

13 August 2021

Energy & Petrochemicals | Oil & Gas Services

## PTT Oil and Retail Business (OR TB)

## Buy

**Sturdy Player With Long-Term Opportunities; BUY**

Target Price (Return): THB34.00 (+20%)  
Price: THB28.25  
Market Cap: USD10,165m  
Avg Daily Turnover (THB/USD): 943m/29.8m

- **Initiating coverage with a BUY and DCF-based FY22F TP of THB34.00, 20% upside.** PTT Oil and Retail Business holds a solid position in the oil retail and energy commercial business. The company also prudently uses its synergy between retail fuel service stations and non-oil business to pave the way for favourable opportunities in the long term through various new potential businesses.

- **A leader in oil retail business in Thailand.** OR is one of the major players in oil retail business in Thailand. It holds a strong position with high market share in almost every type of oil and gas retail service. The company also continuously develops new platforms to run its business.

- **Long term potential despite the pandemic.** Due to the pandemic, OR's oil retail sales is expected to see lower growth at around 5% in 2021 due to lower travel vs 8% growth pre-pandemic, while food & beverage sales are likely to grow at c.8% – lower than the average 21% over the last three years. We expect FY21F net profit at THB9.9bn (+8% YoY) mainly from strong 1H21 and a very low base last year. However, OR has the potential to capture the market post pandemic due to its strong market share and nationwide service stations of both oil and food business. FY22F-23F net profit is expected to recover to THB11.6bn (+17% YoY) and THB14.3bn (+24% YoY) as the pandemic eases, in addition to the new stations and outlets.

- **Capture future electric vehicle (EV) trends.** OR plans to increase electric vehicle charging stations (EVCS) at its retail fuel service stations and provide maintenance service for EVs at its maintenance and auto service centre (FIT Auto) outlets. The company aims to invest approximately THB13bn for the EVCS project. Currently, it has 31 EVCS in Thailand, and plans to increase to 90-100 stations and 300 stations by end-2021 and 2022. Charging takes approximately 20-30 minutes and as customers wait, they can have a meal, and purchase several items at the service stations. We believe Global Power Synergy (GPSC TB, BUY, TP: THB88.00), a power producer and subsidiary of PTT (PTT TB, BUY, TP: THB51.50), can help OR to prudently manage its electricity expenses. Moreover, OR can store electricity during off-peak hours from GPSC and sell it during peak hours, thereby providing it with attractive margins. In our view, Thailand's EV market remains untapped and presents a huge opportunity for growth in the long term as the Thai Government has set a target to increase EV to reach 50% of the total vehicle production by 2030 and 100% by 2035.

- **Key downside risk:** Economic slowdown due to the pandemic.

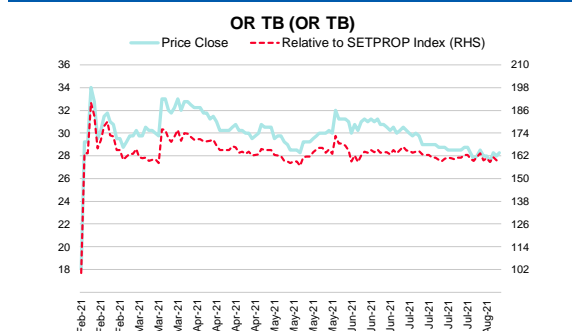
### Analyst

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### Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	0.0	(2.6)	(2.6)	(3.4)	0.0
Relative	0.0	0.3	3.7	0.2	0.0
52-wk Price low/high (THB)				18.0 – 34.0	



Source: Bloomberg

### Overall ESG Score: 3.4 (out of 4)

#### E: Good

Being dependent on the transportation business, OR has the highest exposure to this ESG pillar. However, it aims to achieve more environmental products such as increasing the usage of green energy ie EV car charging in the long term. This initiative is reflected in its Café Amazon and green partners, which tend to design environmentally friendly outlets.

#### S: Excellent

OR applies PTT's and international standards per those specified by Dow Jones Sustainability Indices and the United Nations Sustainable Development Goals. It also conducts its social responsibility activities based on three principles: i) Activities linked to its mission and operations, ii) using its own expertise and potential, and iii) engaging in projects that are suitable for society's needs.

#### G: Excellent

OR follows the guidance of PTT, whose corporate governance score is among the highest in the country – from the Thai Institute of Directors. Its disclosure policy is in compliance with regulations set by the SET. As it is a utility company, OR also discloses important information broadly and promptly to stakeholders.

