PTT (PTT TB)

LNG & Trading Set To Replace Legacy Energy As New Growth Engines

Highlights

- LNG/trading expansion will create new growth engines for PTT, reducing its reliance on traditional energy businesses.
- A stronger balance sheet provides greater room to enhance shareholder returns. We estimate an interim dividend of Bt1.10/share.
- Maintain BUY with a target price of Bt45.00.

Analysis

- **The tone during PTT's analyst meeting was positive.**
- **Genesis remains on track, with a conclusion expected by early-27.** PTT continues to seek a strategic partner for Genesis, although geopolitical risks and potential government intervention in energy prices could delay negotiations. Management still expects the process to be concluded by early-27. PTT views the right partner as more than a source of funding, but as a key catalyst for restructuring the petrochemical and refinery (P&R) business and enhancing its long-term competitiveness through technology, market access, feedstock optimisation, and operational synergy. Meanwhile, PTT continues to manage P&R with a focus on medium- to long-term fundamentals rather than short-term volatility. PTT also remains fully supportive of the PTT Global Chemical (PTTGC)-SCG Chemical (SCGC) JV, with a conclusion expected by September.
- **LNG to become PTT's key long-term growth driver.** PTT is strategically positioning liquefied natural gas (LNG) as a new growth engine to enhance the value of its energy portfolio, mitigate exposure to energy price volatility, and drive sustainable long-term growth. Management targets to scale up its LNG portfolio from 3.7 m tonnes per annum (MTPA) in 2026 to 10 MTPA by 2030 and 15 MTPA by 2035. Over the longer term, PTT aims to evolve from a domestic oil and gas player into a global LNG trader, leveraging supply diversification, hybrid indexation, and its LNG infrastructure, including LNG Map Ta Phut Terminal 1 and 2 (LMPT1 and LMPT2), to establish Thailand as a regional LNG hub. Beyond strengthening national energy security amid geopolitical uncertainties, this strategy should create additional trading margins, liquidity, and higher return on invested capital (ROIC) through greater participation in international LNG markets.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	3,090,453	2,662,145	3,182,751	3,038,011	3,103,477
EBITDA	424,492	374,281	455,294	430,338	431,733
Operating profit	238,574	188,363	273,094	251,782	256,748
Net profit (rep./act.)	90,072	90,166	123,110	106,386	104,402
Net profit (adj.)	94,480	75,786	125,961	106,386	104,402
EPS (x)	3.3	2.7	4.4	3.7	3.7
PE (x)	12.3	15.4	9.2	10.9	11.1
P/B (x)	1.0	1.0	1.0	0.9	0.9
EV/EBITDA (x)	1.8	1.9	1.4	1.1	0.8
Dividend yield (%)	5.2	5.6	6.1	6.1	6.1
Net margin (%)	2.9	3.4	3.9	3.5	3.4
Net debt/(cash) to equity (%)	48.8	45.4	39.5	26.5	15.7
Consensus net profit	-	-	123,167	106,188	112,321
UOBKH/Consensus (x)	-	-	1.00	1.00	0.93

Source: PTT, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt40.50
Target Price	Bt45.00
Upside	+11.11%

Stock Data

Sector	Energy
Bloomberg ticker	PTT TB
Shares issued (m)	28,563.00
Market cap (Btm)	1,128,098
Market cap (US$m)	33,973
3-mth avg daily t'over (US$m)	46.87

Price Performance (%)

52-week high/low: Bt40.00 / Bt30.00

1mth	3mth	6mth	1yr	YTD
+0.65	+3.33	+6.16	+9.15	+21.09

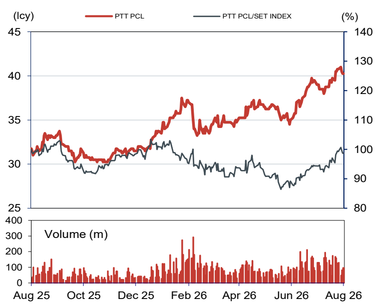
Major Shareholders (%)

MOF	51.38%
Vayupak Fund 1	7.83%
Thai NVDR	5.95%

Balance Sheet Metrics

FY26 NAV/Share (Bt)	Bt41.78
FY26 Net Debt/Share (Bt)	Bt61.06

Price Chart



Source: Bloomberg

Company Description

The company's operated businesses consist of natural gas, gas transmission, international trading, new business and sustainability business; the rest are invested through subsidiaries and/or joint operations, joint ventures and associates, and PTT Group, namely exploration and production, liquefied natural gas, petrochemical and refining, oil and retail, power and utilities, and service businesses.

