

COMPANY UPDATE

PTT (PTT TB)

2025's Focus To Be On Asset Monetisation And Strategic Partnerships

Asset monetisation remains the focus for 2025, seeking to enhance business potential and strengthen liquidity amid a still-weak overall business environment. In addition, the search for strategic partners is underway, with a shortlist expected to be finalised by end-25 and the official announcement of partners anticipated in early-26. We continue to view PTT as a dividend stock with a high dividend yield. Maintain BUY. Target price: Bt37.00.

WHAT'S NEW

- **Asset monetisation is PTT and PTTGC's main plan.** During the Allnex site visit in Shanghai, we had the opportunity to hear from the management teams of PTT and PTTGC. PTT's executives reiterated their strategic focus on maintaining liquidity across the PTT Group in 2025. They anticipate generating around Bt8.0b in cash flow through asset monetisation (PTT only). This initiative goes beyond simple asset transfers within the group and aims to optimise asset allocation to enhance value and returns. Meanwhile, PTTGC is conducting a comprehensive review of its asset portfolio, with a particular focus on non-core businesses. The planned restructuring will not disrupt the company's operations and is expected to be completed between 2H25-2026. While specific assets have not yet been disclosed, management indicated that the focus will likely be on infrastructure-related businesses. The portfolio adjustment is projected to generate an additional Bt30b in cash flow, which will be used to strengthen liquidity and reduce the company's debt.
- **Potential strategic partners to be shortlisted in 2025.** PTT's executives are currently seeking potential strategic partners with expertise in the petrochemical and refining sectors, or those with access to raw materials and established markets. The goal is to support the recovery and return to profitability of the petrochemical and refining businesses. Management expects to shortlist the partnership by end-25 and officially announce the selected partners in early-26. Despite bringing in new partners, PTT intends to retain its position as the major shareholder in this business.
- **We are positive on the new gas pricing structure.** The new gas pricing structure is expected to lower PTT's gas separation plant (GSP) costs by reverting to Gulf gas prices, instead of the current single pool gas price reference. This cost reduction could lead to a revision of the Ethane purchase agreement between PTT and PTTGC, specifically by changing the method used to calculate GSP production costs from single pool gas to Gulf gas pricing. This adjustment would have a financial impact on PTT, estimated at around Bt18.0b annually. In the previous revision of the Ethane purchase contract, PTTGC experienced an increase in Ethane costs of approximately Bt600m per year.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	3,144,551	3,090,453	3,318,680	3,382,751	3,468,976
EBITDA	442,938	416,382	405,053	429,129	452,926
Operating profit	269,873	230,464	222,854	250,573	277,942
Net profit (rep./act.)	112,024	90,072	90,590	106,525	121,223
Net profit (adj.)	102,933	86,370	90,590	106,525	121,223
EPS (Bt)	3.6	3.0	3.2	3.7	4.2
PE (x)	8.6	10.3	9.8	8.3	7.3
P/B (x)	0.8	0.7	0.7	0.7	0.7
EV/EBITDA (x)	1.7	1.7	1.6	1.3	0.9
Dividend yield (%)	6.5	6.8	6.8	6.8	7.7
Net margin (%)	3.6	2.9	2.7	3.1	3.5
Net debt/(cash) to equity (%)	54.3	48.8	43.2	33.0	21.4
Interest cover (x)	9.8	8.9	8.4	8.3	8.3
ROE (%)	11.2	8.9	8.9	10.2	11.3
Consensus net profit	-	-	101,743	100,092	108,716
UOBKH/Consensus (x)	-	-	0.89	1.06	1.12

Source: PTT, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt30.00
Target Price	Bt37.00
Upside	+23.33%

COMPANY DESCRIPTION

PTT is a Thailand-based oil & gas company engaged in the upstream petroleum, downstream petroleum, coal business and other related businesses.

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	PTT TB
Shares issued (m):	28,563.0
Market cap (Btm):	949,719.6
Market cap (US\$m):	26,923.3
3-mth avg daily t'over (US\$m):	27.8

Price Performance (%)

52-week high/low			Bt36.25/Bt31.25	
1mth	3mth	6mth	1yr	YTD
1.5	(1.5)	(4.3)	(7.0)	(7.0)

