UOBKayHian

Company – Update
Thailand
Friday, 31 July 2026

Star Petroleum Refining (SPRC TB)

2Q26 Results Preview: Record-High GRM Drives Strong 2Q26

BUY (Maintained)

Share Price	Bt10.80
Target Price	Bt12.00
Upside	13.2%
Previous TP	Bt7.50

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Highlights

- Expect strong 2Q26 core earnings, driven by record-high refining margins (~US$20/bbl) and higher refinery utilisation following the 1Q26 turnaround.
- Chevron reinforced a positive refining outlook, expecting margins to normalise but remain above historical levels, supported by limited new refining capacity, supply discipline and rising energy security concerns.
- We raise our 2026 earnings forecast by 43% to Bt13b and increase target price to Bt12.00. Maintain BUY.

Analysis

- **Expect strong 2Q26 earnings,** with net profit of **Bt6.5b,** down 12% qoq due mainly to Bt441m inventory loss vs gains of Bt5.6b in 1Q26. Excluding inventory and extra items, core profit should surge to Bt6.89b (up 2,261% yoy and 325% qoq), marking a record-high quarterly operating performance.
- **Higher refinery throughput with strong market GRM in 2Q26.** Crude runs rose to 146kbd (86% utilisation in 2Q26 vs 63% in 1Q26) following completion of the 1Q26 planned turnaround. Market gross refinery margin (GRM) increased to around US$20/bbl (vs US$12.80/bbl in 1Q26), supported by significantly strong diesel and jet fuel cracks amid Middle East supply disruptions. Inventory losses are expected at US$1/bbl, compared with an exceptionally high gain in 1Q26. Overall, we expect 1H26 core earnings of Bt8.5b, already accounting for a substantial portion of our revised forecast.
- **Limited impact from government-imposed diesel price cut.** We estimate the government's first round of diesel refinery price intervention (Apr-May 26) reduced SPRC's 2Q26 earnings by approximately Bt1.1b. In addition, Thailand's Energy Policy Administration Committee (EPAC) already approved a temporary diesel refinery price discount, comprising Bt1.40/litre during 9-23 Jul 26 and Bt2.40/litre during 24 Jul-15 Aug 26. We estimate the impact from this latest measure at around Bt590m, consisting of Bt168m from Phase I and Bt422m from Phase II. The impact is relatively modest and has already been incorporated into our revised earnings forecast for 2026. Despite the diesel price cuts, we estimate SPRC will maintain a refinery utilisation of around 86% in 3Q26, broadly in line with the 2Q26 run rate, supported by continued strong operating performance.

Key Financials

Year to 31 Dec (Bt m)	2024	2025	2026F	2027F	2028F
Net turnover	270,605.5	241,882.2	265,252.7	303,565.6	316,023.2
EBITDA	5,058.7	5,807.5	20,207.0	10,262.3	10,441.3
Operating profit	1,474.3	2,366.3	16,557.0	6,462.3	6,641.3
Net profit (rep./act.)	2,234.9	2,416.3	13,141.6	5,099.8	5,275.0
Net profit (adj.)	2,170.9	4,130.3	13,141.6	5,099.8	5,275.0
EPS	0.5	1.0	3.0	1.2	1.2
PE (x)	21.0	11.0	3.5	8.9	8.6
P/B (x)	1.2	1.2	0.9	0.9	0.8
EV/EBITDA (x)	10.4	8.2	1.9	3.8	3.6
Dividend yield (%)	3.8	3.8	10.5	5.7	4.8
Net margin (%)	0.8	1.0	5.0	1.7	1.7
Net debt/(cash) to equity(%)	18.0	5.6	(15.6)	(11.6)	(14.4)
Interest cover (x)	11.9	22.5	53.2	25.7	29.0
ROE (%)	5.8	6.3	29.6	11.2	11.2
Consensus net profit	n.a	n.a	5,618.4	4,081.1	4,331.8
UOBKH/Consensus (x)	n.a	n.a	2.3	1.2	1.2

Source: Star Petroleum Refining, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Energy
Bloomberg ticker:	SPRC TB
Shares issued (m):	4,335.9
Market cap (Bt$m):	30,784.9
Market cap (US$m):	920.8
3-mth avg daily t'over (US$m):	5.2

