

When Strong GRMs Are Not Enough

- Diesel price controls and revised pricing threaten refinery margins.
- Export restrictions limit market access and margin optimisation.
- Bearish on Thai refiners: Rising policy risks threaten earnings and valuations.

A Structural Shift in Thailand's Refining Landscape

We believe Thai refiners face growing earnings and valuation risks as government intervention increasingly limits their ability to capture higher refining margins. This is not merely a short-term impact from diesel price controls, but could signal a structural change in the Thai refining industry's earnings outlook. Three key pressures are emerging: 1) continued government intervention in diesel ex-refinery prices, 2) a reduction in domestic selling prices following the removal of assumed import-parity costs, and 3) limited flexibility to export surplus products. Together, these measures could structurally weaken margins, reduce earnings visibility and limit upside.

A Discount Today, a Risk for Tomorrow

Government intervention remains a key overhang for Thai refiners, as the government continues to influence domestic diesel pricing at the expense of refinery margins. Although the diesel ex-refinery price discount was halved from THB4.0/litre during 16 Sep–31 Oct-26 to THB2.0/litre for Nov-26, the extension of the measure signals that pressure on refiners' profitability has not fully subsided. We estimate a gross earnings burden of THB3.68b for TOP and BCP and THB1.53b for SPRC in 4Q26. More importantly, the extension of price controls raises concerns over further regulatory intervention, which could limit the upside to refinery margins and remain an overhang on the sector in the near term.

Trapped at Home

Thailand's suspension of exports of major refined products, including gasoline, diesel and Jet A-1, since Mar-26 limits refiners' ability to redirect surplus production to higher-margin overseas markets. Export exposure varies across operators, accounting for approximately 14% of TOP's sales, 6% of SPRC's and 15% of BCP's as of 2Q26. Meanwhile, the government's revised domestic oil pricing formula, effective 29 Oct-26, removes assumed freight, insurance and transportation-loss costs from import-parity pricing, reducing refinery-gate prices by THB0.09–0.35/litre. As crude costs remain unchanged, lower selling prices could directly compress realized refining margins.

The Erosion of Refining Flexibility

We believe rising government intervention could become a structural constraint on Thai refiners' profitability. Even if export restrictions are eventually relaxed, refiners may still face pressure from less favourable domestic pricing, making access to overseas markets increasingly important to optimise product margins. However, continued policy uncertainty and potential restrictions on export flexibility could limit their ability to capture the most attractive market opportunities. This could shift the industry's focus from margin optimisation towards domestic supply management, reducing the benefits of operating complex refineries at optimal utilisation.

Thai Refiners: Caught in a Policy Trap

We turn bearish on Thai refinery stocks as rising government intervention poses increasing risks to both earnings and valuation. The combination of lower domestic pricing, export restrictions and policy uncertainty could structurally constrain refining margins and weaken earnings visibility. We therefore see limited upside for the sector, even amid favourable regional refining margins.

Analyst

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

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

Exhibit 1: Our estimates on refinery margin cuts for Diesel

	9Apr - 23Apr	24Apr - 9May	10May - 19May	9 Jul - 23Jul	24Jul - 15Aug	16Aug - 15Sep	16Sep - 31Oct	1Nov - 30Nov	
Refinery margin cuts for Diesel (THB/litre)	2.0	5.0	3.0	1.4	2.4	2.4	4.0	2.0	
Number of days (days)	15.0	16.0	10.0	15.0	23.0	31.0	46	30	
(m litre)	9Apr - 23Apr	24Apr - 9May	10May - 19May	9 Jul - 23Jul	24Jul - 15Aug	16Aug - 15Sep	16Sep - 31Oct	1Nov - 30Nov	Sales volume per month
TOP	300	320	200	300	460	620	920	600	600
SPRC	125	133	83	125	192	258	383	250	250
BCP	300	320	200	300	460	620	920	600	600
Net profit loss (THB m)	9Apr - 23Apr	24Apr - 9May	10May - 19May	9 Jul - 23Jul	24Jul - 15Aug	16Aug - 15Sep	16Sep - 31Oct	1Nov - 30Nov	Total
TOP	600	1,600	600	420	1,104	1,488	3,680	1,200	10,692
SPRC	250	667	250	175	460	620	1,533	500	4,455
BCP	600	1,600	600	420	1,104	1,488	3,680	1,200	10,692

