

Thai Oil (TOP TB)

Strong Market GIM To Drive Robust 3Q26 Earnings

Highlights

- We expect TOP's 3Q26 net profit to increase both qoq and yoy, driven by a persistently high market GIM and higher stock gains.
- The CFP project continues to progress, with TOP maintaining its target for full COD in 3Q28. A decision on the ERU project is expected by end-October.
- Maintain BUY. Target price: Bt100.00.

3Q26 Earnings Preview

Year to 31 Dec	3Q25	2Q26	3Q26F	%yoy	%qoq	9M25	9M26F	%yoy
Revenue	80,098	134,970	141,256	76%	5%	286,326	398,684	39%
EBITDA	1,784	14,346	22,013	1134%	53%	8,097	50,335	522%
Operating Profit	-244	12,322	20,079	n.a.	63%	2,140	44,328	1971%
Core Profit	-1,064	18,947	16,344	n.a.	-14%	4,477	41,631	830%
Net Income	2,147	8,284	17,844	731%	115%	12,126	45,609	276%
EPS	0.96	3.71	8.75			5.43	21.18	
Financial Ratio								
Gross Profit Margin	0.7%	10.5%	15.6%			1.7%	12.4%	
EBITDA Margin	2.2%	10.6%	15.6%			2.8%	12.6%	
Net profit margin	2.7%	6.1%	12.6%			4.2%	11.4%	

Source: Thai Oil, UOB Kay Hian

What's News

- 3Q26 net profit expected to increase both qoq and yoy.** We expect Thai Oil (TOP) to report a 3Q26 net profit of Bt17.84b, up 115% qoq and 731% yoy, driven by a still-high market gross integrated margin (GIM) and higher stock gains. Excluding extra gains, we expect 3Q26 core profit of Bt16.34bn, down 14% qoq. 9M26's core profit would account for 87% of our 2026 forecast.
- Market GIM remains high.** We expect market GIM to reach US\$23.20/bbl in 3Q26 (vs US\$23.9/bbl in 2Q26), remaining at a high level. Market gross refinery margin (GRM) is projected at US\$20.50/bbl (vs US\$21.2/bbl in 2Q26). The modest qoq decline reflects increased jet fuel supply following higher Chinese exports to the region, as well as the impact of government measures requiring refineries to provide diesel price discounts. We estimate the government measures reduced GRM by approximately US\$3.00/bbl or Bt2.59b after tax in 3Q26, comprising discounts of Bt1.40/litre from 9-23 July, Bt2.40/litre from 24 July to 15 September, and Bt4.00/litre from 16-30 September.
- Subsidiary contributions remain stable qoq.** We expect contributions from Thai paraxylene (TPX) and Thai Lube Base (TLB) to remain unchanged qoq at US\$2.70/bbl. Despite higher utilisation rates at both subsidiaries, with TPX rising to 74% (vs 67% in 2Q26) and TLB increasing to 122% (vs 118% in 2Q26), the improvement is offset by weaker product spreads.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	466,777	395,682	453,666	503,595	496,105
EBITDA	38,252	15,842	68,117	47,251	31,614
Operating profit	12,264	16,769	57,750	32,045	16,445
Net profit (rep./act.)	9,959	14,584	50,361	27,923	14,304
Net profit (adj.)	16,808	11,470	47,908	27,923	14,304
EPS (x)	7.5	5.1	21.4	12.5	7.0
PE (x)	13.3	19.5	4.7	8.0	14.2
P/B (x)	1.3	1.3	1.02	1.0	0.9
EV/EBITDA (x)	11.3	15.1	3.5	4.9	7.2
Dividend yield (%)	1.9	1.8	3.0	3.0	2.8
Net margin (%)	2.1	3.7	11.1	5.5	2.9
Net debt/(cash) to equity (%)	79.5	36.6	9.8	3.0	1.4
Consensus net profit	-	-	37,753	17,899	17,279
UOBKH/Consensus (x)	-	-	1.33	1.56	0.83

Source: Thai Oil, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt69.75
Target Price	Bt100.00
Upside	+43.37%
Previous TP	Bt88.00

Stock Data

Sector	Energy
Bloomberg ticker	TOP TB
Shares issued (m)	2,233.84
Market cap (Btm)	69,360.95
Market cap (US\$m)	2,134.18
3-mth avg daily t'over (US\$m)	15.67

Price Performance (%)

52-week high/low			Bt66.00 / Bt29.75	
1mth	3mth	6mth	1yr	YTD
-0.38	+31.00	+38.62	+30.35	+81.94

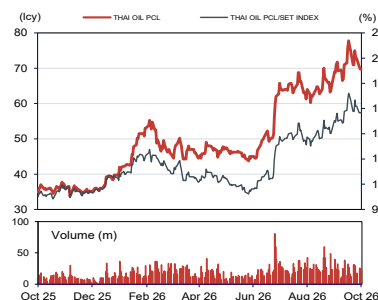
Major Shareholders (%)

PTT	45.03%
Thai NVDR	11.51%
Southeast asia uk (type c) nominees limited	3.37%

Balance Sheet Metrics

FY26 NAV/Share (Bt)	Bt91.40
FY26 Net Debt/Share (Bt)	Bt83.32

Price Chart



Source: Bloomberg

Company Description

TOP is an oil refinery company. It also produces oil related products including LPG, kerosene, fuel oil and chemicals.

