Siamgas and Petrochemicals PLC

Corporate | Commodity Trading 7 July 2026

Issuer Credit Rating: BBB/Stable

Issue Ratings:

Senior Unsecured: BBB/Stable

Rating Action

TRIS Rating affirms the issuer credit rating on Siamgas and Petrochemicals PLC (SGP) and the ratings on its outstanding senior unsecured debentures at "BBB", with a "Stable" outlook.

The ratings reflect SGP's solid market position as the second-largest liquefied petroleum gas (LPG) trader in Thailand, along with its significant footprint across several East and Southeast Asian markets, and its extensive distribution network. However, the ratings are constrained by the company's high financial leverage, its exposure to volatile LPG prices in international markets, and its potential investment in an LNG import project, which could introduce new business risk and elevate financial leverage further.

Key Rating Considerations

Recovery in overseas markets

SGP's overseas LPG sales volume is expected to rebound in 2026 after two consecutive years of contraction in 2024-2025. In the first quarter of 2026 (1Q26), overseas sales volume rose 34% year-on-year (y-o-y), driven primarily by a recovery in the Chinese market, where the LPG supply-demand balance has improved, and by a strong increase in offshore trading volumes. The latter reflects heightened customer demand to secure LPG supply amid escalating tensions in the Middle East, particularly after the United States began military strikes on Iran in late February 2026.

We expect overseas sales volume to remain elevated through 2Q26, as demand to secure LPG cargoes is likely to stay strong, before moderating in the second half of 2026. Under our base-case projection, overseas LPG sales volume is forecast to grow by 12% to around 2.59 million tonnes in 2026, before edging up to 2.60-2.62 million tonnes per annum during 2027-2028.

While the conflict in the Middle East has caused some disruption to supply from the region, SGP has been able to source LPG from alternative origins, including the United States, Australia, and Africa. In addition, a portion of Middle Eastern LPG continues to be exported through channels other than the Strait of Hormuz. Nonetheless, a protracted conflict could weigh on SGP's ability to secure adequate supply at competitive cost. Our base-case assumption is that the situation will gradually ease in the second half of 2026.

Stable domestic market position

SGP remains the second-largest LPG trader in Thailand. The company's market share held steady at around 21%-22% during 2025 through 1Q26. The company's domestic LPG sales volume rose 2% y-o-y to 0.84 million tonnes in 2025, and grew a further 1.5% y-o-y to around 0.22 million tonnes in 1Q26. We expect SGP to sustain its current market share, with its domestic LPG sales volume projected at 0.86-0.87 million tonnes per annum during 2026-2028.

The domestic market has not been materially affected by the Middle East supply disruptions, as SGP sources LPG for the Thai market primarily from domestic refineries and gas separation plants, where supply remains adequate. Domestic LPG operations also continue to provide a relatively steady source of earnings, benefiting from government-regulated pricing and partial subsidies that help stabilize profit margins.

Strong distribution network

SGP's extensive distribution network remains a key competitive advantage and reinforces its credit profile. In Thailand, the company operates nine LPG storage terminals with a combined capacity of around 61,000 tonnes, along with a wide network of filling plants and gas service stations, and a large fleet of LPG trucks and tankers. Internationally, SGP owns two large storage caverns in China with a combined capacity of 300,000 tonnes, along with a fleet of LPG vessels and very large gas carriers (VLGCs) near Singapore. Additionally, SGP maintains smaller LPG storage facilities in Malaysia, Vietnam, Singapore, and Laos, further strengthening its regional presence and operational scale.

Exceptionally strong operating performance in 2026

TRIS Rating projects the average LPG reference price (Saudi Aramco Contract Price) to rise to around USD680 per tonne in 2026, up from around USD540 per tonne in 2025. LPG prices spiked rapidly to USD700-USD800 per tonne during April-June 2026 following the outbreak of the Iran conflict, and we expect prices to peak at around USD800 per tonne in mid-2026 before gradually declining in the second half of the year as Middle East tensions ease. The LPG reference price is projected to normalize at around USD550 per tonne during 2027-2028.