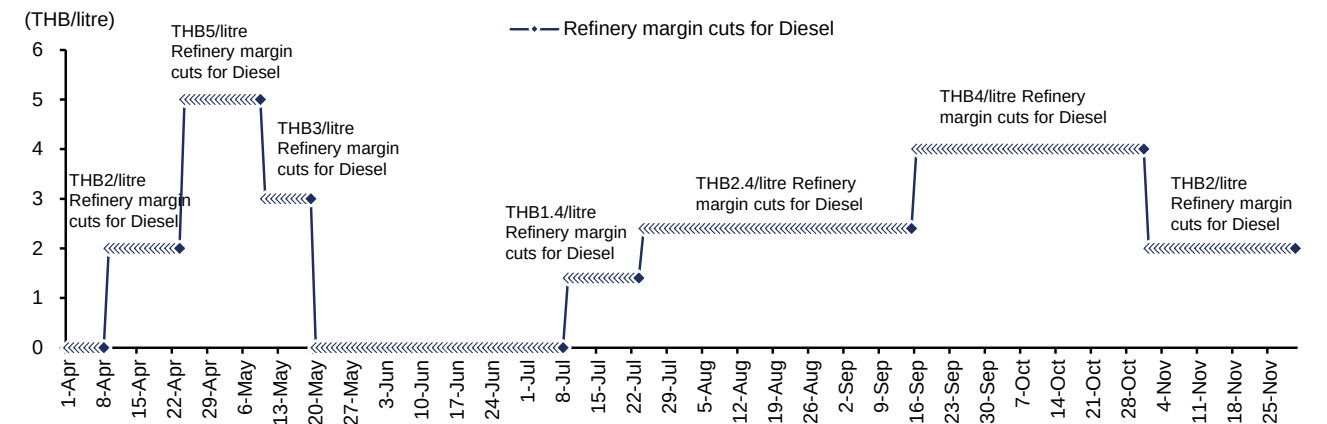
Sources: Companies; Globlex Research

Exhibit 2: Our estimates on refinery margin cuts for Diesel (Quarterly)

Net profit loss (THB m)	1Q26	2Q26	3Q26	4Q26	Total
TOP	-	2,800	4,212	3,680	10,692
SPRC	-	1,167	1,755	1,533	4,455
BCP	-	2,800	4,212	3,680	10,692

