

## COMPANY UPDATE

### PTT Oil & Retail Business (OR TB)

Business Strategy Focuses On Creating A Complete Ecosystem

OR offers a compelling business strategy that includes: a) branch expansion within the mobility business; b) growth in the EV business to capture rising vehicle demand; and c) M&A in the lifestyle business, with greater clarity expected in 4Q25, including the hotel business, which is also scheduled to begin construction in 4Q25. We keep OR as one of our top picks in the oil and gas sector. Maintain BUY. Target price of Bt20.00.

#### WHAT'S NEW

- **The tone at PTT Oil & Retail Business' (OR) analyst meeting was positive.**
- **The mobility business still has plans for expansion.** OR's management continues to target expanding its service stations from the current 2,348 to 2,800 by 2030. While the Thai economy faces only a limited risk of technical recession, sluggish growth remains possible. Nevertheless, OR's management expects oil sales volume in 2025 to increase by 1-3%, supported in part by sustained demand for jet fuel. Despite sluggish tourism, aircraft traffic is projected to keep growing, providing a boost to both oil sales volume and marketing margin. We maintain our assumptions of a 1% yoy growth in oil sales volume and a marketing margin of Bt0.97/litre for 2025 (vs Bt0.95/litre in 2024).
- **The EV business is beginning to generate profits for OR.** OR aims to position itself as a leader in the EV ecosystem while addressing risks from the expected peak in oil demand by 2029. In 7M25, registered electric vehicles (EV) totalled 67,257, up 55% yoy. Although EVs still represent a small share of Thailand's total vehicle fleet, the strong growth underscores OR's confidence in the sector's potential. By the end of 2Q25, the company had installed 2,576 direct current (DC) charging connectors across 1,285 EV stations. OR's expansion plan includes the yearly installation of 600 DC charging connectors and 250 additional EV stations. OR's EV business recorded core earnings in 1H25 that were close to break even.
- **Expected to finalise M&A in 4Q25.** The M&A plan in the lifestyle business, intended to replace Texas Chicken, is expected to be finalised in 4Q25. Management considers the lifestyle business to be one of OR's key growth drivers, with a target to raise daily visitor traffic from 3.9m currently to 5.0m by 2030.

#### KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	769,224	723,958	813,329	848,677	885,562
EBITDA	22,920	19,717	22,890	25,256	25,593
Operating profit	14,357	11,153	13,787	15,363	15,497
Net profit (rep./act.)	11,099	7,648	11,500	12,000	12,391
Net profit (adj.)	11,091	8,359	10,144	12,000	12,391
EPS (Bt)	0.9	0.7	0.8	1.0	1.0
PE (x)	14.0	18.5	15.3	12.9	12.5
P/B (x)	0.7	0.7	0.7	0.6	0.6
EV/EBITDA (x)	6.0	6.9	5.6	5.0	4.8
Dividend yield (%)	4.0	3.1	3.9	4.3	4.3
Net margin (%)	1.4	1.1	1.4	1.4	1.4
Net debt/(cash) to equity (%)					
Interest cover (x)	16.7	15.6	18.8	30.2	50.9
Consensus net profit	-	-	10,450	11,151	11,746
UOBKH/Consensus (x)	-	-	1.10	1.08	1.05

Source: PTT Oil & Retail Business, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	Bt12.90
Target Price	Bt20.00
Upside	+55.04%

#### COMPANY DESCRIPTION

The company operates an integrated oil and non-oil retailing platform both in Thailand and abroad, including the sales and distribution of petroleum products and other products in retail and commercial marketing, coffee shops, other food and beverage outlet.

#### STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	OR TB
Shares issued (m):	12,000.0
Market cap (Btm):	184,800.0
Market cap (US\$m):	5,379.6
3-mth avg daily t'over (US\$m):	5.9

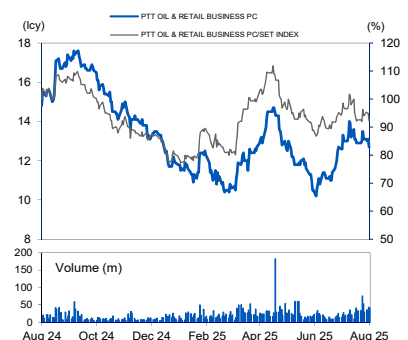
#### Price Performance (%)

52-week high/low			Bt20.90/Bt13.80	
1mth	3mth	6mth	1yr	YTD
(4.9)	(14.4)	(18.5)	(24.9)	(19.4)

Major Shareholders	%
-	-

FY24 NAV/Share (Bt)	19.52
FY24 Net Cash/Share (Bt)	0.73

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

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- **OR also plans to open additional hotels.** At a recent analyst meeting, management outlined plans for the hotel business, with construction expected to begin in 4Q25 at locations both within and outside service stations. OR initially targets 5-6 hotels, each with 40-79 rooms and average room rates of Bt750-900 per night, focusing on areas near airports. The projects will be developed in partnership with established hotel operators. OR's management believes this initiative will enhance OR's ecosystem by integrating 24-hour food and energy solutions.
- **Cambodia situation.** With regard to the Thai-Cambodian border conflict, OR's management expects limited impact: a) the effect on total sales volume should be under 1%, as Cambodia currently contributes only about 5% of OR's total EBITDA, b) no asset impairments are anticipated in the near term, and c) fewer than 20% of Cambodia's 177 service stations are expected to rebrand. Should some Dealer Owned Dealer Operated (DoDo) stations proceed with rebranding, management is confident that replacements can be secured quickly. OR's "second-home base" strategy was never intended to rely solely on Cambodia but also covers other neighbouring markets with growth potential, leveraging Thailand's established business model.

## STOCK IMPACT

- **3Q25 core earnings outlook.** We expect core earnings in 3Q25 to fall qoq but increase yoy, primarily due to seasonal softness in oil sales volume. However, this should be partly mitigated by a recovery in marketing margins, supported by: a) the absence of significant promotional spending as seen in 2Q25, and b) easing government intervention as the Oil Fund situation improves. The seasonal effect in 3Q25 is expected to be temporary, with net profit projected to rebound in 4Q25, supported by the peak tourism season.

## EARNINGS REVISION/RISK

- **Earnings revision:** None.

## VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt20.00**, based on 21.00x PE at -1.0SD. In the oil & gas sector, we like PTTOR (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)

<b>CG Report: 5</b>
<b>SET ESG Rating: AAA</b>
<ul style="list-style-type: none"> <li>• <b>Environmental</b> <ul style="list-style-type: none"> <li>- OR aims to cut greenhouse gas emissions (Scope 1 and 2) from its operations by over one-third by 2030 compared with 2022 levels, while also reducing its conventional fuel use intensity by more than one-third in the same timeframe. It also plans to expand its EV Station PluZ network to reach 7,000 DC fast-charging connectors by 2030.</li> </ul> </li> <li>• <b>Social</b> <ul style="list-style-type: none"> <li>- OR aims to improve the quality of life in 17,000 communities, benefitting 13m people, by 2030 in areas surrounding its operations. It also targets achieving a brand health score of 70 or higher among social and community stakeholders by 2030. Additionally, OR plans to expand its Café Amazon network to 500 branches by 2026.</li> </ul> </li> <li>• <b>Governance</b> <ul style="list-style-type: none"> <li>- OR's board, management, and employees are committed to five core corporate governance principles — accountability, responsibility, equitable treatment, transparency, and vision — to foster long-term value and ethical conduct. OR maintains an organisational structure that fairly balances the roles of the Board, management, and shareholders. It also implements a transparent and fair nomination process for selecting key management positions across all levels.</li> </ul> </li> </ul>

## 2025 OUTLOOK



Source: PTT Oil & Retail Business, UOB Kay Hian

## FUTURE ECOSYSTEM



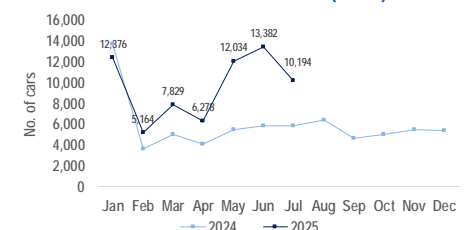
Source: PTT Oil & Retail Business, UOB Kay Hian