Driven by the rebound in sales volume and the sharp rise in LPG prices, SGP's EBITDA is projected to surge to THB6.1 billion in 2026, up from THB2.7 billion in 2025. EBITDA is then expected to moderate to around THB4.4 billion per annum during 2027-2028 as LPG prices revert to more normalized levels. EBITDA margin is forecast to expand to 6.7% in 2026, compared with 3.7% in 2025, before easing to 5.5% during 2027-2028.

Financial leverage to remain elevated despite near-term improvement

SGP's financial leverage improved markedly in 1Q26, with the net debt to EBITDA ratio declining to 4.4 times, from 7.2 times in 2025. The improvement was driven primarily by a sharp rebound in EBITDA, reflecting both a recovery in sales volume and a substantial increase in LPG prices that lifted margins on overseas LPG sales.

Looking ahead, capital expenditure is expected to moderate to around THB1.7-THB1.8 billion per annum during 2026-2028, down from the elevated spending of around THB9 billion in aggregate during 2024-2025. The prior-period spending was largely related to the acquisition of three VLGCs and several smaller vessels. Besides, we estimate that SGP will require around THB5 billion in incremental working capital in 2026, given that working capital needs as of 1Q26 were below normal levels.

Under our base-case forecast, we project the adjusted net debt to EBITDA ratio to decline to 4 times in 2026, supported by an exceptionally strong EBITDA, before rising to around 5.2 times in 2027-2028 as EBITDA normalizes. The funds from operations (FFO) to debt ratio is forecast at around 17% in 2026, before declining to around 13% in 2027-2028.

Our base-case projection does not incorporate any potential investment in the LNG import project. Should such an investment proceed, financial leverage could be higher than projected and could pressure the credit rating, depending on the size and timing of the investment.

The company remains in compliance with the financial covenant on its debentures (interest-bearing debt to equity ratio not exceeding 3 times) and the key financial covenant on its bank loans (interest-bearing debt to equity ratio not exceeding 2 times). As of March 2026, the ratios stood at 1.23 times and 1.31 times, respectively. Note that the two ratios are calculated using different methods.

Adequate liquidity

We assess SGP's liquidity position as adequate. As of March 2026, sources of liquidity comprised cash and cash equivalents of around THB4.2 billion, expected FFO of around THB4.2 billion, and available undrawn credit facilities of around THB14.2 billion. The uses of liquidity over the next 12 months include short-term loan repayments of THB4.7 billion, long-term loans maturing within 12 months of THB1.1 billion, debenture maturities of THB6 billion, working capital outflows of around THB5 billion, and capital expenditure of around THB1.8 billion. We expect SGP to partially refinance its maturing debentures through new bond issuances and to rely on bank borrowings to support working capital and capital spending as needed.

Debt structure

As of March 2026, SGP had consolidated debt (excluding lease liabilities) of around THB22.4 billion. Priority debt totaled around THB6.7 billion, resulting in a priority debt to total debt ratio of about 30%.

Base-Case Assumptions

- Total LPG sales volume to grow to 3.45 million tonnes in 2026, then stabilize at 3.47-3.49 million tonnes per annum during 2027-2028.
- LPG reference price to average around USD680 per tonne in 2026, then normalize at around USD550 per tonne during 2027-2028.
- Operating revenue to increase to THB90 billion in 2026, before declining to THB80 billion per annum in 2027-2028.
- EBITDA margin of 6.7% in 2026 and 5.5% in 2027-2028.
- Capital spending of THB1.7-THB1.8 billion per annum during 2026-2028.

Rating Outlook

The "Stable" outlook reflects our expectation that SGP will maintain its strong market position in the domestic LPG sector, which continues to serve as a reliable source of earnings. The outlook also reflects our expectation that the company will be able to sustain its LPG sales volumes and maintain profitability at an acceptable level.

Rating Sensitivities

A rating upgrade could occur if SGP can reduce its net debt to EBITDA ratio to below 5 times on a sustained basis. This improvement may result from better-than-expected operating performance from both LPG and/or non-LPG segments, and more disciplined investment decisions.

Conversely, downward rating pressure could emerge if the company's financial profile deteriorates, with the net debt to EBITDA ratio rising above 7 times. This scenario could be triggered by a failure to maintain LPG sales volumes or by large-scale debt-funded investments.

