



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51778.0	0.6	(0.5)	(3.1)	7.7
S&P 500	7637.8	1.1	0.6	(1.4)	11.6
FTSE 100	10816.1	1.2	2.0	0.9	8.9
AS30	8910.9	0.4	(1.1)	(3.9)	(1.2)
CSI 300	4460.2	(0.4)	(1.9)	(5.6)	(3.7)
FSSTI	5660.5	0.4	(0.5)	(0.7)	21.8
HSCEI	8175.4	(0.4)	(1.2)	(3.3)	(8.3)
HSI	24604.3	(0.4)	(1.4)	(3.3)	(4.0)
JCI	6462.4	0.4	(1.9)	0.2	(25.3)
KLCI	1674.7	(0.3)	(2.3)	(3.4)	(0.3)
KOSPI	6715.4	(0.0)	(4.5)	(2.2)	59.4
Nikkei 225	64136.3	0.3	(1.7)	(4.9)	27.4
SET	1583.3	1.3	(2.0)	(2.4)	25.7
TWSE	46288.0	1.0	(1.4)	2.2	59.8
BDI	3336	0.3	(5.3)	15.9	77.7
CPO (RM/mt)	4642	0.7	(0.9)	2.6	18.0
Brent Crude (US\$/bbl)	105	(1.0)	(2.6)	15.4	72.3

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep
Post-results NDR with Sunny Optical (2382 HK)	Taipei	22 Sep	23 Sep
New Economy Conference at The Ritz Carlton Hotel	Malaysia	07 Oct	07 Oct
NDR with Food Empire Holdings Ltd (FEH SP)	Malaysia	08 Oct	08 Oct

Corporate and Macro Calendar

Economic Indicator/Event		Date
Aug. Customs Trade Balance (Export-Import)	Thailand	21-26 Sep

Top Stories

Strategy | Potential ERU Termination: A Win-Win For TOP And GPSC

Page 2 →

- TOP and GPSC have agreed to extend the negotiation deadline for the ERU project transaction to 30 Oct 26. We see the potential ERU termination as a win-win decision for both companies if the transaction ultimately does not proceed. TOP's strong financial position should provide sufficient capacity to undertake the ERU project independently while the ERU termination would allow GPSC to redirect the planned investment toward other projects with potentially higher returns.

Strategy

Potential ERU Termination: A Win-Win For TOP And GPSC

Highlights

- TOP and GPSC have extended the negotiation deadline for the ERU project transaction to 30 Oct 26.
- We see this as a win-win situation for both companies if the ERU transaction is terminated.
- TOP's strong financial position should be sufficient to support the investment in the ERU project independently while the ERU termination would allow GPSC to redirect the planned investment toward other projects with potentially higher returns
- We upgrade TOP to BUY (previously HOLD), with a higher 2027 target price of Bt88.00 (previously Bt64.00), while maintaining our BUY on GPSC with a target price of Bt60.00.

What's New

- **Negotiation extension.** Thai Oil (TOP) and Global Power Synergy (GPSC) have announced to the Stock Exchange of Thailand (SET) that the construction work and certain conditions precedent under the Asset Purchase Agreement for GPSC's acquisition of TOP's energy recovery unit (ERU) project could not be completed by the Long Stop Date of 31 Aug 26. As a result, the transfer of ownership of the ERU project could not proceed as originally planned. Both parties remain in discussions with a final conclusion expected by 30 Oct 26 or such other date as may be mutually agreed upon from both parties.
- **What is the ERU project?** The ERU project is a power and steam generation facility that forms part of the core utility system supporting TOP's Clean Fuel Project (CFP). The facility is designed as a cogeneration plant, using petroleum pitch, a by-product from the CFP refining process, as its primary fuel to generate electricity and steam. GPSC entered into an asset purchase agreement with TOP to acquire the ERU project from TOP.
- **Capacity.** The ERU has an electricity generation capacity of approximately 250 MW and steam production capacity of around 175 tonnes/hour, with the output supplied back to TOP's refinery for use in its refining operations.
- **Purpose.** The ERU is designed to reduce the refinery's energy costs, maximise the value of petroleum residue by converting it into useful energy, and enhance energy security and reliability across TOP's refining operations.
- **Project value and payment.** The ERU project has a total value of approximately US\$757m. GPSC has already made partial payments of US\$96.30m since 2019, leaving around US\$660.70m outstanding.
- **COD and construction progress.** Commercial operation of the ERU is now expected to commence in 1Q28, compared with the original target of 3Q23, following delays related to the COVID-19 pandemic and issues involving the main contractor. Construction progress currently stands at approximately 83%, with mechanical completion expected by end-26.

