PTT Exploration & Production (PTTEP TB)

LLB And Yadana Progress Supports PTTEP's Long-term Growth Prospects

Highlights

- PTTEP expects to reach FID for LLB within the next 2-3 years, following the completion of the transaction in 1Q27. Meanwhile, Yadana offers significant upside potential from a possible concession extension and the development of nearby gas fields through shared infrastructure.
- PTTEP remains financially strong, underpinned by robust earnings and a low D/E ratio. However, the company is currently reviewing its five-year capex plan, with an updated plan expected to be announced in early December.
- Maintain BUY with a target price of Bt190.00.

Analysis

- **The tone during the meeting with PTT Exploration and Production (PTTEP) was positive**.
- **Lang Lebah project progresses, with FID expected within 2–3 years.** The Lang Lebah Project (LLB) is moving forward, with FID expected within 2–3 Years. PTTEP has restructured its investment in the LLB project, reducing its stake from 42.5% to 25%, while acquiring a 25% stake in the B14 field. TotalEnergies will become the operator with a 30% stake, with the transaction expected to be completed in 1Q27. PTTEP expects to reach final investment decision (FID) within the next 2-3 years, followed by first gas production within 4-5 years after FID. We view this development positively for PTTEP's long-term prospects, as it transforms technically challenging, high-cost assets into more commercially viable projects through shared facilities and collaboration with a strategic partner experienced in developing complex gas fields.
- **Both LLB and B14 are currently in the development phase. We** see two key benefits from their integrated development: a) Value improvement: As the LLB and B14 fields are located only 14km apart, sharing facilities could reduce operating expenses and capex, lowering unit technical costs by approximately 20%. PTTEP estimates the project IRR at 10-15%; and b) Reduced execution risks: Appointing TotalEnergies as the operator should help mitigate project execution risks, given its extensive experience and expertise in developing large-scale, technically complex gas fields. LLB is a sour gas field with high sulphur content, as well as high-pressure and high-temperature conditions, which have previously posed significant development challenges for PTTEP, particularly due to higher-than-expected development costs.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	312,310	281,449	338,953	345,289	319,720
EBITDA	240,397	203,682	258,544	235,278	216,455
Operating profit	145,942	110,704	168,420	161,433	142,593
Net profit (rep./act.)	78,810	60,240	79,931	85,555	75,613
Net profit (adj.)	78,225	58,024	94,703	85,555	75,613
EPS (x)	19.70	15.20	23.85	21.55	19.05
PE (x)	8.37	11.29	8.20	7.66	8.66
P/B (x)	1.26	1.20	1.00	1.00	0.98
EV/EBITDA (x)	2.69	3.44	2.77	2.72	2.91
Dividend yield (%)	5.83	5.30	6.36	6.67	6.36
Net margin (%)	25.23	21.40	23.58	24.78	23.65
Net debt/(cash) to equity (%)		23.86	24.40	18.65	17.26
Consensus net profit	-	-	79,783	73,691	69,639
UOBKH/Consensus (x)	-	-	1.19	1.16	1.09

Source: PTTEP, Bloomberg, UOB Kay Hian

Analyst(s)

Tanaporn Visaruthaphong
tanaporn@uobkh.co.th
662 0903350

Benjaphol Suthwanish
benjaphol@uobkh.co.th
662 0903361

BUY (Maintained)

Share Price	Bt144.00
Target Price	Bt190.00
Upside	+31.94%

Stock Data

Sector	Energy
Bloomberg ticker	PTTEP TB
Shares issued (m)	3,970.0
Market cap (Btm)	575,648
Market cap (US$m)	17,184
3-mth avg daily t'over (US$m)	31.4

Price Performance (%)

52-week high/low				Bt164.00 / Bt104.00
1mth	3mth	6mth	1yr	YTD
-2.68	8.61	-7.64	27.2	28.3