Company Overview

SGP engages in the LPG trading business in Thailand under the "Siam Gas" and "Unique Gas" brands. The company was established by the Weeraborwornpong family in 2001 and listed on the Stock Exchange of Thailand (SET) in 2008. The family held approximately 55.7% of SGP's total shares as of March 2026.

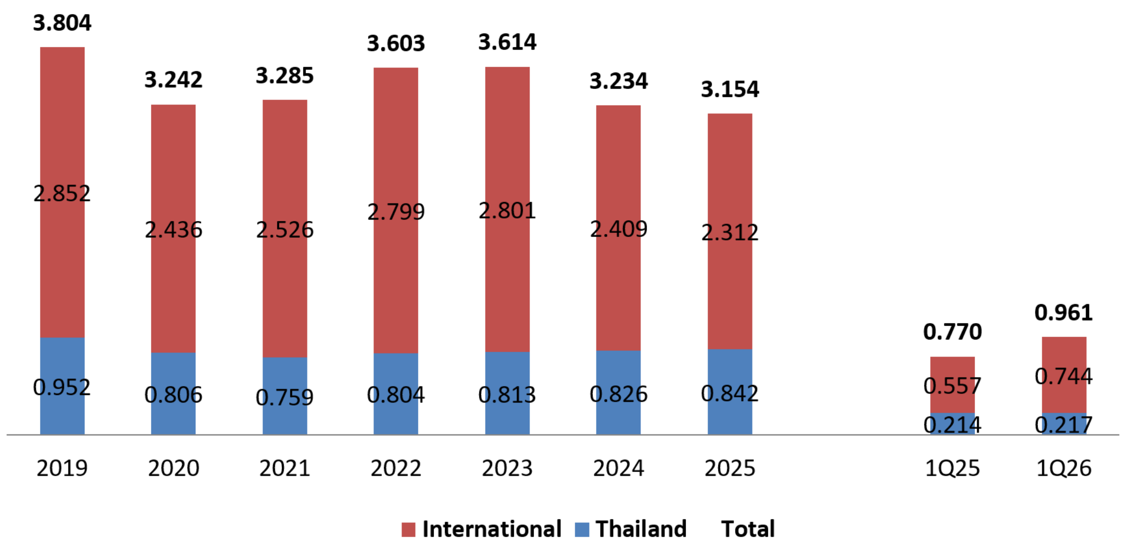
SGP’s LPG trading business expanded abroad in 2010 with an aim to increase volumes to offset dwindling demand in the domestic market. Revenue from the international LPG trading segment currently accounts for about 65%-70% of total revenue. In 2025, SGP sold around 3.15 million tonnes of LPG, comprising domestic sales volume of 0.84 million tonnes and international volume of 2.31 million tonnes.

SGP diversified into power generation in 2016. Currently, SGP holds a 41.1% share of a gas-fired power plant in Myanmar with a production capacity of 230 megawatts (MW). The company is in the process of acquiring an additional 4.9% stake in this power plant. The transaction is expected to be completed in mid-2026. The company also holds a 33% stake in a 10-MW diesel-fired power plant in Myanmar.

In early 2020, SGP completed the acquisition of a 99.69% share of Thai Public Port Co., Ltd. (TPP), subsequently renamed Siam Tank Terminal Co., Ltd. (STT), which provides rental services for oil tank storage at Si-Chang deep seaport in Chonburi Province. In August 2020, SGP acquired a 70% stake in Linh Gas Cylinder Co., Ltd. (LINH), an LPG cylinder producer, and increased its stake to 97.56% in early 2021. In 2022, SGP acquired Prasansack Gas Sole Co., Ltd., which operates LPG trading in the Lao People’s Democratic Republic (Lao PDR).

