

## PTT Oil and Retail (OR TB)

1Q26: Net Profit In Line With Our Expectations

### Highlights

- OR reported a 1Q26 net profit of Bt2.42b, up 16% qoq and in line with our expectations.
- Looking ahead to 2Q26, we expect net profit to decline qoq due to the seasonal low-demand period.
- Impairment risk remains a key earnings overhang in 2026, particularly related to assets in Cambodia. Maintain HOLD with a target price of Bt11.90.

### 1Q26 Results

Year to 31 Dec	1Q25	4Q25	1Q26	%yoy	%qoq	2025	2026F	%yoy
Revenue	182,422	155,535	176,125	-3%	13%	658,723	848,677	29%
Gross profit	9,635	8,819	10,384	8%	18%	35,312	31,704	-10%
EBITDA	6,484	4,443	7,100	10%	60%	20,333	19,538	-4%
Operating Profit	4,359	1,573	4,758	9%	202%	12,753	10,441	-18%
Interest expenses	263	219	209	-21%	-4%	943	1,589	69%
EBT	4,725	3,256	1,137	-76%	-65%	12,500	9,577	-23%
Core Profit	3,688	2,984	512	-86%	-83%	10,022	7,800	-22%
Net Profit	4,380	2,078	2,415	-45%	16%	11,304	8,100	-28%
EPS	0.37	0.17	0.20			0.94	0.67	
<b>Financial ratio (%)</b>								
Gross Profit Margin	3.2%	4.9%	5.6%			5.4%	3.7%	
SG&A Exp. / Sales	3.9%	3.7%	4.0%			3.8%	2.8%	
Net profit margin	-0.9%	1.3%	1.7%			1.7%	1.0%	

Source: OR, UOB Kay Hian

### Analysis

- Reported 1Q26 net profit in line with expectations.** PTT Oil and Retail (OR) posted a 1Q26 net profit of Bt2.42b, up 16% qoq but down 45% yoy. The qoq improvement was in line with our expectations, although earnings came in 11% below consensus estimates. This was partly driven by a substantial stock gain of Bt12.00b and an oil hedging loss of Bt2.43b related to jet fuel. Nevertheless, the lifestyle business delivered strong performance, supported by record-high Café Amazon sales and a high EBITDA margin of 31.7%. Overall, 1Q26 earnings accounted for 30% of our full-year 2026 net profit forecast.
- The mobility business reported weaker marketing margins.** OR posted a marketing margin of Bt0.74/litre in 1Q26 (vs Bt1.02/litre in both 1Q25 and 4Q25). However, the mobility business recorded several special items in 1Q26, including: a) a stock gain of Bt12.00b, b) an oil hedging loss related to jet fuel of Bt2.43b, and c) a Bt7.9b loss from jet fuel prices due to the one-month lag effect under the M-1 pricing structure.

### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	723,958	658,723	848,677	885,562	924,050
EBITDA	19,717	20,333	19,538	24,133	24,468
Operating profit	11,153	12,753	10,441	14,705	15,038
Net profit (rep./act.)	7,650	11,304	8,100	11,694	12,138
Net profit (adj.)	8,361	10,022	7,800	11,694	12,138
EPS	0.7	0.8	0.6	1.0	1.0
PE	17.8	14.8	19.1	12.7	12.3
P/B	0.7	0.6	0.6	0.6	0.6
EV/EBITDA	6.6	6.5	7.4	5.8	5.5
Dividend yield	3.2	3.2	2.4	3.2	3.2
Net margin	1.1	1.7	1.0	1.3	1.3
Net debt/(cash) to equity	26.4	20.7	13.8	11.2	9.0
Interest cover	15.6	21.6	12.3	20.0	23.6
Consensus net profit	-	-	10,409	11,593	12,044
UOBKH/Consensus (x)	-	-	0.78	1.01	1.01

Source: Bloomberg, OR, UOB Kay Hian

	HOLD (Maintained)
Share Price	Bt12.40
Target Price	Bt11.90
Upside	-4.03%

### Analyst(s)

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### Stock Data

GICS Sector	Energy
Bloomberg ticker	OR TB
Shares issued (m)	12,000.0
Market cap (Btm)	164,400.0
Market cap (US\$m)	5,058.5
3-mth avg daily t'over (US\$m)	5.9

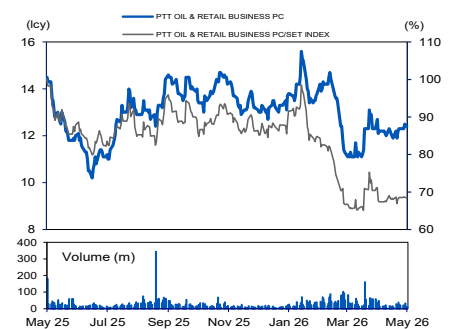
### Price Performance (%)