Wednesday, 21 October 2026

- In particular, the paraxylene spread declined 16% qoq due to pressure from higher gasoline costs.
- c) Extra gains.** We estimate TOP will record extra gains of Bt1.50b in 3Q26, supported by a stock gain of Bt3.63b, partly offset by forex and oil hedging losses of approximately Bt2.13b.
- Market GRM should remain strong through 1H27 and above pre-war levels.** We expect market GRM to remain elevated through 1H27, supported by the delay in maintenance shutdown of US refineries from 4Q26 to 1Q27 (approximately 8% of total global supplies) followed by the maintenance schedule of Asian refineries in 2Q27. Although market GRM should decline from current elevated levels, we expect it to remain above pre-war levels, supporting TOP's earnings strength and improving earnings visibility.
- CFP project update.** Based on our latest discussion with TOP, the Engineering, Procurement and Construction Management (EPCM) work for the Clean Fuel Project (CFP) was 34.87% complete at end-July, up from 30% at end-June. TOP maintains its target COD for Crude Distillation Unit 4 (CDU-4) in 2Q27, with full project COD expected in around 3Q28.
- ERU project update.** TOP is expected to reach a conclusion by end-October on whether it will operate the Energy Recovery Unit (ERU), part of the CFP, itself, or transfer the project to Global Power Synergy (GPSC TB) under the original contract terms. We view the potential for TOP to operate the ERU itself positively, as this would allow TOP to capture the full benefits of the integrated CFP. Although TOP would need to refund GPSC US\$96.32m plus approximately US\$25.00m-US\$26.00m in interest (totalling around Bt4.00b), we believe the repayment would have limited impact on TOP's financial position. TOP held over Bt48b in cash at end-2Q26 and continued to maintain strong financial ratios, with net debt to EBITDA of just 1.4x and net debt to equity of only 0.3x.

Valuation/Recommendation

- Maintain BUY with a 2027 target price of Bt100.00 (previously Bt88.00),** based on refinery regional core forward PE at mean of 8.0x. We maintain TOP as one of our top picks, supported by our positive outlook on a strong market GRM. In the oil & gas sector, we prefer Thai Oil (TOP TB/BUY/Target: Bt100.00) and SCG Packaging (SCGP TB/BUY/Target: Bt43.00).

Earnings Revision/Risk

- We revised our 2026-27 earnings estimates.** We cut our 2026 net profit forecast by 5% to reflect the impact of government intervention requiring TOP to provide a diesel discount in 4Q26. We assume a discount of Bt4.00/litre on a sales volume of 10m litres/day, equivalent to Bt2.88b after tax. We now forecast 2026 net profit of Bt50.36b, up 245% yoy.
- For 2027, we raise our net profit forecast by 13%, reflecting an increase in our market GRM assumption from US\$9.50/bbl to US\$10/bbl. However, we also factor in the impact of government-mandated diesel discounts in 1H27, at the same level as in 4Q26, equivalent to Bt5.76b. These measures are expected to reduce TOP's market GRM by approximately US\$2/bbl in 2027. We forecast 2027 net profit of Bt27.92b, down 45% yoy.

Environment, Social, Governance (ESG) Updates

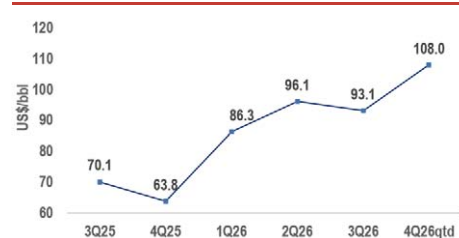
- Environmental:** Net zero GHG reduction. Reduce greenhouse gas (GHG) emissions by 15% in 2035 from the base year of 2026 to achieve carbon neutrality in 2050 and net zero GHG emissions target in 2060 through the implementation of net zero GHG emissions.
- Social:** Creating social value. To develop quality of life in society in alignment with the company's strategic direction to become a petrochemical and innovative business and contribute to net zero GHG emissions. Strengthen community engagement. To maintain community engagement score at 90% or above. Nature-based solution. To support zero GHG emissions target through forest conservation, reforestation and afforestation initiatives.
- Governance:** Zero cases of non-compliance and fraud incidents. No cases of non-compliance with laws, regulations and the company's code of conduct. Good governance recognition. Being a recognised organisation for good corporate governance.