## 1H25 PERFORMANCE



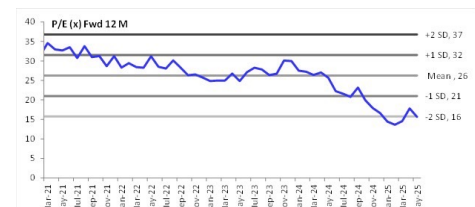
Source: PTT Oil & Retail Business, UOB Kay Hian

## EV REGISTRATIONS IN THAILAND (7M25)



Source: The Thai Automotive Industry Association (TAIA), UOB Kay Hian

## AVERAGE THREE-YEAR PE



Source: PTT Oil & Retail Business, UOB Kay Hian

**PROFIT & LOSS**

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	723,958	813,329	848,677	885,562
EBITDA	19,717	22,890	25,256	25,593
Deprec. & amort.	8,564	9,103	9,893	10,096
EBIT	11,153	13,787	15,363	15,497
Associate contributions	271	285	299	314
Net interest income/(expense)	-1,264	-1,220	-837	-502
Pre-tax profit	9,450	14,208	14,826	15,309
Tax	-1,801	-2,708	-2,826	-2,918
Minorities	-1	0	0	0
Net profit	7,648	11,500	12,000	12,391
Net profit (adj.)	8,359	10,144	12,000	12,391

**CASH FLOW**

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	17,640	27,728	21,425	22,032
Pre-tax profit	9,450	14,208	14,826	15,309
Tax	-1,801	-2,708	-2,826	-2,918
Deprec. & amort.	8,564	9,103	9,893	10,096
Working capital changes	2,547	6,676	-468	-456
Other operating cashflows	-1,120	450	0	0
Investing	-5,263	-15,164	-10,966	-11,908
Investments	-6,886	-13,357	-10,251	-11,162
Others	1,624	(1,808)	(715)	(746)
Financing	-16,275	-13,457	-13,902	-14,214
Dividend payments	-6,466	-4,800	-7,215	-7,529
Proceeds from borrowings	-9,808	-8,657	-6,686	-6,685
Others/interest paid	n.a.	n.a.	n.a.	n.a.
Net cash inflow (outflow)	-3,898	-894	-3,443	-4,090
Beginning cash & cash equivalent	51,469	47,231	46,337	42,895
Changes due to forex impact	(307)	0	0	0
Ending cash & cash equivalent	47,263	46,337	42,894	38,805

**BALANCE SHEET**

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	47,327	51,581	51,939	53,005
Other LT assets	44,133	48,136	49,719	51,371
Cash/ST investment	47,263	46,337	42,894	38,805
Other current assets	59,034	63,288	63,646	64,711
Total assets	207,492	223,401	225,252	227,389
ST debt	8,657	6,686	6,686	6,686
Other current liabilities	52,016	67,238	70,122	73,176
LT debt	20,077	13,390	6,704	19
Other LT liabilities	17,781	19,976	20,845	21,750
Shareholders' equity	228,897	236,047	240,831	245,694
Total liabilities & equity	207,492	223,401	225,253	227,391

**KEY METRICS**

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	2.7	2.8	3.0	2.9
Pre-tax margin	1.3	1.7	1.7	1.7
Net margin	1.1	1.4	1.4	1.4
Net profit (adj.)	1.2	1.3	1.4	1.4
Growth				
Turnover	-5.9	12.3	4.3	4.3
EBITDA	-14.0	16.2	10.2	1.3
Pre-tax profit	-30.2	50.3	4.3	3.3
Net profit	-31.1	50.4	4.3	3.3
Net profit (adj.)	-24.6	21.7	17.9	3.3
EPS	-24.6	21.7	17.9	3.3
Leverage				
Debt to total capital	26.4	17.3	11.1	5.3
Debt to equity	12.6	8.5	5.6	2.7
Net debt/(cash) to equity				
Interest cover (x)	15.6	18.8	30.2	50.9

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