

PTT Exploration & Production (PTTEP TB)

Higher Sales Volume And Lower Unit Costs To Drive 4Q25 Net Profit Growth

Highlights

- We estimate 4Q25 net profit at Bt16.6b, up 31% qoq, driven by non-recurring gains of Bt4.2b booked in the quarter.
- Core profit is expected to improve qoq, supported by higher sales volumes and lower unit costs, which should be sufficient to offset the decline in selling prices.
- We estimate PTTEP's 2H25 dividend at Bt4.40/share. Maintain BUY. Target price: Bt136.00.

4Q25 Preview

Year to 31 Dec (Btm)	4Q24	3Q25	4Q25F	Chg. %yoY	Chg. %qoq	2024	2025F	Chg. %yoY
Revenue	76,410	68,731	72,168	-6%	5%	312,310	283,244	-9%
Gross profit	39,174	31,827	31,983	-18%	0%	163,550	132,782	-19%
Interest expenses	2,637	3,184	3,370	28%	6%	11,813	13,054	11%
Other Income	3,997	2,359	2,526	-37%	7%	14,520	10,786	-26%
EBITDA	51,519	47,428	47,841	-7%	1%	226,462	204,410	-13%
Core Profit	16,218	12,148	12,385	-24%	2%	78,239	55,245	-29%
Net Profit	18,299	12,695	16,604	-9%	31%	78,824	59,345	-25%
EPS	4.61	3.20	4.18	-9%	31%	19.86	14.96	-25%
Financial ratio (%)								
Gross Profit Margin	51.3%	46.3%	44.3%			52.4%	46.9%	
EBITDA Margin	67.4%	69.0%	66.3%			72.5%	69.8%	
SG&A Exp. / Sales	11.8%	11.9%	12.5%			10.3%	11.2%	
Net profit margin	23.9%	18.5%	23.0%			25.2%	21.0%	

Source: PTT Exploration & Production, UOB Kay Hian

Analysis

- Higher sales volume and lower unit costs to drive qoq net profit growth in 4Q25.** We estimate PTT Exploration and Production's (PTTEP) 4Q25 net profit at Bt16.6b, up 31% qoq, driven by higher sales volumes, lower unit costs, and the recognition of non-recurring items totalling Bt4.2b in the quarter. As a result, 2025 net profit is projected at Bt59.3b, down 25% yoy.

Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	300,694	312,310	283,244	267,775	293,171
EBITDA	234,395	240,397	204,410	192,985	198,441
Operating profit	151,124	145,942	111,740	108,828	117,230
Net profit (rep./act.)	76,705	78,825	59,345	59,758	64,832
Net profit (adj.)	78,654	78,240	55,245	59,758	64,832
EPS	19.81	19.71	13.92	15.05	16.33
PE	5.48	5.51	7.80	7.21	6.64
P/B	0.90	0.83	0.80	0.75	0.71
EV/EBITDA	1.80	1.76	1.89	1.83	1.58
Dividend yield	8.76	8.87	7.83	7.83	7.83
Net margin	25.51	25.24	20.95	22.32	22.11
Net debt/(cash) to equity					
Interest cover	22.69	20.40	15.97	18.71	19.24
ROE	17.98	17.65	13.00	12.66	13.23
Consensus net profit	-	-	61,659	59,964	57,244
UOBKH/Consensus (%)	-	-	0.90	1.00	1.13

Source: PTTEP, Bloomberg, UOB Kay Hian

Share Price	Bt108.50
Target Price	Bt136.00
Upside	25.35%

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Stock Data

GICS Sector	Energy
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

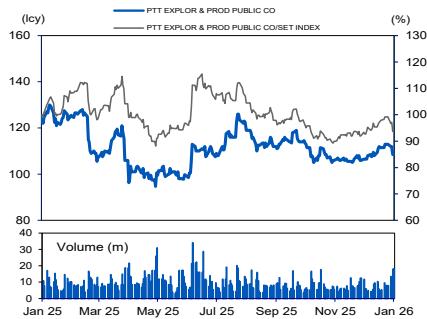
Price Performance (%)