Key Assumption

	2026F			2027F		
	Old	New	%Diff	Old	New	%Diff
Market GRM (US\$/bbl)	18.00	18.00	0%	9.50	10.00	5%
Crude run	110%	110%	0%	110%	110%	0%
Petrochemical spread (US\$/tonne)						
PX-ULG95	150	150	0%	250	250	0%
BZ-ULG95	25	25	0%	100	100	0%
Earnings revision (Btm)						
Core profit	50,500	47,908	-5%	24,710	27,923	13%
Net Profit	52,952	50,361	-5%	24,710	27,923	13%

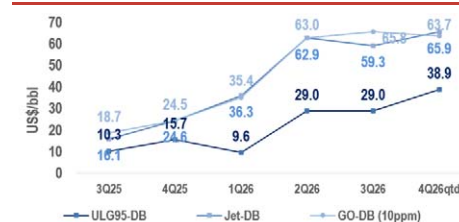
Source: UOB Kay Hian

Dubai Price



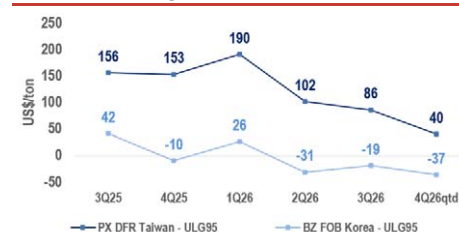
Source: TOP

Petroleum Product Spread



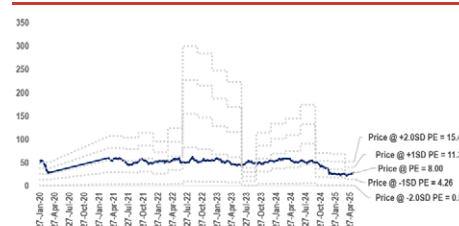
Source: TOP

Aromatics Spread



Source: TOP

Refinery Regional Core Forward PE



Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	395,682	453,666	503,595	496,105
EBITDA	15,842	68,117	47,251	31,614
Deprec. & amort.	8,065	12,703	12,692	12,681
EBIT	7,777	55,414	34,559	18,933
Associate contributions	2,090	2,396	2,660	2,620
Net interest income/(expense)	-3,494	-2,869	-2,814	-2,788
Pre-tax profit	16,769	57,750	32,045	16,445
Tax	-2,131	-7,339	-4,072	-2,090
Minorities	-54	-50	-50	-51
Net profit	14,584	50,361	27,923	14,304
Net profit (adj.)	11,470	47,908	27,923	14,304

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	48,809	36,402	46,423	27,322
Pre-tax profit	16,769	57,750	32,045	16,445
Tax	-2,131	-7,339	-4,072	-2,090
Deprec. & amort.	8,065	12,703	12,692	12,681
Working capital changes	33,892	-25,423	5,759	285
Other operating cashflows	-7,786	-1,288	0	0
Investing	48,809	36,402	46,423	27,322
Investments	-10,429	-12,500	-12,500	-12,500
Others	19,361	28,278	0	0
Financing	-23,095	-7,855	-20,339	-12,344
Dividend payments	-3,351	-4,021	-19,163	-11,169
Proceeds from borrowings	-19,744	-3,834	-1,176	-1,175
Net cash inflow (outflow)	34,646	44,325	13,584	2,478
Beginning cash & cash equiv.	35,075	62,568	106,894	120,478
Changes due to forex impact	-1,120	0	0	0
Ending cash & cash equiv.	68,601	106,894	120,478	122,956

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	218,461	218,258	218,066	217,885
Other LT assets	34,865	34,865	34,865	34,865
Cash/ST investment	68,601	106,894	120,478	122,956
Other current assets	49,566	8,620	9,568	9,426
Total assets	427,284	428,798	452,259	454,651
ST debt	3,834	1,176	1,176	1,179
Other current liabilities	10,163	9,073	10,072	9,922
LT debt	128,483	127,307	126,132	124,954
Other LT liabilities	15,381	4,537	5,036	4,961
Shareholders' equity	174,187	219,238	227,998	230,930
Total liabilities & equity	427,285	428,800	452,262	454,655

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	4.8	15.6	9.4	6.4
Pre-tax margin	6.4	3.3	0.0	0.0
Net margin	3.7	11.1	5.5	2.9
ROA	4.5	15.6	8.3	4.3
ROE	10.3	30.7	16.6	8.4
Growth (% yoy)				
Turnover	-15.2	14.7	11.0	-1.5
EBITDA	-58.6	330.0	-30.6	-33.1
Pre-tax profit	36.7	244.4	-44.5	-48.7
Net profit	46.4	245.3	-44.6	-48.8
Net profit (adj.)	-31.8	317.7	-41.7	-48.8
EPS	-31.8	317.7	-41.7	-48.8
Leverage				
Debt to total capital	68.5	54.0	51.6	50.4
Debt to equity	76.0	58.6	55.8	54.6
Net debt/(cash) to equity	36.6	9.8	3.0	1.4
Interest cover (x)	5.4	24.6	16.8	11.3

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