Forecasts and Valuation	Dec-19	Dec-20	Dec-21F	Dec-22F	Dec-23F
Total turnover (THBm)	577,134	428,804	464,983	543,388	576,732
Recurring net profit (THBm)	10,742	9,146	9,857	11,558	14,308
Recurring net profit growth (%)	293.1	(14.9)	7.8	17.3	23.8
Recurring P/E (x)	23.67	27.80	30.09	29.33	23.69
P/B (x)	6.6	6.7	3.4	3.1	2.9
P/CF (x)	12.39	27.78	67.52	38.66	24.05
Dividend Yield (%)	3.7	0.9	0.9	1.0	1.3
EV/EBITDA (x)	24.70	22.04	19.37	20.16	16.77
Return on average equity (%)	32.7	23.0	14.4	11.2	12.6
Net debt to equity (%)	72.6	107.3	0.7	2.7	net cash

Source: Company data, RHB

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## Financial Exhibits

<b>Asia</b> Thailand Energy & Petrochemicals PTT Oil and Retail Business OR TB Buy	<b>Financial summary (THB)</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
	Recurring EPS	1.19	1.02	0.94	0.96	1.19
	DPS	1.05	0.25	0.25	0.29	0.36
	BVPS	4.30	4.20	8.26	8.97	9.88
	Return on average equity (%)	32.7	23.0	14.4	11.2	12.6
<b>Valuation basis</b>	<b>Valuation metrics</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
	Recurring P/E (x)	23.67	27.80	30.09	29.33	23.69
	P/B (x)	6.6	6.7	3.4	3.1	2.9
	FCF Yield (%)	4.0	0.7	(5.3)	(1.0)	1.2
	Dividend Yield (%)	3.7	0.9	0.9	1.0	1.3
<b>DCF</b>	EV/EBITDA (x)	24.70	22.04	19.37	20.16	16.77
	EV/EBIT (x)	36.43	36.62	35.45	36.27	27.52
<b>Key drivers</b>	<b>Income statement (THBm)</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
	Total turnover	577,134	428,804	464,983	543,388	576,732
	Gross profit	34,067	33,122	33,787	40,754	45,414
	EBITDA	11,188	13,064	15,032	16,620	19,632
	Depreciation and amortisation	(3,602)	(5,203)	(6,819)	(7,382)	(7,668)
<b>Key risks</b>	Operating profit	7,586	7,861	8,213	9,238	11,964
	Net interest	(1,560)	(1,447)	(1,383)	(1,121)	(886)
	Pre-tax profit	13,028	10,568	11,736	13,760	17,034
	Taxation	(2,132)	(1,776)	(1,878)	(2,201)	(2,725)
	Reported net profit	10,896	8,791	9,857	11,558	14,308
<b>Company Profile</b>	Recurring net profit	10,742	9,146	9,857	11,558	14,308
	<b>Cash flow (THBm)</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
	Change in working capital	13,027	(689)	(7,379)	(4,528)	(1,925)
	Cash flow from operations	20,522	9,152	4,393	8,770	14,095
	Capex	(10,467)	(7,322)	(20,000)	(12,000)	(10,000)
	Cash flow from investing activities	(10,467)	(7,772)	(20,000)	(12,000)	(10,000)
	Dividends paid		(9,450)	(2,250)	(2,957)	(3,467)
	Cash flow from financing activities	5,755	(8,676)	45,288	(9,387)	(6,419)
	Cash at beginning of period	10,490	26,300	19,004	48,684	36,067
	Net change in cash	15,811	(7,296)	29,681	(12,617)	(2,324)
	Ending balance cash	26,301	19,004	48,684	36,067	33,743
	<b>Balance sheet (THBm)</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
	Total cash and equivalents	26,300	19,004	48,684	36,067	33,743
	Tangible fixed assets	40,302	42,421	55,602	60,220	62,552
	Total investments	6,049	7,111	7,000	7,000	7,000
	Total assets	152,176	144,979	199,915	206,860	213,223
	Short-term debt	4,076	10,350	10,352	8,194	6,487
	Total long-term debt	50,335	49,319	38,992	30,828	24,373
	Total liabilities	113,468	107,063	100,738	99,082	94,604
	Total equity	38,708	37,916	99,177	107,778	118,618
	Total liabilities & equity	152,176	144,979	199,915	206,860	213,223
	<b>Key metrics</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>
	Revenue growth (%)	(2.9)	(25.7)	8.4	16.9	6.1
	Recurrent EPS growth (%)	293.1	(14.9)	(7.6)	2.6	23.8
	Gross margin (%)	5.9	7.7	7.3	7.5	7.9
	Operating EBITDA margin (%)	1.9	3.0	3.2	3.1	3.4
	Net profit margin (%)	1.9	2.1	2.1	2.1	2.5
	Dividend payout ratio (%)	86.7	25.6	30.0	30.0	30.0
	Capex/sales (%)	1.8	1.7	4.3	2.2	1.7
	Interest cover (x)	4.86	5.43	5.94	8.24	13.50

Source: Company data, RHB

## Investment Merits

### Initiate coverage with a BUY on OR's solid position to capture growth trends after the pandemic

We believe OR's oil dominant status will be a major factor that helps to sustain earnings over the long run. It holds a strong position geographically as its outlets and retail fuel service stations cover almost every corner of Thailand. Despite reduced business activities in 2020-2021, the situation should improve post pandemic ie 2022 as more of the Thai population is vaccinated. The recovery is expected to come in 2022-2023 due to pent-up demand for travel and dining out activities.