52-week high/low	Bt17.00/Bt10.10			
1mth	3mth	6mth	1yr	YTD
(5.6)	13.3	7.9	5.5	2.3

### Major Shareholders

PTT	75.00%
Thai NVDR	2.41%
Social Security Office	1.81%

### Price Chart



Source: Bloomberg

### 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 outlets.

- Excluding these special items, OR's normalised marketing margin in 1Q26 would have been Bt0.50/litre. The decline in marketing margin both qoq and yoy was mainly due to retail oil prices at service stations not fully reflecting actual costs, as retail prices were capped during the first half of March. Meanwhile, sales volume for 1Q26 reached 6,630m litres, up 7.1% qoq but down 1.1% yoy.
- Café amazon sales reached a record high.** The lifestyle business delivered strong performance, driven by: a) record-high Café Amazon sales of 112m cups, up 3% qoq and 8% yoy, supported by seasonal high demand and continued Café Amazon branch expansion. The total number of Café Amazon outlets reached 4,787 branches as of end-1Q26; and b) EBITDA margin improved to 31.7% (vs 25.4% in 4Q25 and 30.0% in 1Q25), mainly due to lower operating costs, particularly reduced advertising and promotional expenses.
- We expect 2Q26 net profit to decline qoq.** Earnings are likely to weaken due to the seasonal low-demand period, while the sharp rise in oil prices in recent months is expected to pressure domestic demand. As a result, we expect both the mobility and lifestyle businesses to report lower sales qoq. Based on our channel checks with OR, we estimate marketing margins in 2Q26 to remain at around Bt0.70-0.80/litre. Meanwhile, OR has maintained its guidance for the lifestyle business EBITDA margin at 29-30% for the remainder of 2026, lower than the 31.7% reported in 1Q26.
- Cambodia operations are expected to become clearer in 2H26.** OR continued to shut down PTT Station and Café Amazon branches in 1Q26 following the recent tensions between Thailand and Cambodia. As of end-1Q26, OR had 91 PTT Station branches and 136 Café Amazon outlets in Cambodia. Currently, the Cambodia business continues to record losses of around Bt150m-Bt200m per quarter. In 1Q26, OR reported a loss of Bt190m from its Cambodia operations. Management indicated that the company is still reviewing its business strategy in Cambodia following the unrest along the Thai-Cambodian border, with a conclusion expected within 2H26. At present, OR has assets in Cambodia worth approximately US\$88m. Nevertheless, our 2026 net profit forecast already incorporates an impairment loss of Bt1.50b related to the Cambodia business.

## Valuation/Recommendation

- Maintain HOLD with a target price of Bt11.90**, based on a three-year historical average PE at -1.0SD of 16.8x. In the oil and gas sector, we prefer Indorama Ventures (IVL TB/BUY/Target: Bt25.00) PTT Global Chemical (PTTGCTB/BUY/Target Bt46.00) and Siam Cement (SCC TB/BUY/Target: Bt290).

## Environment, Social, Governance (ESG) Updates

### Environmental

- 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 within the same timeframe.

### Social

- 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.

### Governance

- 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. It also implements a transparent and fair nomination process for selecting key management positions across all levels.

## Key Statistics

	1Q25	4Q25	1Q26	%yoy	%qoq
<b>Mobility</b>					
Number of stations	2,346	2,413	2,416	3%	0%
Total Volume Sold (m litres)	6,708	6,194	6,633	-1.1%	7.1%
Gross Profit: Bt/Litre	1.02	1.02	0.74	-27%	-27%
--- Excl. Stock gain (loss)	1.01	1.10	-0.71	n.a.	n.a.
<b>Lifestyle (Non-oil)</b>					
Café Amazon (No. of Outlets)	4,507	4,742	4,787	6%	1%
Total cups sold (m cups)	104	109	112	8%	3%
Lifestyle EBITDA Margin (%)	29.9%	25.4%	31.7%		
<b>Global</b>					
Number of stations	415	355	321	-23%	-10%
Total Volume Sold (m litres)	593	373	474	-20%	27%
Café Amazon (No. of Outlets)	391	294	255	-35%	-13%
Total cups sold (m cups)	7.7	3.1	2.8	-64%	-10%

