

Exhibit 13: Global jet inventory



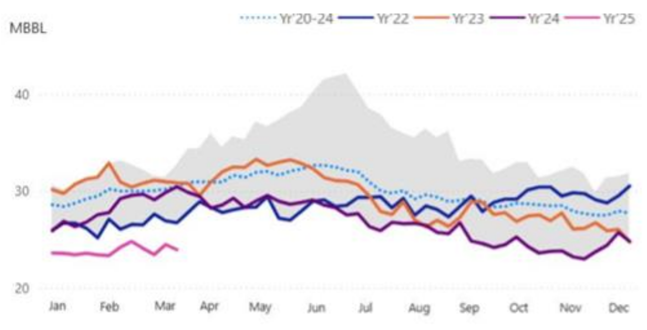
Sources: TOP

Exhibit 14: Global gasoil inventory



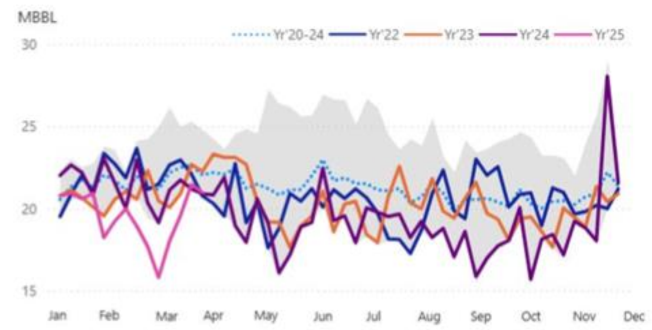
Sources: TOP

Exhibit 15: US fuel oil stock



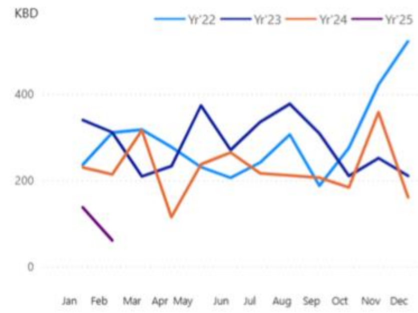
Sources: TOP

Exhibit 16: Singapore fuel oil stock



Sources: TOP

Exhibit 17: China gasoline export

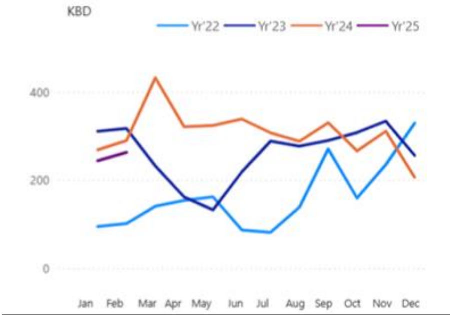


Sources: TOP

Exhibit 18: China gasoil export

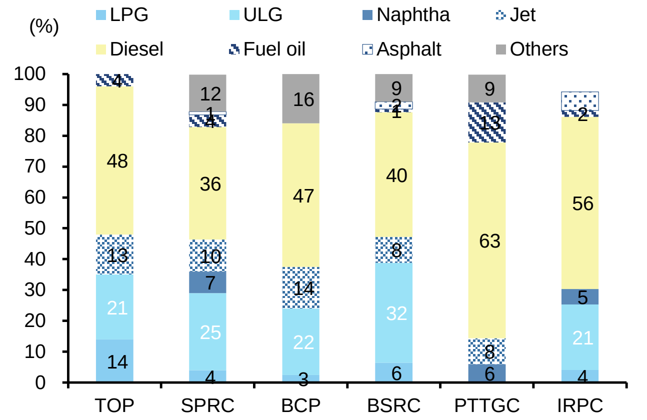
Sources: TOP

Exhibit 19: China jet export



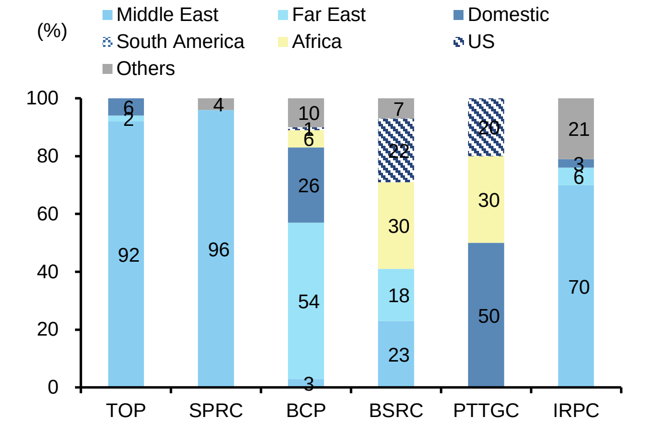
Sources: TOP

Exhibit 20: Product yield breakdown as of 1Q25



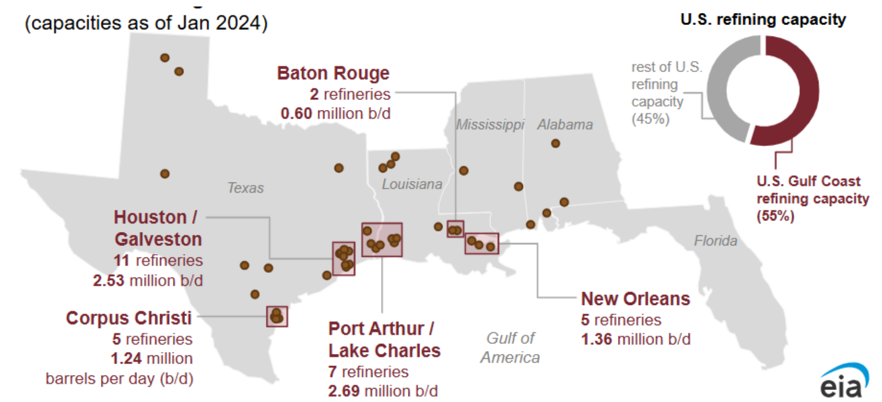
Sources: Companies, Globlex Research

Exhibit 21: Crude mix breakdown as of 1Q25



Sources: Companies, Globlex Research

Exhibit 22: Petroluem refining centers in US gulf coast states



Sources: EIA

Globlex Securities Co., Ltd.

GENERAL DISCLAIMER
Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

RECOMMENDATION STRUCTURE
Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.