

COMPANY UPDATE

PTT (PTT TB)

Remains Financially Robust With A Healthy Dividend

We maintain a positive view on PTT, citing its strong financial position, sufficient to support the flagship PTT Group's position during a period when the P&R business remains highly exposed to weak demand and oversupply. We expect an interim dividend of Bt0.75/share. Maintain BUY. Target price: Bt37.00.

WHAT'S NEW

- **The tone at PTT's analyst meeting was neutral.**
- **Strong financial position.** PTT remains financially robust. As of 2Q25, PTT reported cash and cash equivalents of Bt414b, with net debt-to-EBITDA and net debt-to-equity ratios at 1.89x and 0.3x, respectively. This financial strength enables PTT to provide extended terms of credit (ETC) to subsidiaries and affiliates, including lengthening ETC periods to 120 days for Thai Oil (TOP) and 150 days for PTT Global and Chemical (PTTGC). While this measure raises PTT's short-term debt by Bt162b, the impact on its net debt-to-equity ratio is minimal, increasing by just 0.1x. In addition, PTT plans to issue two more Thai baht bond tranches in Sep 25 to support its operations and help achieve its goals of improving return on invested capital (ROIC) and lowering WACC.
- **PTT remains a dividend stock.** Thanks to its strong financial health, we expect PTT to keep distributing attractive dividends. We estimate an interim dividend of Bt0.75/share, a 2.3% simple yield. For the full-year 2025, we project a dividend of Bt2.10/share, implying an annualised yield of 6.6%.
- **Increase cash flow from asset monetisation.** PTT is implementing an asset monetisation plan to boost cash flow and reinforce its financial strength. This initiative is part of a broader asset-light portfolio strategy and may involve sale-and-leaseback arrangements across both its hydrocarbon and non-hydrocarbon businesses. PTT targets: a) generating cash flow of Bt38.0b in 2025 and Bt77.0b in 2026 for the PTT Group, b) increasing ROIC by 5-10% (vs our 2Q25 ROIC expectation of 6.0-6.5% for PTT), and c) sustaining its investment-grade credit rating. In 1H25, asset monetisation in the non-hydrocarbon business contributed Bt7.4b in cash flow, with further monetisation expected through the rest of 2025 and 2026.
- **Reshape P&R portfolio.** The downstream businesses will need to evolve and reinforce their operations through strategic partnerships, while PTT plans to reduce its investment share. PTT is currently in negotiations to identify partners for investment in its petrochemical and refinery (P&R) businesses, including TOP, IRPC, and PTTGC. The company expects to shortlist potential strategic partners by the end of 2025 and finalise the selections by 2026. Despite these changes, PTT will maintain controlling stakes in all three companies.

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)	8.9	10.6	10.1	8.6	7.5
P/B (x)	0.8	0.8	0.8	0.7	0.7
EV/EBITDA (x)	1.7	1.7	1.6	1.3	0.9
Dividend yield (%)	6.3	6.6	6.6	6.6	7.5
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	-	-	91,121	97,662	99,001
UOBKH/Consensus (x)	-	-	0.99	1.09	1.22

Source: PTT, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt32.00
Target Price	Bt37.00
Upside	+15.63%

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 (%)

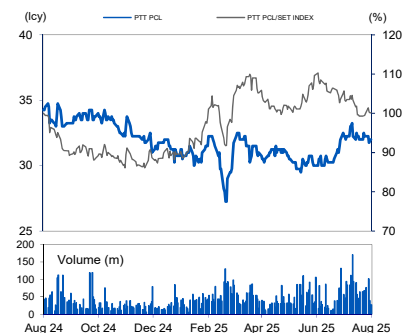
52-week high/low			Bt36.25/Bt31.25	
1mth	3mth	6mth	1yr	YTD
1.5	(1.5)	(4.3)	(7.0)	(7.0)

