

## Downsides on GRM windfall tax/marketing margin are limited

- Solid oil fund status should shoulder subsidies for 3-6 months on fuel price caps
- Windfall tax GRM is less likely given the hiking costs of freight and crude premium
- Top picks are refiners: TOP/SPRC; chemical PTTGC/ IRPC; retail oil PTG/OR

### Return of regulatory risk on fuel price caps and GRM windfall tax

In the past week, Thailand's regulator and government have initiated the caps for not only the retail prices for fuels but also the potential windfall tax on the Gross Refining Margins (GRM), which currently stand at the high levels due to the impacts of the supply disruptions on U.S.-Iran war in the Middle East. These initiatives have led to the collapses of share prices for Thai energy stocks despite the rising oil and gas prices and the spikes in GRM.

### Price caps/ subsidies policies will hurt, not help, Thailand's energy security

Amid the spikes in global crude oil and gas prices and the hiking GRM, Thai government again has deployed the policies of price caps for diesel and LPG and the initiation of potential windfall tax on the GRM. We believe these regulatory risks, aimed at reducing public energy burdens at the expenses of SOEs and private energy firms, are hurting, rather than helping Thailand to weather the stormy supply disruptions due to the U.S.-Iran war. With the price caps and potential GRM interventions, we think the unusually lower-than-market fuel prices would lead to public unawareness of Thailand's high risk of 80% crude/ 40% gas import dependence currently exposed to the global energy prices and supplies.

### THB1b daily oil fund subsidy is not sustainable

As of 17 Mar-26 with the crude oil price at USD100/bbl, Thailand's oil fund heavily subsidies, comprising 1) THB20.36/litre subsidy to retain retail price of THB29.94/litre for diesel; 2) THB11.06/litre subsidy to retain the retail price of THB27.84/litre for gasohol 95 E20; 3) THB9.73/litre subsidy to retain the retail prices of THB30.4/litre for gasohol 91/gasohol 95 E10; and 4) THB2.28/litre subsidy to retain retail price of THB23.35/litre for gasohol 95 E85. We estimate that the combined subsidies for all fuels would cost at least THB1b per day, which has already turned oil fund balance from a positive THB2.5b on 1 March to -THB12.6b in only two weeks.

### GRM spike by 0.5x-1.0x, not 3x as indicated as a basis for windfall tax

Since 28 Feb, GRMs for Thai refiners have jumped by 3x from THB2/litre (USD10/bbl) on 28 Feb to THB6/litre (USD31/bbl), based on Energy Planning and Policy Office (EPPO). However, we think this THB6/litre GRM figure is highly biased upward as it excludes freight cost, crude premium expense, and the higher energy cost due to the oil price spike. We estimate that the actual GRMs realized by Thai refiners could range between THB3-4/litre after deducting higher freight cost at USD12/bbl (+5x-6x higher since U.S.-Iran war occurs), higher crude premium at USD17/bbl (+5x-6x higher).

### Attractive buying refiners: TOP/SPRC, chemical: PTTGC/IRPC; retail PTG/OR

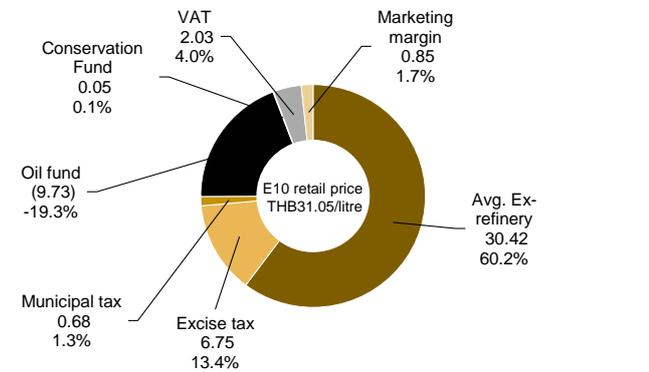
We think the potential downsides from Thai government's interventions are limited and hence think the recent share price weaknesses on refiners (TOP, SPRC, BCP, PTTGC, IRPC) and oil retail station operators (OR, PTG, SUSCO, BCP, SPRC) are unjustified and offer attractive buying opportunities. Our top picks are refiners: TOP, SPRC; retail oil plays: OR/PTG; petrochemical plays PTTGC; IRPC.