FY22F-23F net profit is expected to recover to THB11.6bn (+17% YoY) and THB14.3bn (+24% YoY) as the pandemic eases, in addition to the new stations and outlets. OR is also in a strong position to capture new businesses such as EVCS, due to a high bargaining power via its nationwide facilities as well as strong support from parent company, PTT, the largest oil and energy chain in Thailand.

## Valuation And Recommendation

We initiate coverage with a BUY and FY22F TP of THB34.00, 20% upside. We view over the long term through the DCF valuation, and expect it to post strong net profit growth of +17% YoY in 2022F, and +24% YoY in 2023F, mainly due to economic recovery and outlet expansion. We use a moderate terminal growth of 2.5% and WACC of 7%. Due to EV being in its infancy, we have not yet incorporated it as well as new expansion of outlets in neighbouring countries such as Vietnam into our forecasts. Thus, we believe there is potential upside, thereby making OR an attractive investment target.

Figure 1: OR's DCF valuation

THBm	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
EBIT	14,881	17,921	18,986	28,564	30,289	32,123	34,075	36,151	38,361	40,713
Tax	(2,202)	(2,725)	(2,926)	(4,482)	(4,776)	(5,084)	(5,408)	(5,749)	(6,110)	(6,492)
EBIT (1-T)	12,679	15,195	16,060	24,083	25,513	27,039	28,667	30,402	32,251	34,220
Depreciation & Amortization	7,382	7,668	7,923	8,150	8,024	7,912	7,813	7,724	7,536	7,368
Capital Expenditure	(12,000)	(10,000)	(10,000)	(10,000)	(7,000)	(7,000)	(7,000)	(7,000)	(6,000)	(6,000)
Change in net working capital	(6,279)	(2,670)	(2,830)	(3,009)	(3,201)	(3,405)	(3,622)	(3,854)	(4,101)	(4,365)
FCFF	1,783	10,193	11,153	19,223	23,336	24,546	25,857	27,272	29,685	31,223

	1	2	3	4	5	6	7	8	9	10	<u>terminal value</u>
FCFF	1,783	10,193	11,153	19,223	23,336	24,546	25,857	27,272	29,685	31,223	717,858
Present value	1,611	8,326	8,234	12,827	14,074	13,380	12,738	12,143	11,946	11,357	364,923
Terminal growth	2.5%										
WACC	7.0%										
Total discounted firm value	461,433										
Less: Net debt	(57,214)										
Less: Minority interest	(3,551)										
Plus: Cash on hand	3,941										
Total equity value	404,609										
Number of share (M)	12,000										
Equity value per share (THB)	34										

Source: RHB

## Business Overview

### Leading oil retailer player with support from non-oil business

OR's oil and energy retail business comprises of:

- i. **Oil business.** OR currently operates over 2,346 PTT stations located throughout Thailand. OR sells gasoline, diesel, LPG and lubricants to motorists and retail customers through its network. It also introduced various retail businesses into service stations to meet consumer needs including convenience store, Café Amazon coffee shop, eatery, and car care service centre under the concept of Living Community.
- ii. **Commercial business.** OR acts as an energy solution provider for integrated businesses, serving over 2,600 commercial customers in the transportation and industrial sectors. The core products are jet fuel, fuel oil, LPG, highspeed diesel, and other related products such as lubricating oil products and asphalt. OR sells LPG to household customers through its LPG cooking gas dealers' network. Other products include lubricants, grease, and related products through business-to-business (B2B) and business-to-customer (B2C) marketing channels under the PTT Lubricants brand, with distribution to over 40 countries. For the auto service, there is FIT Auto to provide lubricant and fluid system replacement, light maintenance, as well as sell car fluids to motorists. The company also has over 70 storage facilities which receive, store, and distribute its petroleum products in Thailand and overseas located in strategic locations for distribution.

A majority of PTT stations are furnished with café, restaurant, convenience store, and souvenir shop. Café Amazon is Thailand's largest café chain with more than 3,000 branches across the country and is ranked the world's sixth largest coffee chain. Moreover, PTT stations manage convenience stores under the Jiffy and 7-Eleven brand. OR also runs food and beverage businesses such as Texas Chicken, Hua Seng Hong Dim Sum, Pearly Tea, and many other renown local and international brands. Non-oil also has better margins than the oil business.

**Figure 2: Number of PTT stations, as well as Café Amazon and convenience store outlets under OR**



Source: Company data

**International business.** OR has expanded its business to 10 countries – the Philippines, Cambodia, Laos, Myanmar, Vietnam, China, Singapore, Oman, Japan, and Malaysia. Its overseas segment is relevant to oil trading and non-oil business.

On revenue contribution, oil business contributes 90% of OR's total revenue, while non-oil is merely 5-6%, but significant in terms of EBITDA, at 25%. Meanwhile international business is still in its infancy in terms of revenue and EBITDA.