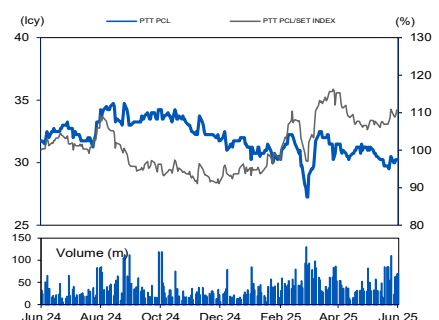
Major Shareholders

	%
MOF	51.2
Vayupak Fund 1	15.3
NVDR	3.0

FY24 NAV/Share (Bt) 41.39

FY24 Net Debt/Share (Bt) 14.42

PRICE CHART



Source: Bloomberg

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- **China is the largest industrial coating resins market globally**, representing about 45% of total world demand. The market is highly fragmented, with the top 10 companies capturing only 16% of market share. Allnex identifies a 7.0 m tonnes total resin market, focusing on a 1.8 m tonnes high-performance segment growing at 5% annually.
- **Allnex is one of the largest coating resin manufacturers in China.** Allnex has established itself as one of the leading coating resin producers in China, operating six manufacturing facilities and two innovation centres located in Suzhou and Shanghai. From 2019-24, Allnex achieved an impressive volume CAGR of 8%, underscoring its consistent and profitable growth. The Jiaying China Hub, launched in 2023, is now the cornerstone of its expansion, with 9 production lines, over EUR100m in investment, and a current capacity of 55,000 tonnes per year (KTA), set to increase to 100-130 KTA by 2030. Looking ahead, Allnex expects continued growth driven by localisation, entry into fast-growing segments, and enhancing cost efficiency through collaboration with PTT Global Chemical (PTTGC).
- **Allnex's strength lies in its strong presence in China.** Based on channel checks on Allnex's management, its key strengths are its well-established presence in China, strong customer relationships, and robust innovation capabilities backed by two local R&D centres. Its leadership in automotive OEM and industrial metal coatings, along with its portfolio of high-performance, eco-friendly products, is further enhanced by the scalability and strategic alignment enabled by its China Hub.
- **Allnex is planning to develop a SEA hub in Rayong.** This initiative is part of PTTGC's broader strategy to establish Thailand as a regional center for specialty chemicals, focusing on high-value and low-carbon businesses. The Allnex Southeast Asia (SEA) Hub is currently in the first phase of feasibility studies, with a final investment decision (FID) expected by 2025. The hub will specialise in waterborne and specialty coating resins, targeting the growing specialty chemicals market in Southeast Asia. The SEA hub aims to capture approximately 500 k tonnes of the 1.4 m tonnes of resin demand in the region.

STOCK IMPACT

- **2Q25 core profit expected to remain stable qoq.** We expect PTT's 2Q25 core profit to be relatively flat qoq. This is supported by seasonally adjusted gas demand and improved earnings from the petrochemical business, driven by a recovery in petrochemical spreads. However, these gains are expected to be offset by substantial inventory losses in the refinery business and weaker performance from the GSP due to declining product prices.

EARNINGS REVISION/RISK

- **Earnings revision:** None.

VALUATION/RECOMMENDATION

- **Maintain BUY with an SOTP-based target price of Bt37.00 in 2025.** We expect PTT to declare a dividend of at least Bt2.10/share in 2025, representing a dividend yield of 6.8%. In the oil & gas sector, we prefer PTT Global Chemical (PTTGC TB/BUY/Target: Bt21.00), Bangchak Corporation (BCP TB/BUY/Target: Bt45.00), and Indorama Ventures (IVL TB/BUY/Target: Bt32.00).

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5

SET ESG Rating: AAA

• Environmental

- a) Business growth: refining the energy investment portfolio with an emphasis on low carbon businesses, b) new growth: enhancing the profitability of the future energy and beyond segment to at least 30%, and c) clean growth: PTT targets to achieve carbon neutrality by 2040, with the ultimate aim of attaining net zero emissions by 2050.

• Social

- **PTT Group Innovation for Community Project.** a) Smart farming: developed integrated models in 45 areas across 29 provinces, b) smart marketing: developed 45 community products and six community-based tourism destinations, and c) community knowledge management.
- It has achieved its targeted Human Capital Index of 80%.

• Governance

- No cases of non-compliance with significant legal implications in operations.
- The assessment result for the National Anti-Corruption Commission's Integrity and Transparency Assessment is PASSED, Good level.