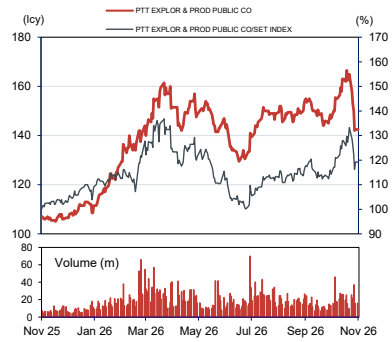
Major Shareholders (%)

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

Balance Sheet Metrics

FY26 NAV/Share (Bt)	Bt147.01
FY26 Net Debt/Share (Bt)	Bt26.61

Price Chart



Source: Bloomberg

Company Description

Petroleum exploration and production, renewable energy, and new forms of energy

- **Yadana concession renewal expected to reach conclusion soon.** We maintain a positive view on the prospects of renewing the Yadana concession, which is currently operated by PTTEP and is scheduled to expire in 2028. Yadana is a key natural gas source for Thailand and an important revenue contributor to Myanmar, providing both countries with strong incentives to maintain continuous production. This is further supported by ongoing discussions between PTTEP and the Myanmar government regarding production enhancement and concession renewal. In addition, we see further upside potential from the joint development of nearby gas fields, particularly Block A-6, which is 100% owned by Myanmar Petroleum Resources (MPRL E&P). The field has significant gas resource potential and contains dry gas with characteristics similar to Yadana. However, it still requires investment and infrastructure to achieve commercial development. Leveraging Yadana's existing facilities and gas pipeline infrastructure could reduce initial capex and overall development costs, while accelerating the time to first production. This could extend the operating life of existing assets and enhance PTTEP's long-term production potential in Myanmar.
- **Core strategy remains focused on energy security and international growth**. PTTEP's long-term strategy for the coming decade remains centred on two key pillars: Energy security and international growth. The company aims to maintain stable gas production from its key domestic fields and joint-development areas to support energy security, while pursuing international growth through investment expansion across Southeast Asia, the Middle East, and Algeria, alongside maintaining competitive cost structures. In parallel, PTTEP remains committed to sustainable business development, targeting E&P Net Zero 2050 through emissions-reduction initiatives and investments in clean energy technologies.
- **Strong financial position supports further investment.** PTTEP continued to deliver strong operating performance in 3Q26, with an EBITDA margin of 71%, while maintaining financial discipline, as reflected in its low D/E ratio of 0.25x. The company is also executing its 2026-30 five-year capex plan, with a total budget of US$33.3b, to support domestic and international growth, alongside investments in future energy projects and low-carbon technologies, particularly carbon capture and storage (CCS). However, PTTEP is currently preparing its five-year capex plan for 2027-31, which is expected to be announced in late November. We will provide further updates and analysis once the plan is released.
- **Sensitivity.** Every US$1.00/bbl decrease in oil prices would lower our 2027 core profit forecast by 1.3%, or Bt1.10b per year. Every US$1.00/bbl decline in unit cost would increase our 2027 core profit estimate by 2.3%, or Bt2.00b per year. Every Bt1.00/US$ depreciation in the Thai baht increases our core profit forecast by Bt3.3b.

Valuation/Recommendation

- **Maintain BUY with a 2027 target price of Bt190.00**, based on an average five-year regional forward PE of 8.7x. In the oil & gas sector, we prefer Thai oil (TOP TB/BUY/Target: Bt100.00) and SCG Packaging (SCGP TB/BUY/Target: Bt43.00).

Earnings Revision/Risk

- **Earnings revision.** 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.

