# IRPC (IRPC TB)

3Q26: Upgrade To BUY Following A Share Price Correction

## Highlights

- IRPC reported 3Q26 net profit of Bt4.55b with core profit of Bt4.2b, down 5% qoq but turned from a loss of Bt336m in 3Q25.
- We remain cautious about the sustainability of its profitability in 4Q26 due to higher crude premium and government intervention in diesel prices.
- Upgrade to BUY following a sharp 25% correction with a target price of Bt3.00.

### 3Q26 Results

| Year to 31 Dec (Btm) | 3Q26 | 3Q25 | 2Q26 | yoy(%) | qoq (%) | 9M26 | 9M25 | yoy% |
|---|---|---|---|---|---|---|---|---|
| Revenue | 84,205 | 70,415 | 89,981 | *20* | *(6.4)* | 251,028 | 211,890 | *18* |
| Core EBITDA | 7,660 | 2,527 | 7,757 | 203 | (1) | 20,252 | 5,733 | 253 |
| Inventory gain+NRV | 3,212 | 382 | (2,500) | 741 | (228) | 10,850 | (1,464) | (841) |
| Int | (585) | (634) | (401) | (8) | 46 | (1,750) | (1,900) | (8) |
| **Net income** | 4,550 | 340 | 2,921 | 1,237 | 56 | 15,360 | (2,998) | (612) |
| **EPS** | 0.22 | 0.02 | 0.14 | 1,237 | 56 | 1 | (0.15) | (612) |
| **Core profit** | 4,181 | (336) | 4,401 | (1,345) | (5) | 10,251 | (2,188) | (569) |

*Source: IRPC, UOB Kay Hian*

## Analysis

- **Core profit in line with expectations.** IRPC reported 3Q26 net profit of Bt4.55b (+1237% yoy and 56% qoq), 25% below our estimate due to impairment loss of Bt1.0b. Excluding one-off items, core profit was Bt4.2b, down 5% qoq but turned from a core loss of Bt336m in 3Q25, in line with our expectation. Crude run and market GIM came in broadly as expected. 9M26 core profit accounted for 77% of our 2026 forecast.
- **GIM remained exceptionally strong despite lower run rate.** Crude run was 178kbd (83% vs 95% in 3Q25 and 94% in 2Q26). However, the robust yoy core profit was driven by stronger market gross integrated margin (GIM) to US$19.30/bbl from US$9.00/bbl in 2Q26, due to higher diesel and gasoline spreads. The 5% qoq decrease in core profit was due to lower run rate with 46% higher interest expense qoq. IRPC recorded a Bt2.5b net inventory gain, compared with a Bt3.7b loss in 2Q26, mainly due to a Bt3.2b NRV reversal.

## Key Financials

| Year to 31 Dec (Btm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 314,833.2 | 279,572.4 | 329,415.0 | 335,340.3 | 343,952.0 |
| EBITDA | 3,964.7 | 7,555.4 | 35,764.9 | 17,804.5 | 16,074.3 |
| Operating profit | (5,175.0) | (1,869.9) | 26,714.9 | 8,754.5 | 7,124.3 |
| Net profit (rep./act.) | (5,193.0) | (3,571.4) | 19,436.9 | 5,029.6 | 3,645.5 |
| Net profit (adj.) | (3,915.0) | (1,388.4) | 12,751.9 | 5,029.6 | 3,645.5 |
| EPS | (0.2) | (0.1) | 0.7 | 0.2 | 0.2 |
| PE (x) | (14.6) | (41.2) | 4.3 | 11.4 | 15.7 |
| P/B (x) | 0.8 | 0.9 | 0.7 | 0.7 | 0.7 |
| EV/EBITDA (x) | 30.1 | 13.0 | 2.6 | 5.2 | 5.5 |
| Dividend yield (%) | 0.4 | 0.4 | 5.4 | 1.8 | 0.7 |
| Net margin (%) | (1.6) | (1.3) | 5.9 | 1.5 | 1.1 |
| Net debt/(cash) to equity(%) | 88.4 | 62.0 | 44.9 | 41.6 | 36.9 |
| Interest cover (x) | 1.6 | 3.0 | 13.5 | 6.6 | 5.6 |
| ROE (%) | (6.6) | (4.7) | 23.0 | 5.9 | 4.3 |
| Consensus net profit | n.a | n.a | 14,151.1 | 4,068.7 | 3,548.6 |
| UOBKH/Consensus (x) | n.a | n.a | 1.0 | 1.2 | 1.0 |

*Source: IRPC, Bloomberg, UOB Kay Hian*

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**BUY (Upgraded)**

| | |
|---|---|
| Share Price | Bt2.40 |
| Target Price | Bt3.00 |
| Upside | 25% |

### Stock Data

| | |
|---|---|
| **Sector** | Energy |
| **Bloomberg ticker** | IRPC TB |
| **Shares issued (m)** | 20,434.4 |
| **Market cap (Btm)** | 57,625.1 |
| **Market cap (US$m)** | 1,708.0 |
| **3-mth avg daily t'over (US$m)** | 12.6 |

