PTT Exploration & Production (PTTEP TB)

3Q25: Net Profit Reported In Line With Expectations

Highlights

- PTTEP reported a net profit of Bt12.7b in 3Q25, down both qoq and yoy, in line with our expectations but 8% below consensus estimates.
- Core profit declined in 3Q25, mainly due to lower ASP and higher unit costs.
- Earnings are expected to improve qoq in 4Q25, supported by higher sales volumes and reduced unit costs.
- No impairment is expected for the Mozambique project in 2025; construction is expected to resume soon, with production starting as planned.

3Q25 Results

Year to 31 Dec (Btm)	3Q24	2Q25	3Q25	Chg. %yoy	Chg. %qoq	9M24	9M25	Chg. %yoy
Revenue	75,793	71,180	68,731	-9%	-3%	235,900	211,076	-11%
Gross profit	36,261	33,345	31,827	-12%	-5%	124,376	100,800	-19%
Interest expenses	2,938	3,216	3,184	8%	-1%	9,176	9,684	6%
Other Income	3,830	3,027	2,359	-38%	-22%	10,523	8,261	-22%
EBITDA	53,690	51,212	47,428	-12%	-7%	174,943	149,883	-14%
Core Profit	18,177	14,113	12,148	-33%	-14%	62,021	42,890	-31%
Net Profit	17,865	13,515	12,695	-29%	-6%	60,525	42,771	-29%
EPS	4.50	3.40	3.20	-29%	-6%	15.25	10.77	-29%
Financial ratio (%)								
Gross Profit Margin	47.8%	46.8%	46.3%			52.7%	47.8%	
EBITDA Margin	70.8%	71.9%	69.0%			74.2%	71.0%	
SG&A Exp. / Sales	10.2%	10.0%	11.9%			9.8%	10.8%	
Net profit margin	23.6%	19.0%	18.5%			25.7%	20.3%	

Source: PTT Exploration & Production PCL, UOB Kay Hian

Analysis

- **3Q25 net profit in line with expectations.** PTT Exploration & Production (PTTEP) reported a net profit of Bt12.7b for 3Q25, down 6% qoq and 29% yoy, in line with our expectations but 8% below consensus estimates. The 14% qoq decline in core profit was mainly due to a 2% qoq drop in ASP and a 1% qoq rise in unit costs. In 3Q25, PTTEP reached a notable milestone as it started recording sales from two projects: a) the Malaysia–Thailand Joint Development Area (MTJDA) A18 project in July, and b) the Algeria Touat project in September. Net profit for 9M25 declined 29% yoy, accounting for 71% of our full-year estimate.

Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	300,694	312,310	280,980	283,361	294,622
EBITDA	234,395	240,397	206,241	207,695	220,385
Operating profit	151,124	145,942	111,185	108,551	116,998
Net profit (rep./act.)	76,705	78,825	60,742	59,814	64,926
Net profit (adj.)	78,654	78,240	61,165	59,814	64,926
EPS	19.81	19.71	15.41	15.07	16.35
PE	5.75	5.78	7.40	7.57	6.97
P/B	0.94	0.87	0.83	0.79	0.74
EV/EBITDA	1.89	1.85	2.02	2.25	2.22
Dividend yield	8.33	8.44	8.42	8.42	8.42
Net margin	25.51	25.24	21.62	21.11	22.04
Net debt/(cash) to equity				2.49	5.84
Interest cover	22.69	20.40	18.87	20.14	21.37
ROE	17.98	17.65	13.27	12.64	13.22
Consensus net profit	-	-	63,044	61,231	57,707
UOBKH/Consensus (x)	-	-	0.97	0.98	1.13

Source: Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	Bt108.00
Target Price	Bt136.00
Upside	25.93%

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Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	PTTEP TB
Shares issued (m)	3,970.0
Market cap (Btm)	454,563.3
Market cap (US$m)	14,038.0
3-mth avg daily t'over (US$m)	31.4

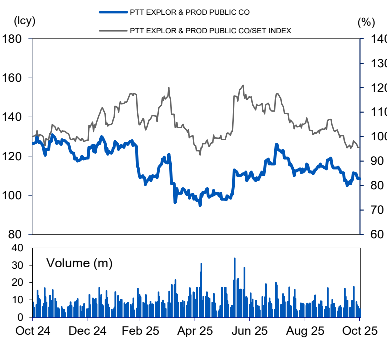
Price Performance (%)