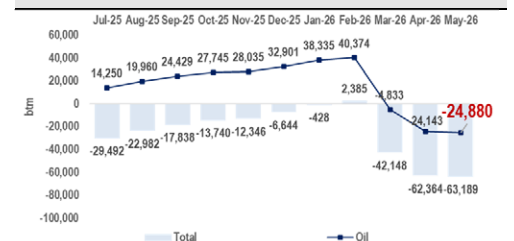
Source: OR, UOB Kay Hian

## OR's Five-year Plan



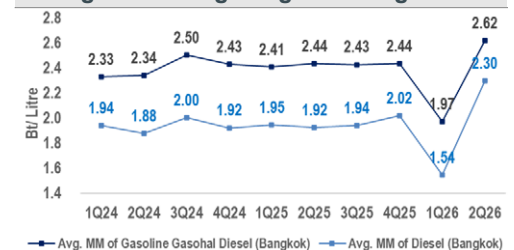
Source: OR

## Estimated Fuel Fund Status



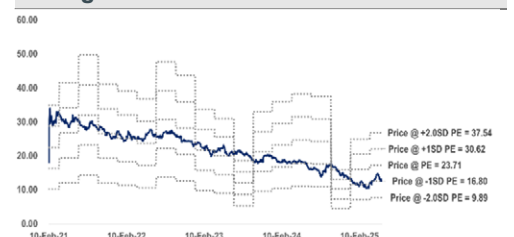
Source: Oil fuel fund office (EFO), UOB Kay Hian

## Average Marketing Margin In Bangkok



Source: Energy policy and planning office (EPPO), UOB Kay Hian

## Average Three-Year PE



Source: OR, UOB Kay Hian

### Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	658,723	848,677	885,562	924,050
EBITDA	20,333	19,538	24,133	24,468
Deprec. & amort.	7,580	9,098	9,428	9,430
EBIT	12,753	10,441	14,705	15,038
Associate contributions	690	725	761	799
Net interest income/(expense)	-943	-1,589	-1,207	-1,036
Pre-tax profit	13,785	9,877	14,259	14,801
Tax	-2,479	-1,777	-2,565	-2,663
Minorities	-1	0	0	0
Net profit	11,304	8,100	11,694	12,138
Net profit (adj.)	10,022	7,800	11,694	12,138

### Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	10,253	13,879	19,492	19,854
Pre-tax profit	13,785	9,877	14,259	14,801
Tax	-2,479	-1,777	-2,565	-2,663
Deprec. & amort.	7,580	9,098	9,428	9,430
Working capital changes	-9,631	-3,319	-1,630	-1,714
Other operating cashflows	998	0	0	0
Investing	-11,223	-13,780	-11,847	-10,155
Investments	-4,502	-10,251	-11,162	-9,440
Others	(6,721)	(3,529)	(685)	(715)
Financing	-12,675	-12,216	-5,575	-7,101
Dividend payments	-5,149	-4,800	-3,440	-4,966
Issue of shares	-7,526	-7,416	-2,135	-2,135
Proceeds from borrowings	n.a.	n.a.	n.a.	n.a.
Net cash inflow (outflow)	-13,645	-12,117	2,071	2,598
Beginning cash & cash equivalent	54,156	33,239	21,122	23,192
Changes due to forex impact	(347)	0	0	0
Ending cash & cash equivalent	40,164	21,122	23,192	25,790

### Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	46,609	47,762	49,496	49,507
Other LT assets	42,469	51,586	53,356	55,203
Cash/ST investment	40,164	21,122	23,192	25,790
Other current assets	57,464	58,617	60,351	60,362
<b>Total assets</b>	<b>197,931</b>	<b>209,697</b>	<b>218,955</b>	<b>227,474</b>
ST debt	7,416	2,136	2,136	2,136
Other current liabilities	41,169	51,463	53,517	55,866
LT debt	16,149	14,013	11,878	9,743
Other LT liabilities	19,377	24,964	26,049	27,181
Shareholders' equity	233,758	237,058	245,312	252,484
<b>Total liabilities &amp; equity</b>	<b>197,931</b>	<b>209,698</b>	<b>218,957</b>	<b>227,477</b>

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Profitability</b>				
EBITDA margin	3.1	2.3	2.7	2.6
Pre-tax margin	2.1	1.2	1.6	1.6
Net margin	1.7	1.0	1.3	1.3
Net profit (adj.)	1.5	0.9	1.3	1.3
<b>Growth</b>				
Turnover	-9.0	28.8	4.3	4.3
EBITDA	3.1	-3.9	23.5	1.4
Pre-tax profit	45.8	-28.3	44.4	3.8
Net profit	47.8	-28.3	44.4	3.8
Net profit (adj.)	19.9	-22.2	49.9	3.8
EPS	19.9	-22.2	49.9	3.8
<b>Leverage</b>				
Debt to total capital	20.7	13.8	11.2	9.0
Debt to equity	10.1	6.8	5.7	4.7
Net debt/(cash) to equity	20.7	13.8	11.2	9.0
Interest cover (x)	21.6	12.3	20.0	23.6
EBITDA margin	3.1	2.3	2.7	2.6

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