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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• **LNG value chain.** PTT aims to establish itself as the LNG hub of ASEAN, a region experiencing strong demand growth. To support this goal, the company is pursuing additional long-term contracts from major supply sources in the Middle East, the US, and Malaysia. Currently, PTT holds long-term LNG contracts totalling 5.2 m tonnes per year (MTPA) with Qatar, British Petroleum, Shell, and Petronas, and an additional 1 MTPA with Cheniere Energy starting in 2026. The company plans to increase its contracted LNG supply to 10 MTPA by 2030 and 15 MTPA by 2035. PTT operates the largest LNG import capacity in ASEAN, totalling 19 MTPA in Rayong, including: a) Map Ta Phut LNG Terminal: 11.5 MTPA, and b) Nong Fab LNG Terminal: 7.5 MTPA. Earlier, PTT announced a five-year investment plan (2025-29) of Bt107b, mainly to support expansion during the energy transition. This includes growing the natural gas business, enhancing the pipeline network, and investing in the LNG value chain, both domestically and internationally.

STOCK IMPACT

- **3Q25 core earnings outlook is flat qoq.** We expect 3Q25 core profit to remain flat qoq. The gas business' EBITDA is forecasted to decrease due to seasonally lower gas demand, increased electricity production from hydropower plants, and ongoing losses at the gas separation plant (GSP) from the planned maintenance shutdown of Unit 5. However, this decline is expected to be offset by a recovery in PTTEP's performance, driven by higher crude oil prices, increased sales volume, and lower unit costs.
- **3Q25 extraordinary gain.** We expect PTT to record an extraordinary gain of Bt8.0b in 3Q25 from a potential profit enhancement project, mainly driven by: a) gains from the planned sale of up to 2% of its shares in Lotus Pharmaceutical Company (Lotus), with the sale scheduled to take place gradually from Jul 25 through Jul 26; and b) gains from the fair value adjustment of its investment in Lotus following the company's restructuring from a subsidiary to an associate of PTT. After the sale, PTT will continue to hold a 36% stake in Lotus through Innobic (Asia) Co, a wholly-owned subsidiary.
- **Core earnings for 1H25 decreased 22% yoy.** 1H25 core earnings were Bt41b, down 22% yoy, representing 50% of our 2025 core earnings estimate.

EARNINGS REVISION/RISK

- **Earnings revision:** None.

VALUATION/RECOMMENDATION

- **Maintain BUY with an SOTP-based target price of Bt37.00 in 2025.** In the oil & gas sector, we prefer PTT Oil and Retail (OR TB/BUY/Target: Bt20.00) SCG Packaging (SCGP TB/BUY/Target: Bt21.00) and Indorama Ventures (IVL TB/BUY/Target: Bt27.00).

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.	

KEY ACHIEVEMENTS (1H25)



Source: PTT, UOB Kay Hian

HYDROCARBON BUSINESS



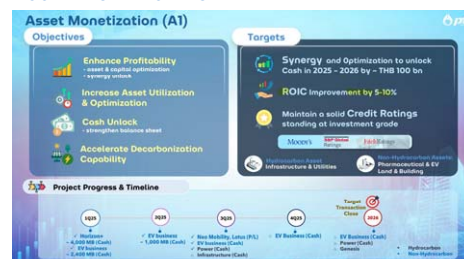
Source: PTT, UOB Kay Hian

PTT TO IMPROVE ROIC AND LOWER WACC



Source: PTT, UOB Kay Hian

ASSET MONETISATION



Source: PTT, UOB Kay Hian

SOTP VALUATION

	Share Holding	Fair Value (Bt/share)	Value (Bt)	Value (Bt/share)	Methodology
Gas Business (PTT's Operations)	100.0%		758,111	25.5	
(-) Net Debt (PTT Only)			(159,389)	(5.6)	
1) PTT - Equity Value			598,722	21.0	
2) Associates and Subsidiaries					
PTTEP	63.8%	155.00	392,530	13.7	5-yrs regional low and PE mean of 9x
TOP	45.0%	27.00	27,150	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%	23.00	46,853	1.6	Forward PBV -2.0 S.D. of 0.41x
GPSC	47.3%	45.00	50,980	2.1	DCF Valuation
OR	75.0%	16.00	144,000	5.0	Forward PE -1.0 S.D. of 20x
3) Affiliates					
Others Affiliates			40,281	1.4	
Total				40	
Discount to NAV (2021-2022)				(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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