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Figure 3: OR's revenue breakdown

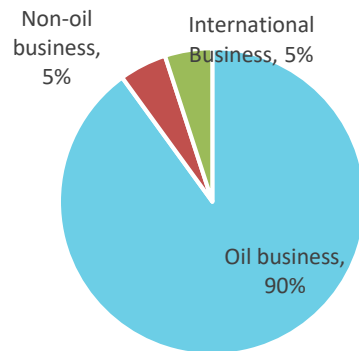
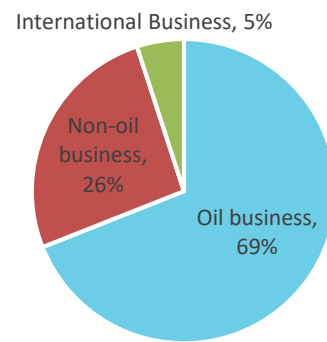


Figure 4: OR's EBITDA breakdown



Source: Company data

Source: Company data

## Industry Overview

**Strong market position in oil business.** OR has a strong market position in nearly all types of oil products. In terms of oil sales volume, the company has the highest market share player (41%), outpacing peers ranked second (11%) and third (9%). Similarly, OR holds the highest market share in fuel oil, at 56%. LPG and aviation oil are mostly controlled by OR, with the largest market share of 41% and 48%. We expect this trend to continue due to the support from parent company, PTT.

Figure 5: Market share of oil sales volume

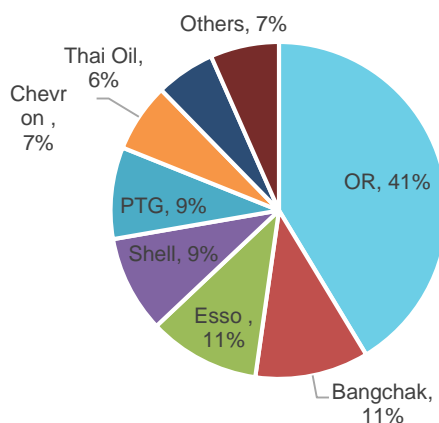
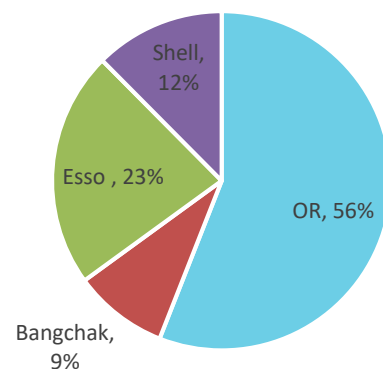


Figure 6: Market share of fuel oil for industry sales volume



Source: Company data, Department of Energy Business, RHB

Source: Company data, Department of Energy Business, RHB

Figure 7: Market share of LPG sales volume

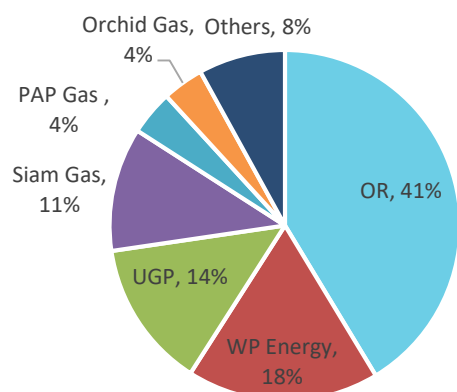
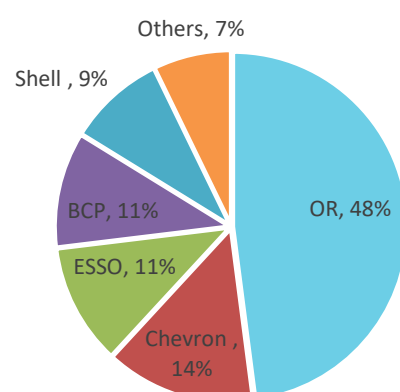