52-week high/low				Bt199.5/Bt130.5
1mth	3mth	6mth	1yr	YTD
0.9	3.2	(5.4)	(12.6)	(3.8)

Major Shareholders

PTT Pcl	63.79%
Thai NVDR	6.52%
State street europe limited	1.80%

Price Chart



Source: Bloomberg

Company Description

PTTEP explores for crude oil and natural gas, develops fields for production

- **Sales volume increased on contribution from new projects.** Sales volume in 3Q25 reached 510,497 barrels of oil equivalent per day (BOED), up 1% qoq and 7% yoy. The improvement was driven by higher sales from Southeast Asian projects due to lower maintenance activity, along with new contributions from the A18 and Algeria Touat projects. These gains offset the lower sales from projects in the Middle East and South Africa.
- **ASP declined slightly qoq.** ASP was US$43.17/BOED, down 2% qoq and 8% yoy. The decline was due to higher discounts on liquid products amid weaker crude prices and a lower share of liquid sales, while gas selling prices remained stable qoq.
- **Unit costs rose slightly qoq.** Unit cost in 3Q25 stood at US$31.52/BOED, up 1% qoq, mainly due to: a) higher general and administration (G&A) expenses from consulting fees related to the A18 and Touat projects, and b) increased exploration expenses, including a Bt570m write-off for domestic projects and expenses for seismic data. These were partially offset by lower depreciation, depletion, and amortisation (DD&A) from higher reserves at Erawan project (G1/61) and MTJDA B17-01.
- **Extra gains recorded in 3Q25.** PTTEP booked Bt547m in extra gains (vs Bt598m loss in 2Q25), primarily from forex gains.
- **Core earnings expected to rebound in 4Q25.** Core earnings in 4Q25 are expected to improve qoq, supported by a projected 6-10% increase in sales volume to 540,000-560,000 BOED. The growth will be driven by higher output from the Sinphuhorm project, increased liquid sales from the Middle East and South Africa, and full-quarter revenue recognition from the MTJDA A18 and Algeria Touat projects. In Thailand, sales are also expected to rise as no maintenance shutdowns are scheduled for the gas separation plant in 4Q25, unlike in 3Q25. Additionally, unit costs are expected to decline to around US$29.00/BOED (vs US$31.50/BOED in 3Q25) following the absence of significant one-time expenses recorded in 3Q25.
- **No impairment expected for Mozambique LNG in 2025.** PTTEP remains positive about the project's outlook and expects the Mozambique government to grant site access soon, after which TOTAL, the project operator, will announce the resumption of construction. PTTEP continues to target production start-up by 2028, or no later than 1H29, as originally planned. PTTEP anticipates no impairments for this project in 2025.

Valuation/Recommendation

- **Maintain BUY with 2026 target price of Bt136.00**, based on an average five-year regional forward PE of 9x. 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).

Earnings Revision/Risk

- **None.**

Environment, Social, Governance (ESG) Updates

Environmental

- **Carbon capture and storage.** PTTEP is leading Thailand's first carbon capture project, which is set for completion by 2026. This project is key to PTTEP's plan to reach carbon neutrality by 2050 and net-zero emissions by 2065, focusing on reducing oil production emissions with potential for broader industry applications.

Social

- **Community engagement:** PTTEP invests in education, healthcare, and infrastructure in its operating regions to improve quality of life and support sustainable development.

Governance

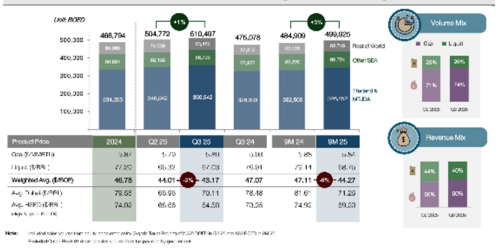
- **Supplier ESG assessment:** PTTEP requires suppliers to meet strict ESG criteria, including business ethics, safety, and environmental impacts, to ensure sustainable and ethical procurement.