Market Update



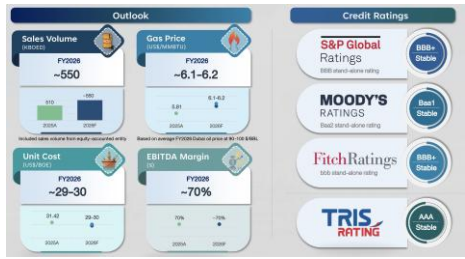
Source: PTTEP

Joint Investment In Malaysia: LLB & B14



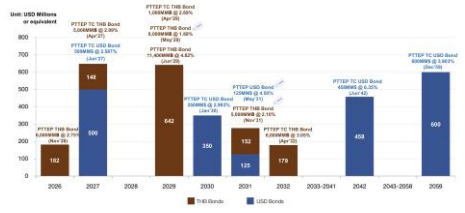
Source: PTTEP

PTTEP's Guidance



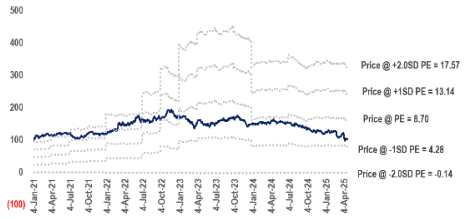
Source: PTTEP

Debt Maturity Profile



Source: PTTEP

Average Five-Year Regional Forward PE Band



Source: Bloomberg

Profit & loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	281,449	338,953	345,289	319,720
EBITDA	203,682	258,544	235,278	216,455
Deprec. & amort.	95,194	75,352	73,845	73,861
EBIT	108,488	183,192	161,433	142,593
Associate contributions	4,251	4,464	4,687	4,921
Net interest income/(expense)	-13,065	-12,783	-10,565	-10,037
Pre-tax profit	104,107	145,329	155,555	137,478
Tax	-43,850	-65,398	-70,000	-61,865
Minorities	-16.6	0.0	0.0	0.0
Net profit	60,240	79,931	85,555	75,613
Net profit (adj.)	58,024	94,703	85,555	75,613

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	511,450	504,278	516,917	541,651
Other LT assets	266,412	310,935	315,840	296,043
Cash/ST investment	73,075	86,606	119,690	130,906
Other current assets	17,756	30,506	34,529	35,169
Total assets	933,938	973,956	1,029,685	1,043,223
ST debt	21,125	0	0	0
Other current liabilities	194,733	234,520	238,904	221,213
LT debt	105,649	105,649	105,649	105,649
Other LT liabilities	194,733	234,520	238,904	221,213
Shareholders' equity	543,708	590,579	636,169	669,004
Total liabilities & equity	933,938	973,956	1,029,685	1,043,223

Cash flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	150,401	142,308	160,056	150,483
Pre-tax profit	104,107	145,329	155,555	137,478
Tax	-43,850	-65,398	-70,000	-61,865
Deprec. & amort.	95,194	75,352	73,845	73,861
Working capital changes	-7,702	-14,652	655	1,008
Other operating cashflows	2,653	1,678	0	0
Investing	-149,863	-72,916	-87,007	-96,489
Investments	-115,071	-68,180	-86,485	-98,595
Others	-34,792	-4,736	-522	2,106
Financing	-54,688	-55,862	-39,965	-42,778
Dividend payments	-36,622	-34,737	-39,965	-42,778
Proceeds from borrowings	-18,065	-21,125	0	0
Net cash inflow (outflow)	-54,150	13,531	33,084	11,216
Beginning cash & cash equiv.	128,482	73,075	86,606	119,690
Changes due to forex impact	-1,257	0	0	0
Ending cash & cash equiv.	73,075	86,606	119,690	130,906

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	73.2	71.9	68.1	67.7
Pre-tax margin	37.0	42.9	45.1	43.0
Net margin	21.4	23.6	24.8	23.6
ROA	7.5	9.7	10.0	8.8
ROE	13.1	16.6	17.0	14.5
Growth (% yoy)				
Turnover	-9.9	20.4	1.9	-7.4
EBITDA	-14.0	20.2	-3.7	-8.0
Pre-tax profit	-24.8	57.1	-2.8	-11.6
Net profit	-23.5	32.6	7.0	-11.6
Net profit (adj.)	-25.8	63.1	-9.7	-11.6
EPS	-23.5	32.6	7.0	-11.6
Leverage				
Debt to total capital	24.4	18.7	17.3	16.4
Debt to equity	23.3	17.9	16.6	15.8
Net debt/(cash) to equity	24.4	18.7	17.3	16.4
Interest cover (x)	15.8	19.1	22.3	21.6

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