- **Trading remains a key strategic asset supporting PTT's integrated value chain.** PTT's global supply access and asset-backed trading model enable the group to secure crude and feedstock for its downstream businesses even during transportation disruptions, as seen earlier this year. Group refinery utilisation remained strong at 103% in 1H26 (vs 104% in 1H25), significantly outperforming regional peers, which cut run rates by around 8-17%. Olefin's utilisation also improved to 86% from 80%, highlighting PTT's ability to sustain gas production despite tight supply conditions.
- **3Q26F core earnings expected to decline qoq, but balance sheet remains a key strength.** We expect 3Q26F core profit to decline qoq, mainly due to weaker contributions from PTT Exploration and Production (PTTEP) and PTTGC, as well as lower EBITDA from the gas and trading businesses. Dubai crude averaged around US$82/bbl in 3Q26 qtd, down 15% qoq, while high-density polyethylene (HDPE) prices fell 19% qoq to US$1,153/tonne. Trading contribution margin is also likely to normalise to Bt0.05-0.10/litre (vs Bt0.31/litre in 2Q26). Nevertheless, PTT delivered strong 1H26 results, with EBITDA and net profit rising 79% yoy and 75% yoy, respectively, supported by tight energy supply, particularly during the Strait of Hormuz disruption, which benefitted both upstream and downstream earnings. Meanwhile, net debt/EBITDA improved to 1.26x in 1H26 (vs 1.75x in 2025), reflecting stronger cash flow generation and asset monetisation (PTT targeting around Bt100.00b of monetisation during 2025-27, versus Bt18.00b already achieved in 2025-1H26), we see further room to enhance shareholder returns, particularly through higher dividends.
- **Expect an interim dividend of Bt1.10/share.** We forecast an interim dividend of Bt1.10/share, implying a 2.68% simple yield. We maintain our 2026 dividend forecast at Bt2.50/share, implying a 6.13% simple yield. However, PTT paid a total dividend of Bt2.30/share for 2025, including a special dividend of Bt0.20/share.

Valuation/Recommendation

- **Maintain BUY with SOTP-based 2027 target price of Bt45.00.** In the oil and gas sector, we prefer PTT Global Chemical (PTTGC TB/BUY/Target Bt48.00) and Siam Cement (SCC TB/BUY/Target: Bt330.00).

Earnings Revision/Risk

- **Earnings revision:** None.

Environment, Social, Governance (ESG) Updates

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 & 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.

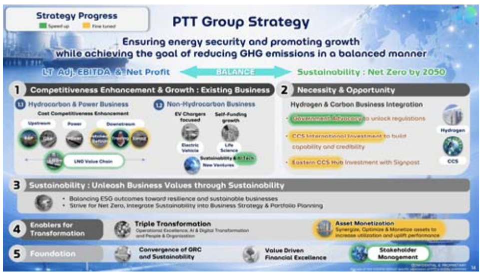
Social

- **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.
- The Human Capital Index (HCI) has achieved its target 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 (ITA) is at a PASSED, Good level.