Figure 8: Market share of aviation oil sales volume



Source: Company data, Department of Energy Business, RHB

Source: Company data, Department of Energy Business, RHB



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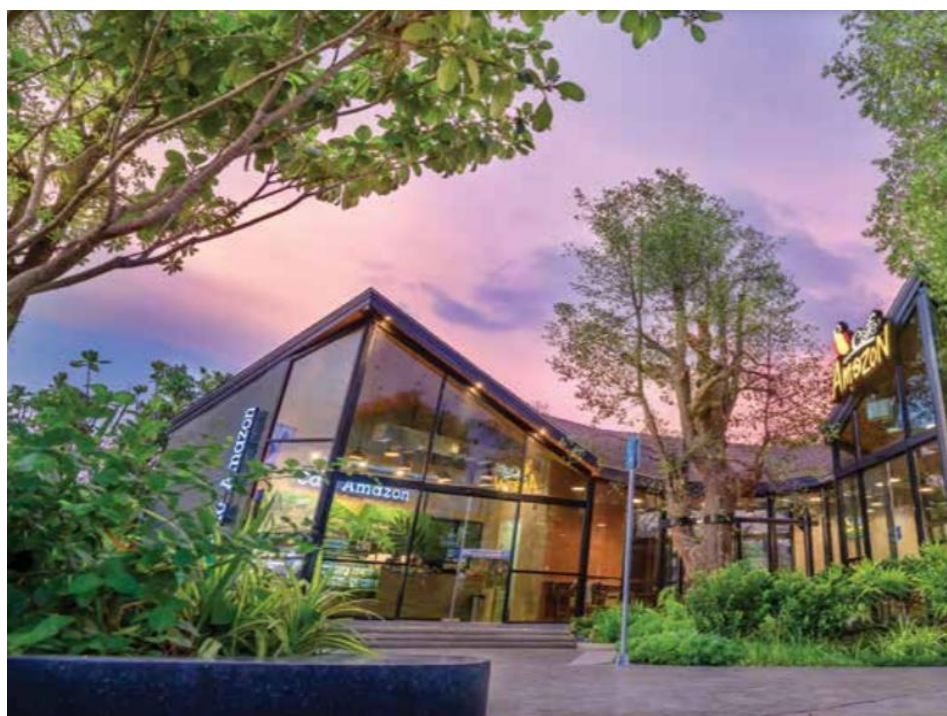
**Strong non-oil brand.** Café Amazon is the leader in Thailand's coffee market. It has a market share of c.33% by number of outlets and 39% in terms of revenue. OR plans to add 420 new Café Amazon outlets this year. It is also continuously expanding its business in neighbouring countries. Thailand's coffee market is still in high growth because of new young generation, who also like to meet and eat, and drink coffee of well-known brands in a comfortable environment.

**Figure 9: Café Amazon has become popular among the new young generation**



Source: Café Amazon, Brand Inside

**Figure 10: Café Amazon emphasises a natural and environmentally friendly design**



Source: Café Amazon, OR Palang Thai

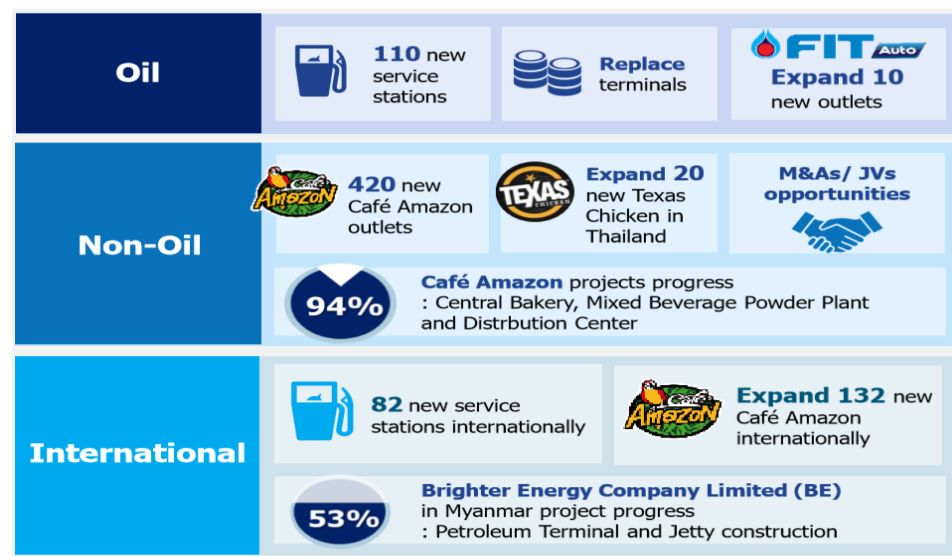
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**Searching for more business opportunities and platforms.** OR is constantly expanding its business. In 2021, for the oil business, OR plans to add c.110 new service stations, replace some terminals, and expand 10 new auto service outlets. For non-oil business, the company plans to open 420 new Café Amazon outlets and 20 Texas Chicken branches. Business expansion also includes that of in neighbouring countries.

Moreover, OR's business trend is moving towards renewable energy, with EVCS located at PTT stations to support the transition from fossil fuels to EVs in the near future.

**Figure 11: OR's expansion plans in 2021**



Source: Company

## Potential EV Project

OR plans to increase EVCS at its retail fuel service stations and provide maintenance service for EVs at its FIT Auto outlets. The company aims to invest approximately THB13bn for the EVCS project. Currently, it has 31 EVCS in Thailand, and plans to increase to 90-100 stations and 300 stations by end-2021 and 2022. The charging model has also evolved ie upgraded from normal charging to quick charging, which only takes approximately 20-30 minutes for a full charge. While customers wait, they can have a meal, and make purchases at the service stations.

OR's EV charger is of a high standard. EVLOMO Inc, a Florida-based company working in the EV sector, has planned to rollout a network of EV chargers across Thailand, through its affiliate in Thailand, Evlomo Technologies Co Ltd. EVLOMO currently is doing a pilot project at the Eastern Economic Corridor (EEC area). We believe OR has the high bargain power and can deal with several suppliers for its EV chargers.