### Price Performance (%)

| **52-week high/low** | | | | Bt3.2/Bt1.0 |
|---|---|---|---|---|
| **1mth** | **3mth** | **6mth** | **1yr** | **YTD** |
| (8.4) | 24.8 | 77.4 | 151.8 | 184.8 |

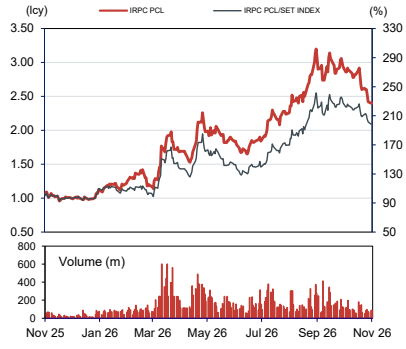
### Major Shareholders (%)

| | |
|---|---|
| PTT | 45.05 |
| Siam management holding | 3.00 |

### Balance Sheet Metrics

| | |
|---|---|
| FY26 NAV/Share (Bt) | 4.0 |
| FY26 Net Debt/Share (Bt) | 1.8 |

### Price Chart




*Source: Bloomberg*

### Company Description

IRPC is one of Southeast Asia's integrated petrochemical companies. The company operates a refinery and petrochemical complex in Rayong with capacity of 215kbd.

- **Government intervention and asset impairments remain key earnings risks.** As mentioned in a conference call last night, the government-mandated diesel price reduction lowered 3Q26 margins by US$3/bbl (around Bt1.5b). Meanwhile, IRPC recognised Bt1.04b in impairments, partly related to compound production facilities and high-cost fuel-oil power generation assets. Going forward, we still expect 4Q26 earnings face downside risks from lower utilisation (guided at 160-170kbd from 178kbd in 3Q26) with an estimated impact of around Bt1.4b during Oct-Nov 26.
- **4Q26 outlook remains weak despite resilient diesel cracks.** We remain cautious about the sustainability of profitability in 4Q26. Management expects crude premiums to increase to approximately US$18-20/bbl in 4Q26, compared with US$13.2/bbl in 3Q26. This could pressure GIM in 4Q26, particularly if diesel cracks normalise from their current elevated levels. In addition, we think inventory gains may not have the same magnitude in 4Q26. Hence, we expect earnings to soften in 4Q26.

## Valuation/Recommendation

- **Upgrade to BUY following a sharp share price correction** We upgrade IRPC from HOLD to BUY while maintaining our target price of Bt3.00, based on 0.75x 2027F P/BV. Following a sharp 25% correction from its Sep 26 peak, we believe the share price has largely priced in concerns over weaker 4Q26 earnings, rising crude procurement costs and sluggish petrochemical margins. Although management expects refinery utilisation to decline to 160-170kbd in 4Q26, diesel cracks remain resilient, while improving petrochemical spreads could provide some earnings support. We maintain our 2027 earnings recovery outlook. At current valuation levels, we see a more attractive risk/reward profile, supporting our rating upgrade.

## Earnings Revision/Risk

- We fine-tune our 4Q26 forecast to Bt12.8b (from Bt13.3b), reflecting lower run rates in 4Q26.

## Share Price Catalyst

- 19 Nov 26: Analyst meeting.
- 4Q26: Seasonal strong demand for diesel and fuel oil products.

## Environment, Social, Governance (ESG) Updates

### Environmental

- Aims to reduce GHG emissions. IRPC aims to reduce GHG emissions by 20% by 2030our

### Social

- IRPC has implemented CSR strategies, requiring investments in CSR projects to amount to 3% of the average net profit over the past three years. The company remains committed to driving sustainable development and improving the wellbeing of communities surrounding the IRPC Industrial Zone.
- To this end, IRPC has undertaken CSR initiatives across three focus areas: community development, education, and social development.

### Governance

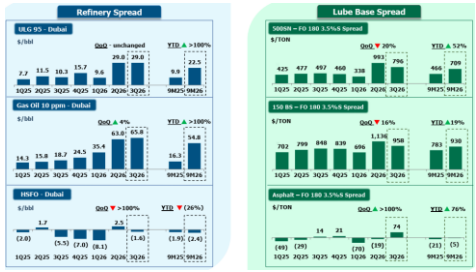
- Good governance. The Board of Directors aims to foster a high-performance organisation, underpinned by strong corporate governance and operational excellence, with the goal of maximising value for shareholders and all stakeholders.