PTT'S STRATEGIC PROGRESS



Source: PTT, UOB Kay Hian

ALLNEX'S AEC HUB



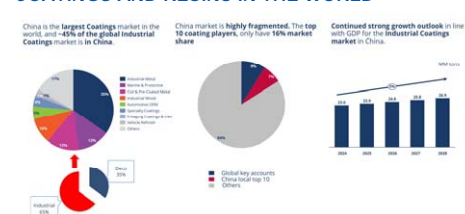
Source: PTT, UOB Kay Hian

ALLNEX CHINA HUB IN JIAYING



Source: PTT, UOB Kay Hian

CHINA – LARGE MARKET FOR INDUSTRIAL COATINGS AND RESINS IN THE WORLD



Source: PTT, UOB Kay Hian

SOTP VALUATION

	Share Holding	Fair Value (Bt/share)	Value (Bt/m)	Value (Bt/share)	Methodology
Gas Business (PTT's Operations)	100.0%		756,117	26.5	DCF @ WACC 7.5% G=1%
(1) Net Debt (PTT Only)			-126,515	-4.4	
1) PTT - Equity Value			631,602	22.1	
2) Associates and Subsidiaries					
PTTEP	63.8%	155.00	392,530	13.7	5-yr regional forward PE mean of 9x
TOP	45.0%	27.00	27,159	1.0	Forward PE mean of 7x
RPC	45.1%	1.25	11,507	0.4	Forward PBV -2.0 S.D. of 0.5x
PTTGC	45.2%	21.00	42,779	1.5	Forward PBV -2.0 S.D. of 0.41x
GPSC	47.3%	45.00	59,980	2.1	DCF Valuation
OR	75.0%	12.80	115,200	4.0	Forward PE -1.0 S.D. of 20x
3) Affiliates					
Others - Affiliates			40,281	1.4	
Total				46	
Discount to NAV (2021-2025)				-20%	
PTT's TP (UOB Kay Hian)				37.00	

Source: PTT, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	3,090,453	3,318,680	3,382,751	3,468,976
EBITDA	416,382	405,053	429,129	452,926
Deprec. & amort.	185,918	182,200	178,556	174,984
EBIT	230,464	222,854	250,573	277,942
Associate contributions	-6,668	1,659	3,383	6,938
Net interest income/(expense)	-46,821	-48,307	-51,563	-54,346
Pre-tax profit	180,678	176,206	202,394	230,534
Tax	-67,210	-52,862	-60,718	-69,160
Minorities	-23,396	-32,754	-35,151	-40,151
Net profit	90,072	90,590	106,525	121,223
Net profit (adj.)	86,370	90,590	106,525	121,223

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	1,534,658	1,503,085	1,462,165	1,419,505
Other LT assets	874,391	985,619	976,796	960,822
Cash/ST investment	405,139	413,887	520,606	654,363
Other current assets	139,882	191,003	191,773	197,130
Total assets	3,438,784	3,650,394	3,717,611	3,811,003
ST debt	180,055	122,778	123,778	129,779
Other current liabilities	148,840	202,000	200,248	190,955
LT debt	814,719	814,723	813,723	806,724
Other LT liabilities	398,100	455,267	433,096	433,078
Shareholders' equity	1,207,426	1,211,680	1,263,850	1,321,158
Total liabilities & equity	3,438,784	3,650,394	3,717,612	3,811,005

CASH FLOW

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	373,240	327,836	312,056	315,039
Pre-tax profit	180,678	176,206	202,394	230,534
Tax	-67,210	-52,862	-60,718	-69,160
Deprec. & amort.	185,918	182,200	178,556	174,984
Working capital changes	42,491	22,292	-8,175	-21,319
Other operating cashflows	31,363	0	0	0
Investing	-188,763	-204,688	-150,984	-116,369
Investments	-203,811	-150,627	-137,636	-132,324
Others	15,048	-54,061	-13,348	15,955
Financing	-186,411	-114,399	-54,354	-64,913
Dividend payments	-82,234	-57,126	-54,354	-63,915
Issue of shares	n.a.	n.a.	n.a.	n.a.
Proceeds from borrowings	-104,177	-57,273	0	-998
Net cash inflow (outflow)	-1,934	8,749	106,718	133,757
Beginning cash & cash equivalent	417,134	405,139	413,887	520,606
Changes due to forex impact	-10,061	0	0	0
Ending cash & cash equivalent	405,139	413,887	520,606	654,363

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	13.5	12.2	12.7	13.1
Pre-tax margin	5.8	5.3	6.0	6.6
Net margin	2.9	2.7	3.1	3.5
ROA	3.2	3.1	3.6	4.0
ROE	8.9	8.9	10.2	11.3
Growth				
Turnover	-1.7	7.4	1.9	2.5
EBITDA	-6.0	-2.7	5.9	5.5
Pre-tax profit	-23.6	-2.5	14.9	13.9
Net profit	-19.6	0.6	17.6	13.8
Net profit (adj.)	-16.1	4.9	17.6	13.8
EPS	-16.1	4.9	17.6	13.8
Leverage				
Debt to total capital	60.0	54.4	51.8	49.1
Debt to equity	82.4	77.4	74.2	70.9
Net debt/(cash) to equity	48.8	43.2	33.0	21.4
Interest cover (x)	8.9	8.4	8.3	8.3

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