Key Statistics

	3Q24	2Q25	3Q25	Chg. %yoy	Chg. %qoq
Sales volume (BOED)	475.1	504.7	510.5	7%	1%
ASP (US$/bbl)	47.1	44.0	43.2	-8%	-2%
Gas price (US$/MMBTU)	5.9	5.8	5.8	-2%	0%
Liquid price (US$/bbl)	76.9	66.3	67.0	-13%	1%
Avg. Dubai (US$/bbl)	78.5	66.9	69.1	-12%	3%
Unit Cost (US$/bbl)	31.9	31.1	31.5	-1%	1%

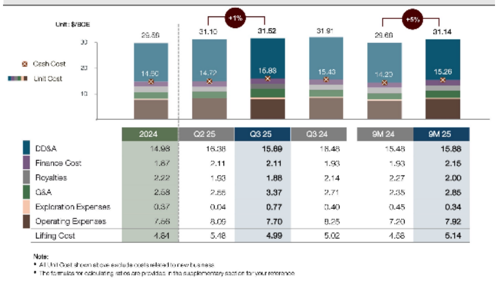
Source: PTTEP, UOB Kay Hian

Sales Volume and Average Selling Price



Source: Bloomberg

Unit Cost

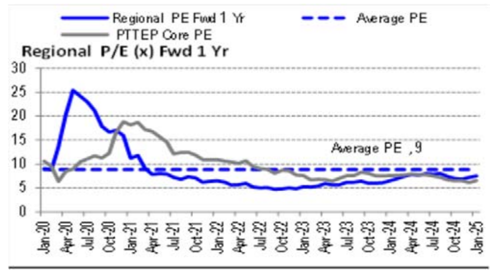


Source: PTTEP, UOB Kay Hian

PTTEP Guidance

Source: PTTEP, UOB Kay Hian

Five-Year Regional Forward PE Band



Source: Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	312,310	280,980	283,361	294,622
EBITDA	240,397	206,241	207,695	220,385
Deprec. & amort.	95,039	94,633	99,145	103,387
EBIT	145,357	111,608	108,551	116,998
Associate contributions	1,317	1,383	1,452	1,524
Net interest income/(expense)	-11,813	-10,909	-10,312	-10,312
Pre-tax profit	136,031	101,237	99,690	108,210
Tax	-57,214	-40,495	-39,876	-43,284
Minorities	-7.281	0	0	0
Net profit	78,825	60,742	59,814	64,926
Net profit (adj.)	78,240	61,165	59,814	64,926

Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	490,484	581,316	663,507	723,710
Other LT assets	252,685	171,635	172,825	178,456
Cash/ST investment	133,850	150,947	100,281	78,982
Other current assets	22,252	22,478	25,503	29,462
Total assets	965,301	962,324	997,878	1,046,503
ST debt	13,254	0	0	0
Other current liabilities	209,343	224,784	226,689	235,698
LT debt	114,580	114,580	114,580	114,580
Other LT liabilities	209,343	224,784	226,689	235,698
Shareholders' equity	520,709	543,112	573,481	609,411
Total liabilities & equity	965,301	962,324	997,878	1,046,503

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	202,301	157,536	159,400	167,909
Pre-tax profit	136,031	101,237	99,690	108,210
Tax	-57,214	-40,495	-39,876	-43,284
Deprec. & amort.	95,039	94,633	99,145	103,387
Working capital changes	14,732	2,289	441	-405
Other operating cashflows	13,713	-128	0	0
Investing	-150,369	-88,973	-180,621	-160,212
Investments	-100,597	-185,465	-181,335	-163,590
Others	-49,772	96,492	714	3,378
Financing	-54,367	-51,465	-29,446	-28,996
Dividend payments	-38,705	-38,211	-29,446	-28,996
Issue of shares	-15,662	-13,254	0	0
Proceeds from borrowings	-2,435	17,098	-50,666	-21,299
Net cash inflow (outflow)	137,542	133,850	150,947	100,281
Beginning cash & cash equivalent	-1,257	0	0	0
Changes due to forex impact	133,850	150,947	100,281	78,982
Ending cash & cash equivalent	202,301	157,536	159,400	167,909

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	77.2	73.3	73.3	74.8
Pre-tax margin	43.6	36.0	35.2	36.7
Net margin	25.2	21.6	21.1	22.0
ROA	9.6	7.4	7.1	7.5
ROE	17.6	13.3	12.6	13.2
Growth				
Turnover	3.9	-10.0	0.8	4.0
EBITDA	2.0	-15.3	0.9	6.3
Pre-tax profit	-4.9	-24.9	-1.9	8.5
Net profit	2.8	-22.9	-1.5	8.5
Net profit (adj.)	-0.5	-21.8	-2.2	8.5
EPS	2.8	-22.9	-1.5	8.5
Leverage				
Debt to total capital	23.9	20.5	19.5	18.3
Debt to equity	24.6	21.1	20.0	18.8
Net debt/(cash) to equity	-1.6		2.5	5.8
Interest cover (x)	20.4	18.9	20.1	21.4

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