Price Performance (%)

52-week high/low				Bt8.2/Bt4.3
1mth	3mth	6mth	1yr	YTD
(2.7)	3.6	19.3	32.7	20.3

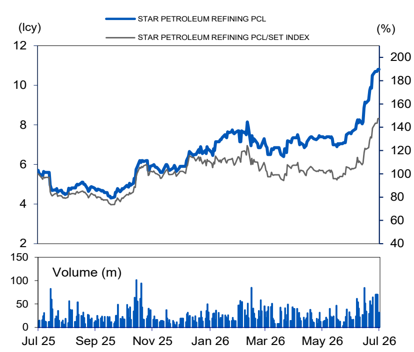
Major Shareholders

	%
CHEVRON SOUTH ASIA HOLDINGS	60.6
NVDR	4.1
VAYUPAK FUND 1	2.3

Balance Sheet Metrics

FY26 NAV/Share (Bt)	11.6
FY26 Net Debt/Share (Bt)	(1.8)

Price Chart



Source: Bloomberg

Company Description

SPRC is one of the leading refineries in Asia Pacific. It operates a complex refinery in Rayong which can produce 175,000 barrels/day (13.2% of Thailand's refining capacity) and has a high Nelson complexity index of 6.3.

- **Chevron conference reinforces positive refining outlook.** Following the Chevron Downstream Conference hosted by SPRC, we came away with positive view on both the industry and SPRC's competitive positioning. Chevron emphasised that although refining margins are likely to normalise from today's exceptionally high levels, supply discipline should keep margins well above the weak levels. Limited green field refinery investments and continued closure of inefficient refineries should support industry profitability over the medium term. Overall, SPRC expects market GRM to remain above US$7.00/bbl in 2H26 and stay at healthy levels throughout 2027.

2Q26 Results Preview

	2Q26F	2Q25	1Q26	yoy %Chg	qoq %Chg	1H26F (Btm)	1H25 (Btm)	yoy %Chg
Turnover	67,583	58,509	51,987	16	30	119,569	122,806	(3)
core EBITDA	8,384	1,542	4,399	444	91	12,783	2,980	329
Inventory gain/(loss)	(441)	(1,683)	5,640	(74)	(108)	5,198	(1,450)	(459)
Net Profit	6,450	(812)	7,367	(894)	(12)	13,817	(99)	(14,082)
EPS	1.5	(.2)	1.7	(894)	(12)	3.2	(.0)	(14,082)
Core profit/(loss)	6,891	292	1,620	2,261	325	8,511	1,010	743

Source: Star Petroleum Refining, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt12.00 (from 9.50),** based on 1.0x 2026F P/B. Although refining margins are unlikely to remain at current peak levels, we think industry fundamentals remain stronger than we previously expected, supported by limited refinery additions, disciplined supply and improving energy security. Note that we expect SPRC will provide a 10.5% dividend yield in 2026 (expect a 5% dividend yield for the 1H26 period).
- **GRM sensitivity.** Every US$1/bbl change in GRM would impact SPRC's annual core earnings by Bt700m-900m, highlighting strong earnings leverage to refining margins.

Earnings Revision/Risk

- Following significantly stronger-than-expected refining margins during 2Q26 and a more constructive industry outlook, we raise our 2026 core earnings forecast by 43% to Bt13.0b.

Share Price Catalyst

- 3Q26: Strong diesel and jet crack spreads.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: None

Environmental

- To preserve the environment, SPRC targets zero recordable oil spills. It is also aiming for zero waste in landfills and focusing on a waste circular economy. In 2023, less than 1% of total waste was managed through landfill disposal.

Social

- SPRC's focus is to ensure the wellbeing of its employees and their families and prevent incidents or injuries while working on site and from home.

Governance

- SPRC maintains its annual "Excellent" CG scoring from Thai Institute of Directors Association.