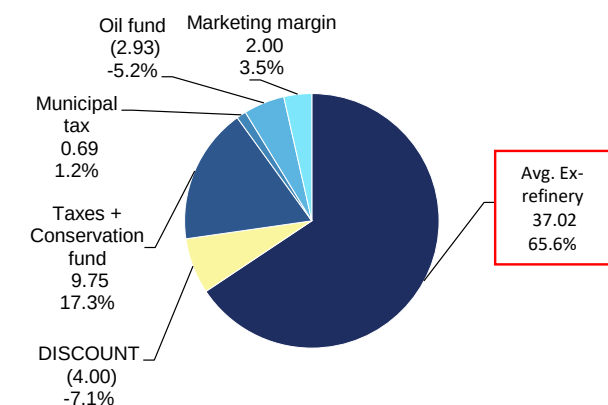
Sources: Companies; Globlex Research

Exhibit 3: Refinery margin cuts for Diesel in 2026



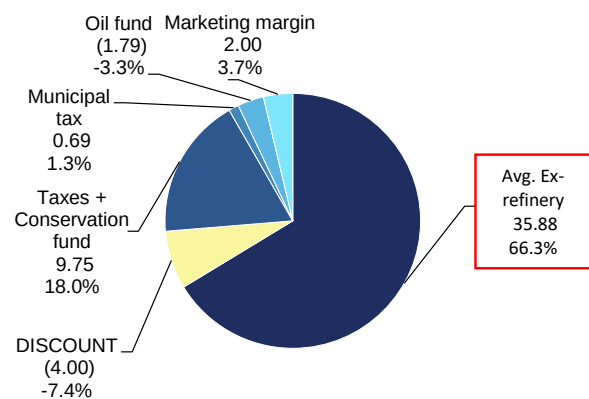
Sources: EPPO

Exhibit 4: Diesel Oil price structure as of 29 Oct-26



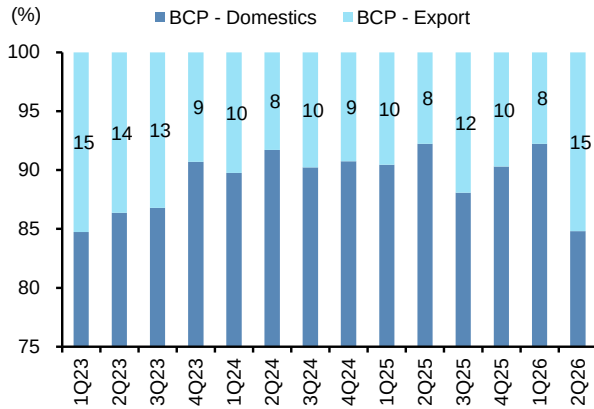
Sources: Energy Policy and Planning Office (EPPO)

Exhibit 5: Diesel Oil price structure as of 30 Oct-26



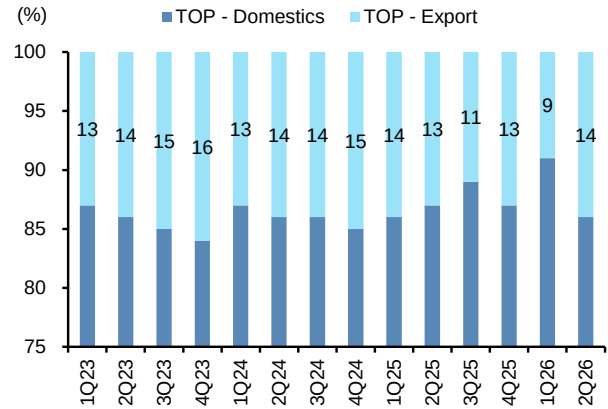
Sources: EPPO

Exhibit 6: BCP sales volume breakdown



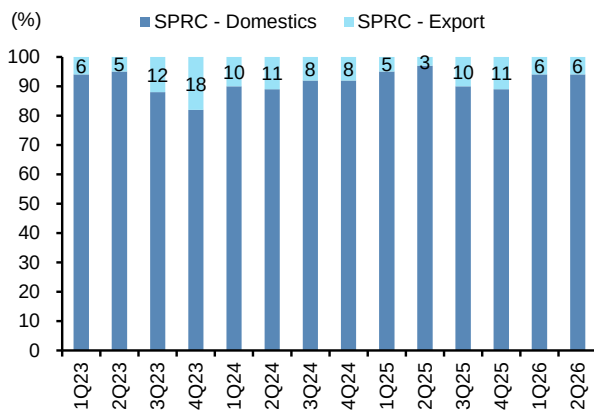
Sources: BCP; Globlex Research

Exhibit 7: TOP sales volume breakdown



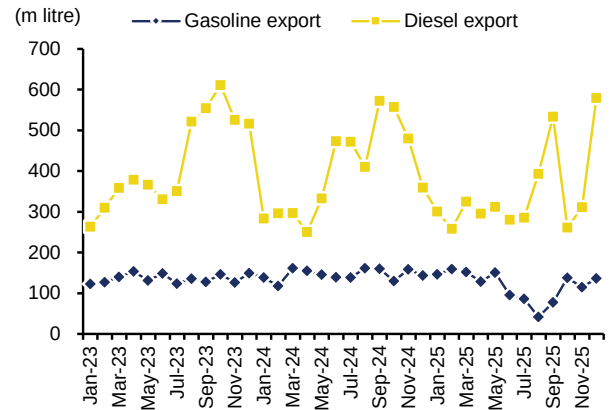
Sources: TOP; Globlex Research

Exhibit 8: SPRC sales volume breakdown



Sources: SPRC; Globlex Research Name of source

Exhibit 9: Thailand's gasoline and diesel export



Sources: EPPO

GENERAL DISCLAIMER

Analyst Certification

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

The opinions and information presented in this report are those of the Globlex Securities Co. Ltd. Research Department. No representation or warranty in any form regarding the accuracy, completeness, correctness or fairness of opinions and information of this report is offered by Globlex Securities Co. Ltd. Globlex Securities Co. Ltd. Accepts no liability whatsoever for any loss arising from the use of this report or its contents. This report (in whole or in part) may not be reproduced or published without the express permission of Globlex Securities Co. Ltd.

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.