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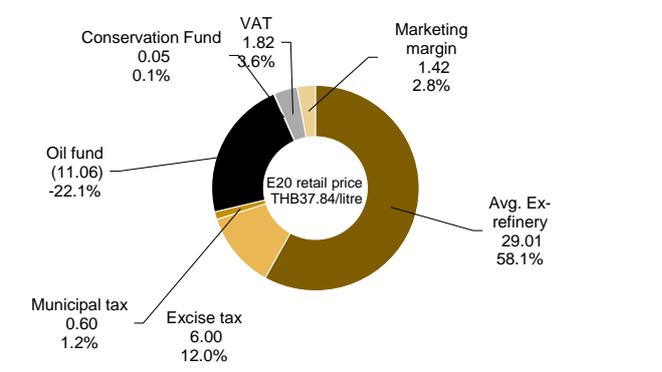
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**Exhibit 1: Gasohol E10 price structure (17 Mar-26)**



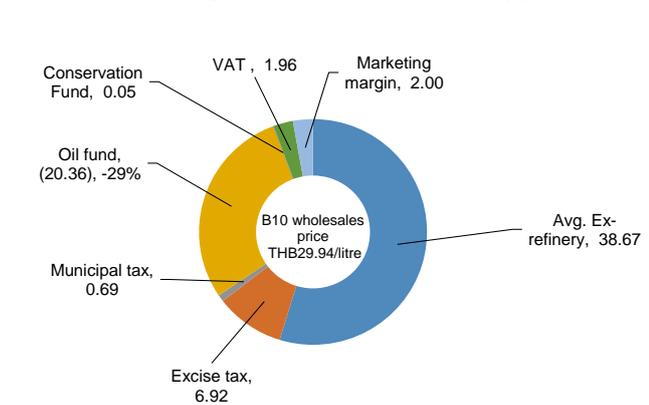
Sources: EPPO

**Exhibit 2: Gasohol E20 price structure (17 Mar-26)**



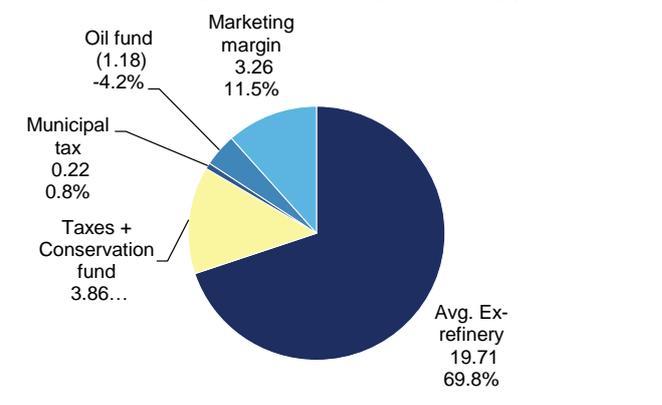
Sources: EPPO

**Exhibit 3: Diesel price structure (17 Mar-26) (THB/litre)**



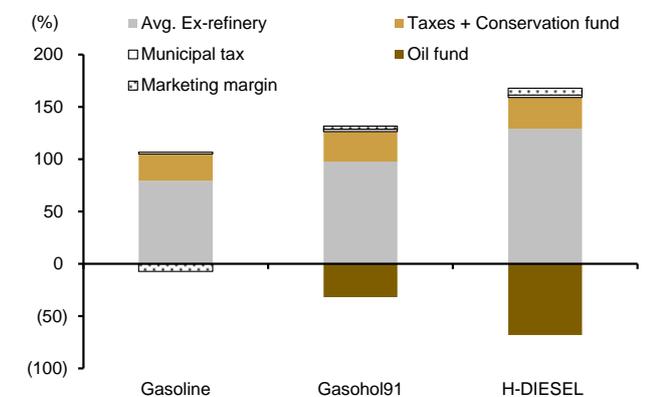
Sources: EPPO

**Exhibit 4: LPG price structure (17 Mar-26) (THB/litre, %)**



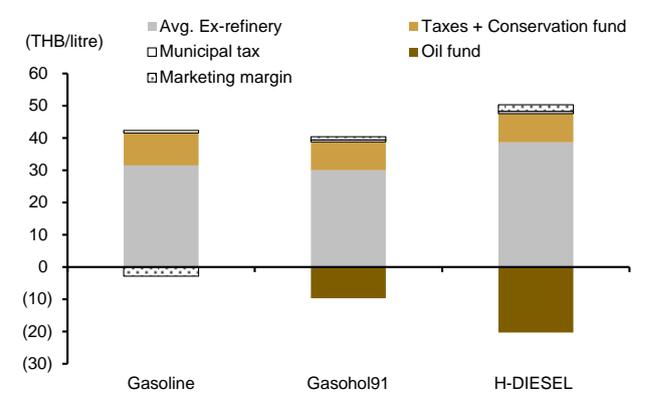
Sources: EPPO

**Exhibit 5: Thailand's key fuel retail price structure (%) (17 Mar-26)**



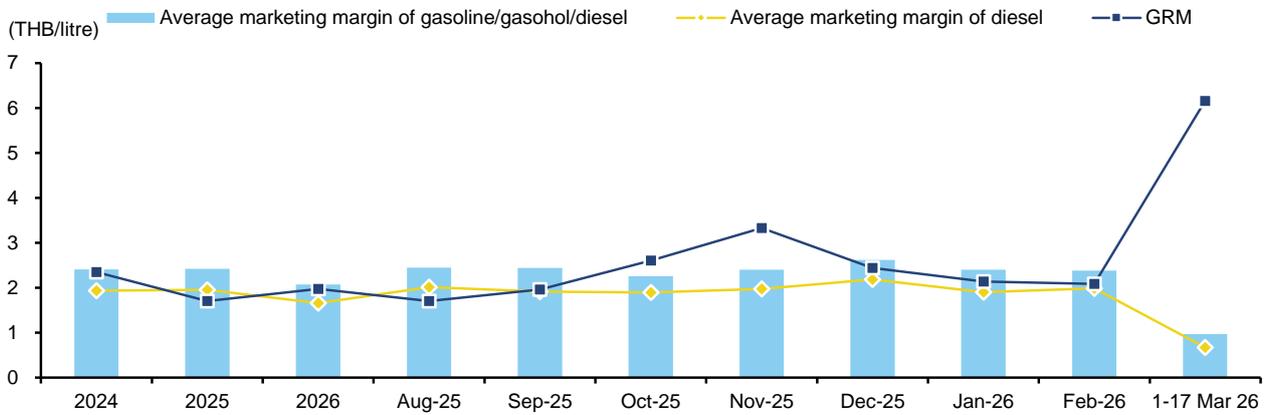
Sources: EPPO