Singapore GRM

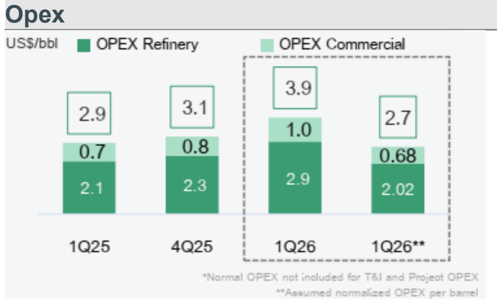
Source: Bloomberg

Key Statistics

	2Q26F US$/bbl	2Q25 US$/bbl	1Q26 US$/bbl
GRM	20.00	5.14	12.81
Inventory	(1.00)	(3.44)	22.30

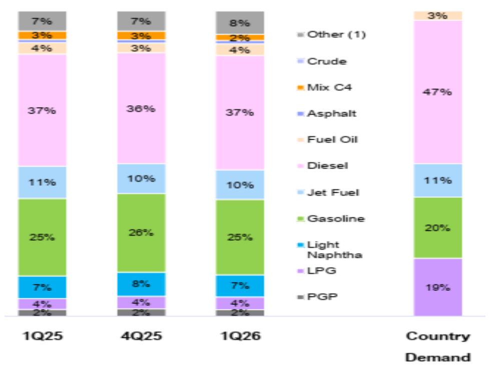
Source: UOB Kay Hian

Opex



Source: UOB Kay Hian

Production Yield



Source: Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	241,882	265,253	303,566	316,023
EBITDA	5,807	20,207	10,262	10,441
Deprec. & amort.	3,441	3,650	3,800	3,800
EBIT	2,366	16,557	6,462	6,641
Total other non-operating income	851	250	350	350
Net interest income/(expense)	(258)	(380)	(400)	(360)
Pre-tax profit	2,960	16,427	6,412	6,631
Tax	(544)	(3,285)	(1,312)	(1,356)
Minorities	0	0	0	0
Net profit	2,416	13,142	5,100	5,275
Net profit (adj.)	4,130	13,142	5,100	5,275

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	21,037	19,887	18,587	17,287
Other LT assets	4,688	5,108	5,182	5,431
Cash/ST investment	976	10,938	9,242	11,156
Other current assets	33,179	36,998	43,417	46,944
Total assets	59,880	72,931	76,428	80,818
ST debt	1,356	1,356	1,356	1,356
Other current liabilities	17,095	18,179	18,979	20,112
LT debt	1,750	1,750	1,750	1,750
Other LT liabilities	3,176	2,950	2,999	2,999
Shareholders' equity	37,915	50,113	52,762	56,019
Total liabilities & equity	61,293	74,349	77,846	82,236

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	10,626	13,192	3,416	6,602
Pre-tax profit	3,113	16,427	6,562	6,781
Tax	(544)	(3,285)	(1,312)	(1,356)
Deprec. & amort.	3,441	3,650	3,800	3,800
Working capital changes	3,787	(2,735)	(5,619)	(2,394)
Other operating cashflows	828	(864)	(15)	(229)
Investing	(1,983)	(2,287)	(2,510)	(2,520)
Capex (growth)	(2,179)	(2,500)	(2,500)	(2,500)
Others	195	213	(10)	(20)
Financing	(8,242)	(943)	(2,602)	(2,168)
Dividend payments	(1,301)	(4,769)	(2,602)	(2,168)
Proceeds from borrowings	(4,486)	0	0	0
Others/interest paid	(2,455)	3,826	0	0
Net cash inflow (outflow)	401	9,962	(1,696)	1,914
Beginning cash & cash equivalent	575	976	10,938	9,242
Ending cash & cash equivalent	976	10,938	9,242	11,156

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	2.4	7.6	3.4	3.3
Pre-tax margin	1.2	6.2	2.1	2.1
Net margin	1.0	5.0	1.7	1.7
ROA	4.2	20.5	7.8	7.8
ROE	6.3	29.6	11.2	11.2
Growth				
Turnover	15.6	26.8	45.1	51.1
EBITDA	23.2	328.8	117.8	121.6
Pre-tax profit	5.6	485.9	128.7	136.5
Net profit	6.8	480.6	125.3	133.1
Net profit (adj.)	90.3	218.2	(61.2)	3.4
EPS	27.1	304.5	57.0	62.4
Leverage				
Debt to total capital	8.2	6.2	5.9	5.6
Debt to equity	8.2	6.2	5.9	5.6
Net debt/(cash) to equity	5.6	(15.6)	(11.6)	(14.4)
Interest cover	22.5	53.2	25.7	29.0

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