Analysis

- **Our view.** Both parties are currently in negotiations to maximise the benefits for both sides. If the transaction is ultimately terminated, we believe this could be a win-win situation for both TOP and GPSC.
- **TOP:** The ERU project is already an integral part of TOP's CFP. TOP has included the ERU project's estimated capex of US\$757m in the total CFP capex of US\$7.15b. Initially, TOP had crafted out this ERU unit to GPSC given the uncertainty over the refinery business and PTT's group policy to re-arrange power units to be under GPSC's umbrella. Hence, we expect limited financial impact on TOP if the ERU transaction is terminated.

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O&G: MARKET WEIGHT (Maintained)

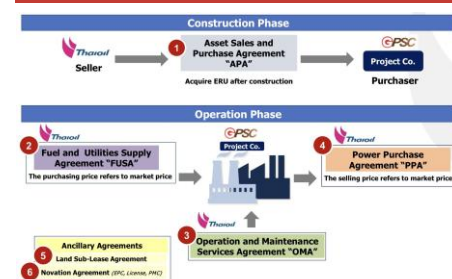
Utilities: OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (Bt)	Target Price (Bt)
Thai Oil	TOP TB	BUY		88.00
Global Power Synergy	GPSC TB	BUY		60.00

Source: Bloomberg, UOB Kay Hian

Overview Of Transaction



Source: TOP, UOB Kay Hian

Key Terms Of Fuel And Utilities Supply Agreement (FUSA)



Source: TOP, UOB Kay Hian

Friday, 18 September 2026

Currently, TOP has a sufficiently strong balance sheet to fund the ERU project independently. Although TOP would incur interest costs following the termination, estimated at around US\$25.00m, based on a 4% annual interest rate stipulated under the asset purchase agreement, we believe this should be manageable. As of end-2Q26, TOP had Bt47.96b (approximately US\$1.43b) in cash, while net debt/equity and net debt/EBITDA continued to improve to 0.3x and 1.4x respectively, vs 0.3x and 3.7x at end-25. Importantly, we expect no material impact on TOP's construction plans for both the ERU project and CFP. TOP has full control over the construction of both projects regardless of whether the ERU transaction is terminated.

If the ERU transaction is ultimately terminated following the ongoing negotiations, TOP would be required to refund the US\$96.30m payment, together with around US\$25m in interest, calculated at 4% p.a. from 2019.

- GPSC:** If the ERU is terminated, GPSC will receive a payment of US\$96.3m as well as Bt700m-1b interest income from TOP. The termination would allow GPSC to redirect the planned investment toward other projects with potentially higher returns. This could be particularly attractive given the large number of new investment opportunities expected to emerge following the announcement of Thailand's new Power Development Plan (PDP) as well as power investment expansion in overseas.

Investment Strategy

- **Maintain MARKET WEIGHT on the oil & gas (O&G) sector and OVERWEIGHT on the utilities sector.** Our top picks in O&G remain PTT Global Chemical (PTTGCTB/BUY/Target: Bt48.00) and Siam Cement (SCC TB/BUY/Target: Bt330.00), while our top picks in utilities are GULF Energy (GULF TB/BUY/Target: Bt70.00) and Global Power Synergy (GPSCTB/BUY/Target: Bt60.00).