**Exhibit 6: Thailand's key fuel retail price structure (17 Mar-26)**



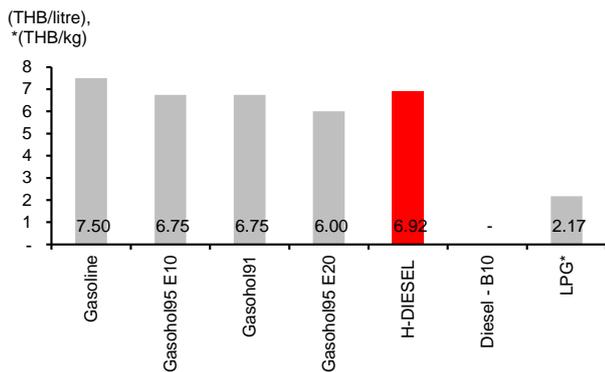
Sources: EPPO

**Exhibit 7: Thailand's marketing margins and GRM (17 Mar-26)**



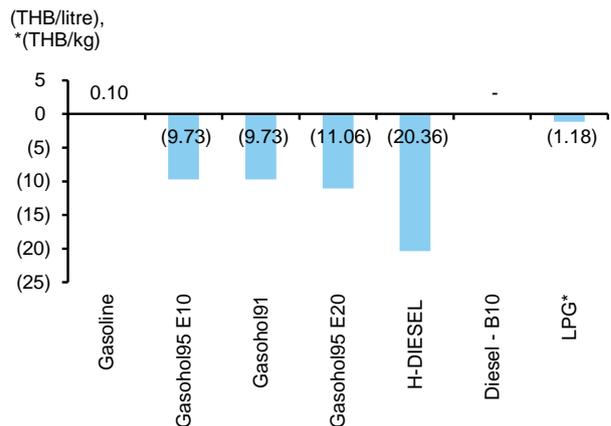
Sources: EPPO

**Exhibit 8: Thailand's excise tax by fuel type (17 Mar-26)**



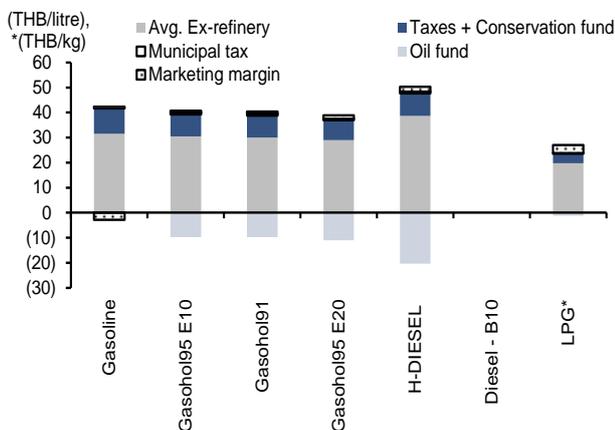
Sources: EPPO

**Exhibit 9: Thailand's oil fund by fuel type (17 Mar-26)**



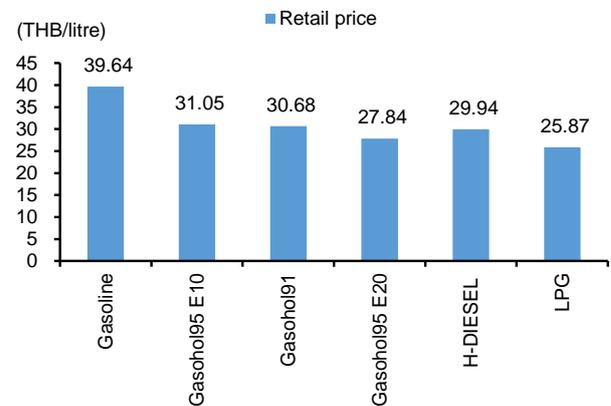
Sources: EPPO

**Exhibit 10: Thailand's retail price structure by fuel type (17 Mar-26)**



Sources: EPPO

**Exhibit 11: Thailand's retail price by fuel type (17 Mar-26)**



Sources: EPPO

**Exhibit 12: GRM structure (17 March 2026)**

**ค่าการกลั่น (GRM) ไม่ใช่กำไรของโรงกลั่น**

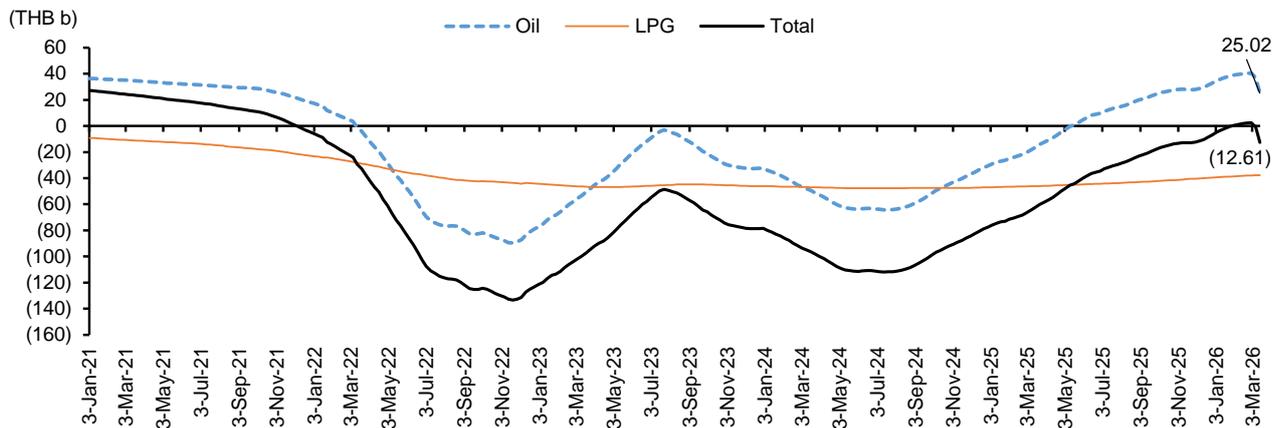