PTT Group Strategy

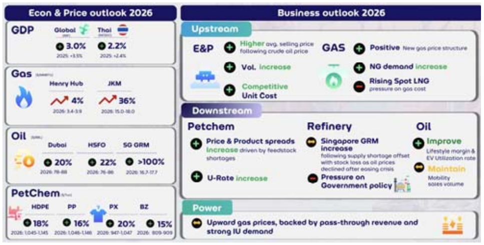


Source: PTT

Genesis And JV In Petrochemical Business

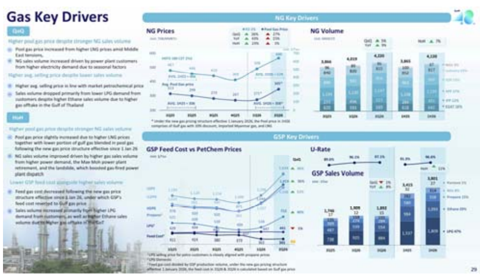
Source: PTT

2026: Guidance



Source: PTT

Gas Key Driver



Source: PTT

SOTP Valuation

	Share Holding	Fair Value (Bt/share)	Value (Btm)	Value (Bt/share)	Methodology
Gas Business (PTT's Operations)	100.0%		863,983	30.2	DCF @ WACC 7.5% G =1%
(-) Net Debt (PTT Only)			-190,286	-6.7	
1) PTT - Equity Value			673,697	23.6	
2) Associates and Subsidiaries					
PTTEP	63.79%	160.00	405,193	14.2	5-yrs forward PE mean of 8.70x
TOP	45.03%	64.00	64,377	2.3	Forward PE at mean of 8.0x
IRPC	45.05%	2.30	21,173	0.7	Forward PBV -2.0 SD of 0.6x
PTTGC	45.18%	48.00	97,781	3.4	Forward PBV mean of 0.70x
GPSC	47.27%	60.00	79,973	2.8	DCF Valuation
OR	75.00%	12.60	113,400	4.0	Forward PE -1.0 SD of 15.10x
3) Affiliates					
Others Affiliates			153,719	5	
Total				56	
Discount to NAV				-20%	
PTT's TP (UOB Kay Hian)				45	

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	2,662,145	3,182,751	3,038,011	3,103,477
EBITDA	374,281	455,294	430,338	431,733
Deprec. & amort.	185,918	182,200	178,556	174,984
EBIT	188,363	273,094	251,782	256,748
Associate contributions	13,031	3,183	6,076	7,759
Net interest income/(expense)	-40,448	-47,339	-48,519	-49,953
Pre-tax profit	175,326	226,087	209,339	214,554
Tax	-57,600	-67,826	-62,802	-64,366
Minorities	-27,559	-35,151	-40,151	-45,786
Net profit	90,166	123,110	106,386	104,402
Net profit (adj.)	75,786	125,961	106,386	104,402

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	1,513,937	1,469,374	1,423,142	1,377,195
Other LT assets	850,525	952,787	889,025	915,277
Cash/ST investment	346,817	354,277	503,424	625,615
Other current assets	135,193	176,125	167,703	160,085
Total assets	3,269,660	3,497,658	3,506,296	3,611,243
ST debt	217,934	171,613	177,614	160,615
Other current liabilities	131,674	181,149	158,916	158,277
LT debt	666,425	665,429	658,430	668,431
Other LT liabilities	384,993	412,222	384,695	404,400
Shareholders' equity	1,185,196	1,221,950	1,254,470	1,295,041
Total liabilities & equity	3,269,660	3,497,658	3,506,296	3,611,243

Cash flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	299,366	324,571	320,101	328,604
Pre-tax profit	175,326	226,087	209,339	214,554
Tax	-57,600	-67,826	-62,802	-64,366
Deprec. & amort.	185,918	182,200	178,556	174,984
Working capital changes	12,630	-15,871	-4,992	3,432
Other operating cashflows	-16,907	-19	0	0
Investing	-164,156	-212,668	-96,089	-135,584
Investments	-227,089	-137,636	-132,324	-129,037
Others	62,933	-75,032	36,235	-6,547
Financing	-188,365	-104,443	-74,864	-70,830
Dividend payments	-83,285	-57,126	-73,866	-63,832
Proceeds from borrowings	-105,080	-47,317	-998	-6,998
Net cash inflow (outflow)	-53,155	7,459	149,147	122,191
Beginning cash & cash equiv.	405,139	346,817	354,277	503,424
Changes due to forex impact	-5,167	0	0	0
Ending cash & cash equiv.	346,817	354,277	503,424	625,615

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	14.1	14.3	14.2	13.9
Pre-tax margin	6.6	7.1	6.9	6.9
Net margin	3.4	3.9	3.5	3.4
ROA	3.3	4.3	3.7	3.6
ROE	9.0	12.1	10.3	9.9
Growth (% yoy)				
Turnover	-13.9	19.6	-4.5	2.2
EBITDA	-11.8	21.6	-5.5	0.3
Pre-tax profit	-3.0	29.0	-7.4	2.5
Net profit	0.1	36.5	-13.6	-1.9
Net profit (adj.)	-19.8	66.2	-15.5	-1.9
EPS	-19.8	66.2	-15.5	-1.9
Leverage				
Debt to total capital	53.5	47.7	45.8	43.3
Debt to equity	74.6	68.5	66.6	64.0
Net debt/(cash) to equity	45.4	39.5	26.5	15.7
Interest cover (x)	9.3	9.6	8.9	8.6