Crude Oil (TOP TB/BUY/Target: Bt88.00)

- Upgrade core earnings estimates and target price.** We raise TOP's core earnings estimates following an upward revision to our market GRM assumptions for 2026–27. We expect market GRM to remain strong in 2H26, supported by continued uncertainty surrounding the Middle East situation, with elevated refining margins likely to persist into early 2027. Accordingly, we raise our market GRM assumptions for TOP to US\$18.00/bbl in 2026 (from US\$12.50/bbl) and US\$9.50/bbl in 2027 (from US\$8.00/bbl). As a result, we increase our 2026 core earnings estimate by 41% to Bt50.5b (from Bt35.92b) and our 2027 estimate by 38% to Bt24.71b (from Bt17.85b).
- Upgrade TOP to BUY (previously HOLD), with a higher 2027 target price of Bt88.00 (previously Bt64.00).** The upgrade reflects our revised 2026-27 core earnings estimates. We maintain our 8.0x 2027E PE valuation methodology, in line with the regional refinery sector's core forward PE multiple.

Global Power Synergy (GPSC TB/BUY/Target: Bt60.00)

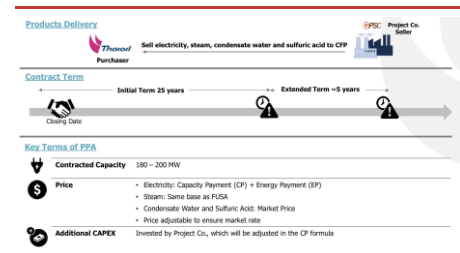
- Earnings recovery meets new growth catalysts.** We expect an earnings recovery from GHECO-I's normalised operations, improving industrial power demand, and continued renewable growth from Avaada. Over the longer term, we expect GPSC to benefit from data centre/direct power purchase agreement (PPA) opportunities and a potential PPA extension under Glow IPP project. GPSC's share price has also lagged its power peers despite improving earnings visibility, suggesting room for a catch-up.

Stock Valuation

Company	Ticker	Rec	Price	Target	Upside	Last	PE			Yield	ROE	Market	Price/
			17 Sep 26	Price	To TP	Year	2025	2026F	2027F	2026F	2026F	Cap.	NAV ps
			(Bt)	(Bt)	(%)	End	(x)	(x)	(x)	(%)	(%)	(US\$m)	(x)
Thai Oil	TOP TB	BUY	64.00	88.00	37.50	12/25	10.38	2.86	6.12	5.2	22.0	4,253	0.69
Global Power Synergy*	GPSC TB	BUY	48.25	60.00	24.35	12/25	21.9	22.5	19.7	3.0	5.2	4,188	1.2

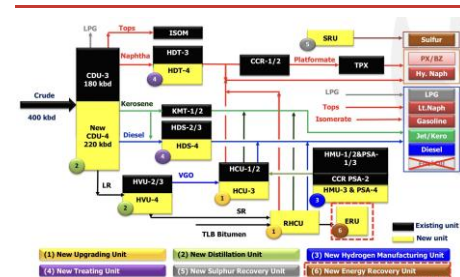
* Under retail coverage: Source: Bloomberg, UOB Kay Hian

Key Terms Of Power Purchase Agreement (PPA)



Source: TOP, UOB Kay Hian

CFP Project and ERU Asset



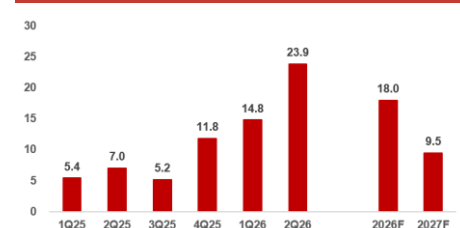
Source: TOP, UOB Kay Hian

TOP's Key Assumption

	2026F			2027F		
	Old	New	%Diff	Old	New	%Diff
Market GRM (US\$/bbl)	12.50	18.00	44%	8.00	9.50	19%
Cude run	10%	10%	0%	10%	10%	0%
Petrochemical spread (US\$/tonne)						
PX-ULG95	50	50	0%	250	250	0%
BZ-ULC95	25	25	0%	100	100	0%
Earnings revision (\$/tm)						
Core profit	35.9%	50.500	41%	17.851	24.710	38%
Net Profit	37.510	52.952	41%	17.851	24.710	38%

Source: TOP, UOB Kay Hian

TOP: Market GRM



Source: TOP, UOB Kay Hian

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