ค่าการกลั่นที่ปรากฏในช่วงเพิ่มขึ้นจาก 2 บาทต่อลิตร เป็นประมาณ 6 บาทต่อลิตร เป็นเพียงดัชนีส่วนต่างราคาน้ำมันในตลาดโลก ซึ่งยังไม่ได้หักต้นทุนสำคัญที่โรงกลั่นต้องแบกรับ ประกอบด้วย ค่าพรีเมียมน้ำมันดิบตามชนิดน้ำมันดิบที่ซื้อจริง (Crude Premium)\*, ค่าขนส่งทางเรือ (Freight) และค่าประกันภัย ซึ่งปัจจุบันต้นทุนเหล่านี้ปรับตัวสูงขึ้นประมาณ 3-6 บาทต่อลิตร



Note: \*Crude premium คือ ราคาส่วนเพิ่มของน้ำมันดิบที่กลั่น เมื่อเทียบกับราคาน้ำมันดิบอ้างอิง  
\*\*ค่าใช้จ่ายอื่นๆ เช่น ค่าใช้จ่ายในการดำเนินการ ค่าใช้จ่ายด้านพลังงาน ค่าซ่อมบำรุง ค่าเสื่อมเงินลงทุนปรับปรุงคุณภาพน้ำมันและสิ่งแวดล้อม ค่าใช้จ่ายด้านการเงิน ค่าประกันความเสี่ยงด้านราคา เป็นต้น

Sources: PTT

**Exhibit 13: Thailand's oil fund status turns into negative gain since the U.S.-Iran war broke out on 28 Feb-26**



Sources: OFFO

## GENERAL DISCLAIMER 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.