52-week high/low	Bt130.50/Bt93.00			
1mth	3mth	6mth	1yr	YTD
0.47	(6.49)	10.20	(12.6)	(9.24)

Major Shareholders

PTT	63.79%
Thai NVDR	6.52%
State Street Europe	1.80%

Price Chart



Source: Bloomberg

Company Description

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

- Core profit to edge up slightly qoq in 4Q25.** We forecast 4Q25 core profit to increase 2% qoq, supported by: a) sales volume of 540 thousand barrels of oil equivalent per day (KBOED), up 6% qoq and 8% yoy, driven by higher sales from projects in the Middle East, Africa and Southeast Asia, increased gas sales in the Gulf of Thailand, and full-quarter contribution from projects such as A-18 and Algeria Touat; and b) lower unit costs, declining qoq to US\$30/bbl, due to lower depreciation, depletion & amortisation per unit following higher reserve recognition, as well as the absence of sizeable one-time expenses seen in 3Q25. These positive factors are expected to fully offset the weaker ASP, which declined to US\$42.20/bbl, in line with lower crude oil prices.
- Non-recurring items.** We expect non-recurring gains of Bt4.2b in 4Q25, comprising: a) forex gains of Bt162m, b) oil hedging gains of Bt1.1b, and c) bargains of Bt3.0b from the acquisition of the Algeria Touat project.
- 2026 net profit outlook maintained.** We maintain our 2026 net profit forecast at Bt59.8b, flat yoy, driven by: a) sales volume of 556 KBOED, up 9% yoy, supported by projects that began contributing in 2025, including the increased investment in A18, Algeria Touat, and Sinphuuhorm, as well as full-year contributions from the Arthit project. In addition, new projects commencing operations in 2026, namely Ghasha (UAE) and Sabah K (Malaysia), will further support volumes; b) unit cost of US\$30.00/bbl (vs US\$30.54/bbl in 2025); and c) ASP assumption of US\$43.85/bbl, down 1.2% yoy, in line with lower crude oil prices. Our 2026 crude oil price assumption stands at US\$67/bbl (vs PTTEP's assumption of US\$65-66/bbl), while PTTEP's gas selling price is expected at US\$5.70/million British thermal units (MMBTU) (vs US\$5.8/MMBTU in 2025).
- Attractive dividend.** We maintain our 2H25 dividend forecast at Bt4.40/share. As a result, we expect the total dividend payout for 2025 to amount to Bt8.50/share.
- Sensitivity.** Every US\$1.00/bbl decrease in oil prices would lower our 2026 core profit forecast by 1.6%, or Bt1.10b per year. Our Dubai oil price assumption for 2026 is US\$67.00/bbl. Every US\$1.00/bbl decline in unit cost would increase our 2026 core profit forecast by 2.9%, or Bt2.0b per year.

Valuation/Recommendation

- Maintain BUY with a 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: Bt21.00) SCG Packaging (SCGP TB/BUY/Target: Bt26.00) and Indorama Ventures (IVL TB/BUY/Target: Bt27.00).

Earnings Revision/Risk

- We cut our 2025 forecast by 5.8%,** reflecting higher-than-expected unit costs in 4Q25. As a result, 2025 unit cost is now estimated at US\$30.54/bbl, above our prior assumption of US\$30.00/bbl, along with higher-than-expected SG&A expenses.

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.