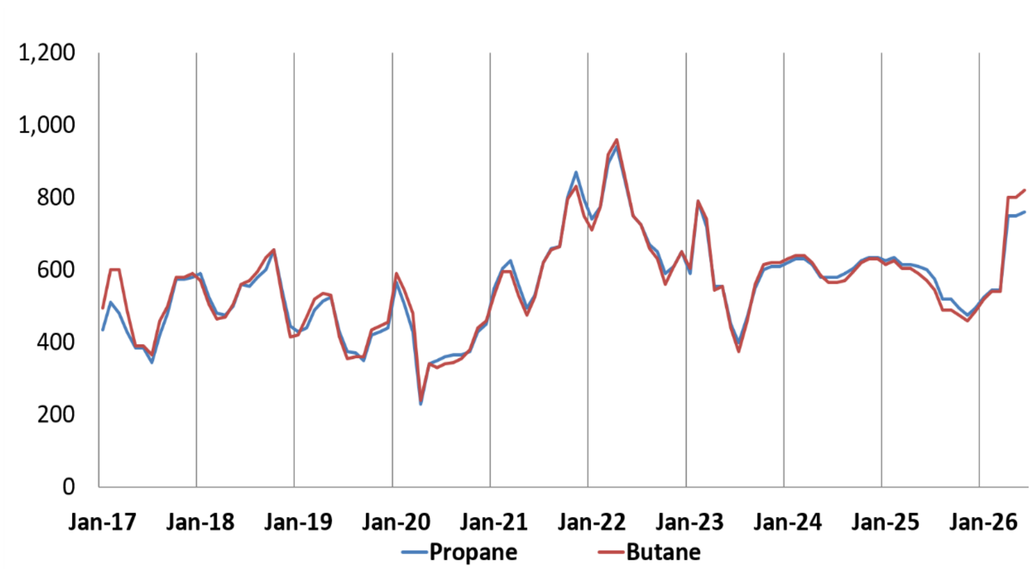
Key Operating Performance

Chart 1: Sales Volumes (Million Tonnes)



Source: SGP

Chart 2: LPG's Saudi Aramco Contract Price (USD per Tonne)



Source: SGP

Financial Statistics and Key Financial Ratios*

Unit: Mil. THB

		Year Ended 31 December			
	Jan-Mar 2026	2025	2024	2023	2022
Total operating revenues	23,166	74,035	84,486	91,059	102,536
Earnings before interest and taxes (EBIT)	2,145	1,186	2,755	2,476	1,493
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	2,495	2,724	4,023	3,689	2,879
Funds from operations (FFO)	1,999	1,247	2,683	2,273	1,728
Adjusted interest expense	293	1,250	1,124	1,120	724
Capital expenditures	594	3,476	5,695	1,873	1,466
Total assets	56,694	50,587	56,890	52,845	47,072
Adjusted debt	19,272	19,546	24,333	18,701	14,897
Adjusted equity	18,100	15,752	17,122	15,914	15,880
Adjusted Ratios					
EBITDA margin (%)	10.8	3.7	4.8	4.1	2.8
Pretax return on permanent capital (%) **	6.7	2.8	6.5	6.7	4.2
EBITDA interest coverage (times)	8.5	2.2	3.6	3.3	4.0
Debt to EBITDA (times) **	4.4	7.2	6.0	5.1	5.2
FFO to debt (%) **	14.2	6.4	11.0	12.2	11.6
Debt to capitalization (%)	51.6	55.4	58.7	54.0	48.4

* *Consolidated financial statements*

** *Annualized with trailing 12 months*

Related Criteria

- Corporate Rating Methodology, 29 December 2025
- Key Financial Ratios and Adjustments for Corporate Issuers, 7 November 2025
- Issue Rating Criteria, 26 December 2024

Siamgas and Petrochemicals PLC (SGP)

Issuer Credit Rating:	**BBB**
Issue Ratings:	
SGP269A: THB2,000 million senior unsecured debentures due 2026	BBB
SGP272A: THB4,000 million senior unsecured debentures due 2027	BBB
SGP282A: THB1,728 million senior unsecured debentures due 2028	BBB
SGP282B: THB2,272 million senior unsecured debentures due 2028	BBB
SGP292A: THB3,000 million senior unsecured debentures due 2029	BBB
Rating Outlook:	**Stable**

Rating History

Last Review Date: 24 October 2025

Date	Rating	Outlook/Alert
09-Jul-25	BBB	Stable
27-Jun-24	BBB+	Stable
30-Jun-23	BBB+	Negative
17-May-18	BBB+	Stable
28-Nov-13	BBB	Stable
07-Jul-11	BBB+	Stable

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