**Figure 12: Retail fuel service station as a suitable service channel for EV charging**

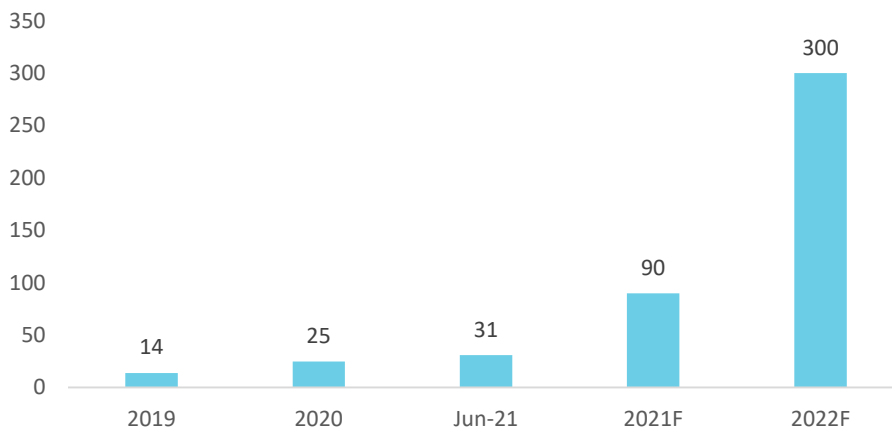


Source: Company

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Figure 13: OR's EVCS – current and forecasted



Source: Company data

We believe EV-related business in Thailand is progressing. The Thai Government has announced the charging rate for an EV is THB2.63 per kilowatt hour, which is cheaper than the household electricity rate of THB3.2-4.4 per kilowatt hour. This provides OR the flexibility to find a suitable ASP that would attract EV users to its EVCS going forward.

OR is in the process of studying the EV charging fee. In addition, there may be some delay to set up the EVCS as currently, consumers are under economic and pandemic pressure. However, we are of the view this will not be a cause for concern in the long term as the EVCS can be installed fairly quick. Currently, the company is in the initial process of promoting/introducing charging products to users. Auto users currently can charge their EVs for free.

OR is expected to introduce a charging fee next year. As it is still in the process of setting a price, we are not taking into account its EV earnings. However, there is potential upside to earnings from its EVCS business.

EVCS has growth potential due to the growing environmentally friendly trends globally due to the lower cost as compared with vehicles that use fossil fuel. The synergy between retail fuel service stations and non-oil stores is that consumers can easily charge their cars when shopping.

In Thailand, there are 41m registered automobiles. This provides high growth opportunity going forward, in line with the higher usage of EVs globally. In Thailand, there are 1,060 EVs, accounting for only 0.13% of total vehicles sold in 2020.

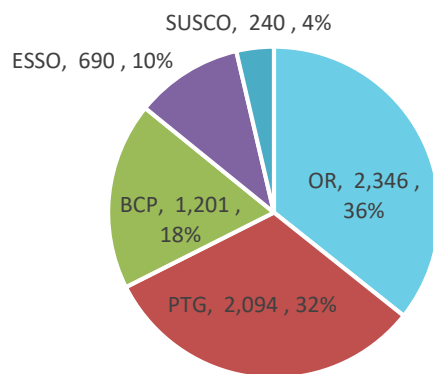
According to a study done by the Energy Policy and Planning Office (EPPO) and PTT, the driving cost of an EV is cheaper than that of an internal combustion engine (ICE) car using fossil fuel in terms of the following stated in Figure 14 below:

Figure 14: Comparison study: automobile types

Auto Types	Internal combustion engine	Hybrid	EV
Fuel consumption rate	14-16 Km/Litre	23-25 Km/Litre	2.89-6.04 Km/Kwh
Cost per km (THB)	1.72-2.08	1.17 -1.25	0.5-1
Distance drive for THB100 Cost (Km)	48-58	80-85	100 -200
Feature	High liquidity to buy/sell	More power due to dual types: gasoline and electricity	100% electrical use which is environmentally friendly
Maintenance cost	Moderate depend on usage life	High because of usage of both oil and electric engines	Low because of electric usage and few machine components

Source: Energy Planning and Policy Office



**Figure 15: OR has the highest number of retail fuel service stations vs peers**

Source: E Finance Thai, Company & players data

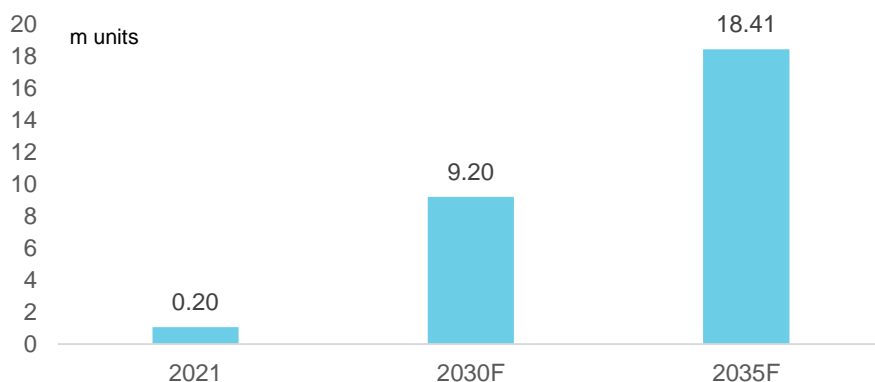
**Figure 16: EV in Thailand – operators, current number of stations and targets**