## Key Statistics

| | 3Q26 | 3Q25 | 2Q26 |
|---|---|---|---|
| GIM (US$) | 19.29 | 9.04 | 17.12 |
| Inventory +Hedging gain/(loss) (US$) | 4.50 | 0.83 | (6.09) |
| Crude run (%) | 83% | 95% | 94% |

*Source: UOB Kay Hian*

## Production Spread - Petroleum



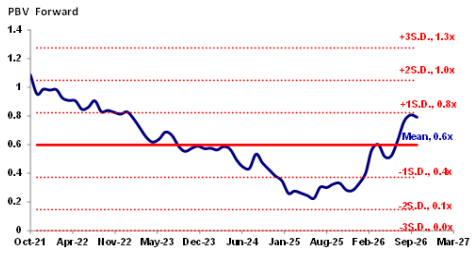

*Source: IRPC, UOB Kay Hian*

## Production Spread - Petrochem




*Source: IRPC, UOB Kay Hian*

## P/B




*Source: IRPC, UOB Kay Hian*

## Profit & Loss

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Net turnover** | **279,572** | **329,415** | **335,340** | **343,952** |
| EBITDA | 7,555 | 35,765 | 17,805 | 16,074 |
| Deprec. & amort. | 9,425 | 9,050 | 9,050 | 8,950 |
| EBIT | (1,870) | 26,715 | 8,755 | 7,124 |
| Total other non-operating income | 0 | 0 | 1 | 2 |
| Associate contributions | (37) | 250 | 250 | 300 |
| Net interest income/(expense) | (2,510) | (2,650) | (2,700) | (2,850) |
| **Pre-tax profit** | **(4,417)** | **24,315** | **6,306** | **4,576** |
| Tax | 817 | (4,863) | (1,261) | (915) |
| Minorities | 29 | (15) | (15) | (16) |
| **Net profit** | **(3,571)** | **19,437** | **5,030** | **3,645** |
| Net profit (adj.) | (1,388) | 13,437 | 5,030 | 3,645 |

## Balance Sheet

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 101,534 | 97,484 | 93,434 | 89,484 |
| Other LT assets | 18,762 | 18,350 | 19,002 | 19,002 |
| Cash/ST investment | 27,198 | 30,044 | 33,457 | 38,373 |
| Other current assets | 39,888 | 49,804 | 53,456 | 53,456 |
| **Total assets** | **187,382** | **195,682** | **199,350** | **200,315** |
| ST debt | 10,786 | 8,500 | 8,750 | 8,750 |
| Other current liabilities | 48,194 | 42,240 | 43,121 | 43,121 |
| LT debt | 57,229 | 58,229 | 59,229 | 60,229 |
| Other LT liabilities | 5,183 | 4,950 | 5,120 | 5,120 |
| Shareholders' equity | 65,882 | 81,641 | 82,991 | 82,956 |
| Minority interest | 107 | 122 | 138 | 138 |
| **Total liabilities & equity** | **187,382** | **195,682** | **199,350** | **200,315** |

## Cash Flow

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Operating** | **22,746** | **14,610** | **11,326** | **12,593** |
| Pre-tax profit | (4,417) | 24,315 | 6,305 | 4,574 |
| Tax | 817 | (4,863) | (1,261) | (915) |
| Deprec. & amort. | 9,425 | 9,050 | 9,050 | 8,950 |
| Associates | 29 | (15) | (15) | (16) |
| Working capital changes | 17,528 | (15,870) | (2,771) | 0 |
| Other operating cashflows | (636) | 1,993 | 18 | 0 |
| **Investing** | **(1,197)** | **(6,814)** | **(5,500)** | **(5,000)** |
| Capex (growth) | (1,170) | (5,000) | (5,000) | (5,000) |
| Investments | (27) | (1,814) | (500) | 0 |
| Others | 0 | 0 | 0 | 0 |
| **Financing** | **(4,275)** | **(4,949)** | **(2,412)** | **(2,678)** |
| Dividend payments | (502) | (3,678) | (3,678) | (3,678) |
| Proceeds from borrowings | (3,727) | (1,286) | 1,250 | 1,000 |
| Others/interest paid | (45) | 15 | 16 | 0 |
| **Net cash inflow (outflow)** | **17,274** | **2,846** | **3,413** | **4,915** |
| **Beginning cash & cash equivalent** | **9,924** | **27,198** | **30,044** | **33,457** |
| **Ending cash & cash equivalent** | **27,198** | **30,044** | **33,457** | **38,373** |

## Key Metric

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Profitability** | | | | |
| EBITDA margin | 2.7 | 10.9 | 5.3 | 4.7 |
| Pre-tax margin | (1.6) | 7.4 | 1.9 | 1.3 |
| Net margin | (1.3) | 5.9 | 1.5 | 1.1 |
| ROA | (1.9) | 10.3 | 2.6 | 1.9 |
| ROE | (4.7) | 23.0 | 5.9 | 4.3 |
| **Growth** | | | | |
| Turnover | (0.4) | 17.4 | 19.5 | 22.6 |
| EBITDA | (59.0) | 94.0 | (3.4) | (12.8) |
| Pre-tax profit | (149.5) | 172.7 | (29.3) | (48.7) |
| Net profit | (146.2) | 151.3 | (35.0) | (52.9) |
| EPS | (115.6) | 50.5 | (43.7) | (59.2) |
| **Leverage** | | | | |
| Debt to total capital | 103.1 | 81.6 | 81.8 | 83.0 |
| Debt to equity | 103.2 | 81.7 | 81.9 | 83.2 |
| Net debt/(cash) to equity | 62.0 | 44.9 | 41.6 | 36.9 |
| Interest cover | 3.0 | 13.5 | 6.6 | 5.6 |

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