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

	4Q24	3Q25	4Q25F	Chg. %yoy	Chg. %qoq
Sales volume (BOED)	500.4	510.5	540.0	8%	6%
Avg. selling price (US\$/bbl)	45.8	43.2	42.2	-8%	-2%
Gas price (US\$/MMBTU)	5.9	5.8	5.7	-3%	-2%
Liquid price (US\$/bbl)	72.0	67.0	61.0	-15%	-9%
Avg. Dubai (US\$/bbl)	73.6	69.1	64.0	-13%	-7%
Unit Cost (US\$/bbl)	29.3	31.5	30.0	2%	-5%

Source: PTTEP, UOB Kay Hian

Five-Year Plan: Production And Sales Volume



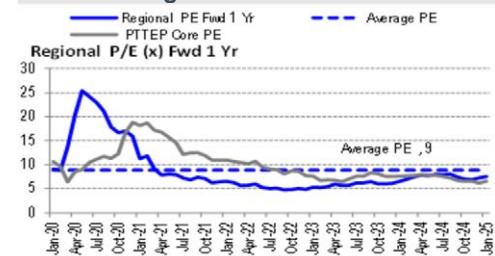
Source: PTTEP, UOB Kay Hian

2026 Key Project Activities



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	283,244	267,775	293,171
EBITDA	240,397	204,410	192,985	198,441
Deprec. & amort.	95,039	96,770	84,157	81,211
EBIT	145,357	107,640	108,828	117,230
Associate contributions	1,317	1,030	1,081	1,135
Net interest income/(expense)	-11,813	-13,054	-10,312	-10,312
Pre-tax profit	136,031	103,816	99,597	108,054
Tax	-57,214	-44,456	-39,839	-43,221
Minorities	-7,281	-14,975	0	0
Net profit	78,825	59,345	59,758	64,832
Net profit (adj.)	78,240	55,245	59,758	64,832

Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	490,484	579,179	563,202	568,476
Other LT assets	252,685	172,767	165,032	177,730
Cash/ST investment	133,850	150,501	192,661	231,562
Other current assets	22,252	22,660	24,100	29,317
Total assets	965,301	960,707	978,131	1,042,721
ST debt	13,254	0	0	0
Other current liabilities	209,343	226,595	214,220	234,537
LT debt	114,580	114,580	114,580	114,580
Other LT liabilities	209,343	226,595	214,220	234,537
Shareholders' equity	520,709	540,529	571,505	607,368
Total liabilities & equity	965,301	960,707	978,131	1,042,721

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	202,301	156,410	143,764	146,736
Pre-tax profit	136,031	103,816	99,597	108,054
Tax	-57,214	-44,456	-39,839	-43,221
Deprec. & amort.	95,039	96,770	84,157	81,211
Working capital changes	14,732	1,624	-151	693
Other operating cashflows	13,713	-1,344	0	0
Investing	-150,369	-88,294	-72,821	-78,866
Investments	-100,597	-185,465	-68,180	-86,485
Others	-49,772	97,171	-4,641	7,619
Financing	-54,367	-51,465	-28,783	-28,969
Dividend payments	-38,705	-38,211	-28,783	-28,969
Issue of shares	-15,662	-13,254	0	0
Proceeds from borrowings	-2,435	16,651	42,160	38,901
Net cash inflow (outflow)	137,542	133,850	150,501	192,661
Beginning cash & cash equivalent	-1,257	0	0	0
Changes due to forex impact	133,850	150,501	192,661	231,562
Ending cash & cash equivalent	202,301	156,410	143,764	146,736

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	77.2	73.6	72.1	67.7
Pre-tax margin	43.6	36.7	37.2	36.9
Net margin	25.2	21.0	22.3	22.1
ROA	9.6	7.2	7.2	7.5
ROE	17.6	13.0	12.7	13.2
Growth				
Turnover	3.9	-9.3	-5.5	9.5
EBITDA	2.0	-12.7	-9.2	2.3
Pre-tax profit	-4.9	-26.4	-0.1	8.5
Net profit	2.8	-24.7	0.6	8.5
Net profit (adj.)	-0.5	-29.4	8.1	8.5
EPS	2.8	-24.7	0.6	8.5
Leverage				
Debt to total capital	23.9	20.6	19.5	18.4
Debt to equity	24.6	21.2	20.0	18.9
Net debt/(cash) to equity	-1.6			
Interest cover (x)	20.4	16.0	18.7	19.2

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