Company	Current no of stations	Target no of stations in the next 1-2 years
EA Group	417	500
EVOLT	49	na
BCP + PEA	32	263
OR	31	300
PTG	14	120
Mitsubishi Motor	62	na
MG Super Charge	70	500
Others	9	na
Total	684	1,683-1,700

Source: Prachachart, Company data

**Several EV charging providers to come in, but the market remains lucrative.** OR is at the nascent stage compared to some EV charging players. However, management has guided to extend its capacity to capture the EV trend. Most players do not hold the synergy between oil and non-oil segments. In addition, in our view GPSC can help OR to prudently manage its electricity expenses. Moreover, OR can store electricity during off-peak hours from GPSC and sell it during peak hours, thereby providing it with attractive margins.

We believe Thailand's EV market remains untapped and presents a huge opportunity for growth in the long term as the Thai Government has set a target to increase EVs to reach 50% of the total vehicle production by 2030 and 100% by 2035.

**Figure 17: Thailand's EV target (2021-2035)**

Source: Ministry of Energy, Prachachart

## Financial Overview

**Short-term obstacles from the pandemic.** COVID-19 in 2020, affected OR's growth. However, the company has seen strong recovery, with 1H21 normalised profit of THB6bn (+136% YoY) due to the easing of the pandemic and from a low base last year. We expect 1H21 to boost FY21F. However, since July, Thailand has seen a resurgence in new cases due to the Delta variant, thereby pressuring 2H21F. Oil prices remain strong, with price margin likely to drop to THB0.95 per litre from THB1.00 from the previous year. GPM is likely to fall to 7.3% vs 7.7% last year.

Food and convenience store business is also likely to see at slower growth vs last year due to the resurgence in COVID-19 cases. However, YoY growth was higher coming from a low base last year but was still lower YoY pre-pandemic.

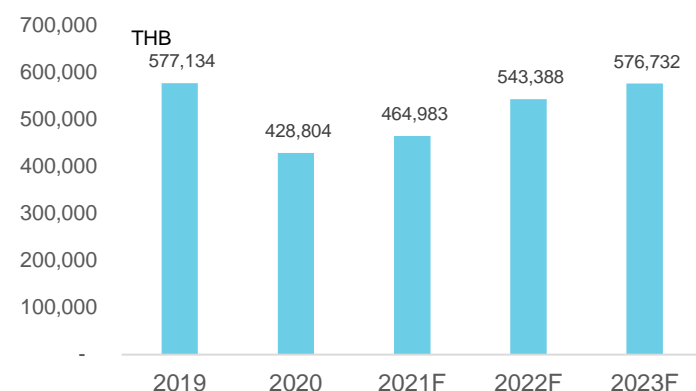
**Long term boosted by pent-up demand.** The pandemic is expected to ease in 2022 due to a higher vaccination rate in the country. Growth will come in 2022-2023 due to pent-up demand for travel and dining out activities.

Figure 18: Comparison study: automobile types

Major assumptions of OR	2018	2019	2020	2021F	2022F	2023F
<b>Oil Business</b>						
<b>Total oil sales volume (bn liters)</b>						
Retail	11,603	12,078	12,547	12,798	13,310	13,975
Commercial	15,876	15,548	11,853	12,209	13,063	13,978
Marketing margin (Bt/Liter)	0.9	1.0	1.0	0.95	1.1	1.2
<b>Food Business</b>						
Food & Beverage sales growth (%)	33%	21%	9%	8%	9%	10%
Convenience store sales growth (%)	1%	-2%	-14%	-10%	-3%	7%
Gross profit margin (%)	52%	52%	53%	51%	55%	55%
<b>International Business</b>						
Revenue (Bt bn)	31,461	33,657	21,400	22,898	24,501	26,216
Gross profit margin (%)	5%	5%	8%	6%	7%	7%

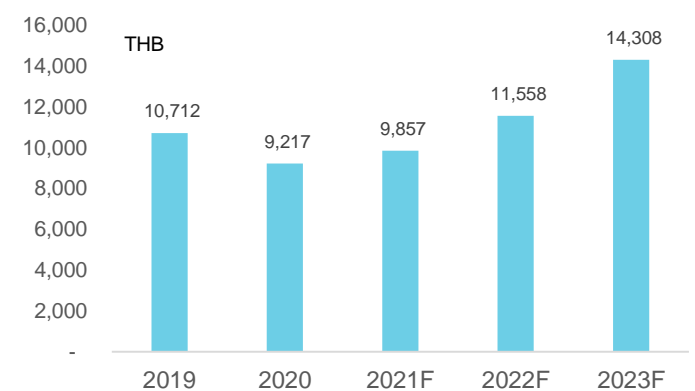
Source: Company data, RHB

Figure 19 : OR's revenue trend



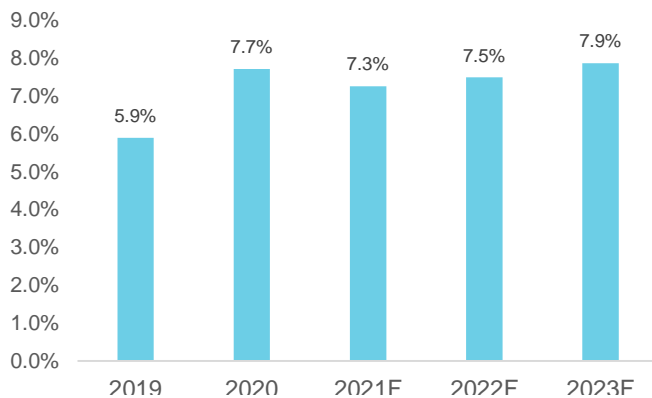
Source: Company data, RHB

Figure 20 : OR's normalised profit trend



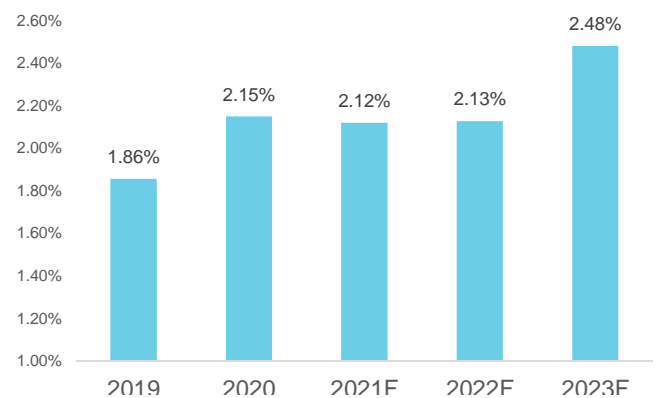
Source: Company data, RHB

Figure 21: OR's gross profit margin trend



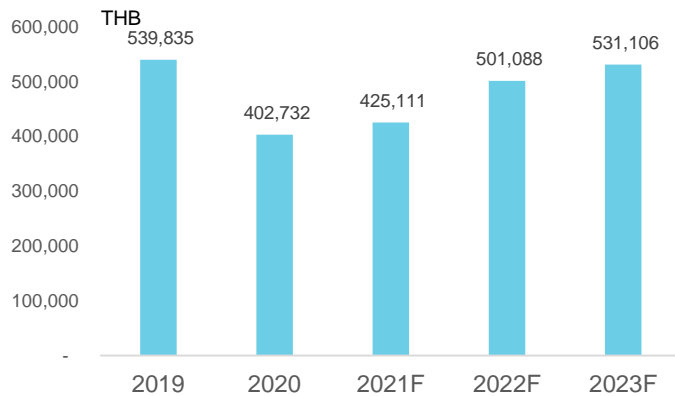
Source: Company data, RHB

Figure 22: OR's normalised profit margin trend



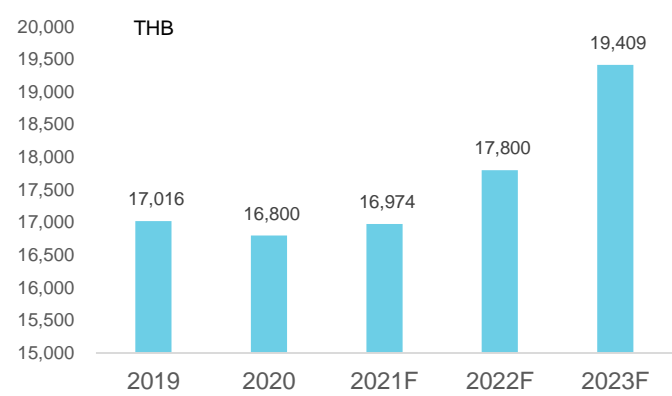
Source: Company data, RHB

Figure 23: OR's oil revenue trend



Source: Company data, RHB

Figure 24: OR's non-oil revenue trend



Source: Company data, RHB

## Risks

**Pandemic concerns.** COVID-19 in Thailand remains a concern. This can lead to stricter government control such as curfew, longer quarantine period, or prohibition of travel and dining out. Lower travelling may also lead to lower oil demand from vehicles.

**Delay in opening of new stations and stores.** Plans to open new stations or new retail outlets and stores can be delayed due to several reasons such as unfavourable economic situation in the targeted areas, force majeure, and natural disasters.

**Technical risk from storage of oil & energy products.** There is risk of fuel storage at retail fuel service stations which may be exposed and create danger for nearby communities. The company generally is able to contain the risk but in some cases, an accident or cost incurred as a result may not be fully covered by insurance.

**Political unrest.** Consumers may reduce their spending activities and avoid travelling.

**Commodity price.** Most of the company's products are related to oil and energy, which are exposed to fluctuations in commodity price movement as well as speculation. This may affect demand from consumers.

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2021-08-11			
Source: RHB, Bloomberg			



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<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
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