PTT (PTT TB)

Geopolitical Tightness Now, Supply Glut Ahead – PTT Ramps Up Global Trading

Highlights

- PTT is strengthening its role as a key pillar of Thailand's energy security while expanding its global LNG trading business, targeting an increase in its LNG trading portfolio from the current 4.1mtpa to 15mtpa by 2035.
- PTT Group has more than Bt81.8b in outstanding government-related receivables, representing significant working capital tied up while it awaits reimbursement.
- We forecast a 2026 dividend of Bt3.00/share. Maintain BUY, with a target price of Bt48.00.

Analysis

- **Positive tone from liquefied natural gas (LNG) Portfolio Expansion Strategy knowledge sharing session.**
- **Short-term market tightness amid geopolitical risks, but long-term oversupply concerns.** The global LNG market is expected to remain tight and highly volatile in the near term due to geopolitical uncertainties, particularly risks surrounding the Strait of Hormuz and sanctions on Russian LNG exports. These factors have kept spot LNG prices elevated at US$29–31/MMBtu, despite signs of moderating demand from Asian markets. However, the market is likely to shift towards oversupply in the medium to long term (from 2028 onwards), as substantial new liquefaction capacity is expected to come online, outpacing demand growth and putting significant downward pressure on LNG prices.
- **Expanding global LNG trading capabilities and infrastructure to capture AI-driven demand growth.** Amid structural changes in the global energy market, PTT is positioning itself as a key pillar of Thailand's energy security while expanding its global LNG trading business. PTT leverages its trading offices in major global energy hubs, including London, Singapore, the UAE, and Houston, to manage market risks and secure alternative energy supplies during disruptions. Looking ahead, PTT aims to expand its LNG trading portfolio from the current 4.1 m tonnes per year (mtpa) to 10mtpa by 2030 and 15mtpa by 2035. This expansion will be supported by long-term supply agreements with leading global producers, including a 15-year contract with US-based Cheniere Energy, as well as key infrastructure and upstream gas projects such as the Fifth Onshore Gas Pipeline and Mozambique LNG.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	3,090,453	2,662,145	3,820,751	3,726,961	3,807,273
EBITDA	424,492	374,281	476,375	444,158	420,848
Operating profit	238,574	188,363	294,175	265,602	245,863
Net profit (rep./act.)	90,072	90,166	138,313	117,025	98,014
Net profit (adj.)	94,480	75,786	141,164	117,025	98,014
EPS (x)	3.3	2.7	4.9	4.1	3.4
PE (x)	11.7	14.6	7.8	9.5	11.3
P/B (x)	0.9	0.9	0.9	0.9	0.9
EV/EBITDA (x)	1.8	1.8	1.5	1.3	1.1
Dividend yield (%)	5.4	5.9	7.7	6.5	5.7
Net margin (%)	2.9	3.4	3.6	3.1	2.6
Net debt/(cash) to equity (%)	48.8	45.4	45.2	32.4	22.6
Consensus net profit	-	-	130,656	111,400	114,528
UOBKH/Consensus (x)	-	-	1.06	1.05	0.86

Source: PTT, 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	Bt38.25
Target Price	Bt48.00
Upside	+25.49%

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

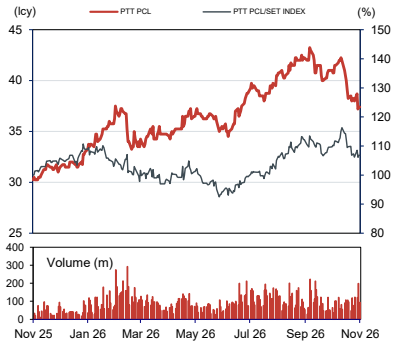
Major Shareholders (%)

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.

- These initiatives are expected to enhance supply flexibility and accommodate rising electricity demand driven by the digital economy and AI development.
- **Positive implications for PTTEP and PTT.** We maintain a neutral outlook on LNG prices in the short term, as geopolitical risks continue to support elevated prices. In the medium to long term, our outlook for LNG prices turns bearish, as a wave of new supply is expected to create a market glut from 2028 onwards. This market outlook is positive for PTT Exploration and Production (PTTEP), which should benefit directly from resilient gas selling prices in the near term. For PTT, the impact is neutral to positive, supported by its expanding global LNG trading portfolio, which provides opportunities to capture trading profits while enhancing supply flexibility and risk management capabilities.
- **PTT's outstanding working capital from government measures.** PTT Group has more than Bt84.80b in outstanding government-related receivables, comprising: a) over Bt31.8b from acumulated fuel Gas cost (AF Gas), and b) approximately Bt53.00b from the Oil Fuel Fund. These receivables represent significant capital tied up in the system, weighing on the group's operating cash flow and liquidity while it awaits reimbursement. From a balance sheet perspective, these amounts are recorded as receivables under current assets, which increase working capital requirements and potentially extend the cash conversion cycle.
- AF Gas has better recovery visibility, as the Energy Regulatory Commission (ERC) has approved gradual recovery through Ft adjustments starting from Jan 27, whereas the repayment timeline for Oil Fuel Fund receivables remains uncertain. Recovery of these outstanding amounts would release working capital, reduce short-term funding requirements, and support the group's cash flow. Nevertheless, we will continue to closely monitor the recovery timeline and the Oil Fuel Fund's repayment capacity, as prolonged delays could constrain the group's liquidity and keep net debt elevated while it awaits reimbursement.

AF Gas Receivable

Ft Period	Gas Price (Bt/MMBTU)	Outstanding Balance (Bt m)	Expected Recovery Period
Sep–Dec 2023	304.79	~9,000	From Jan 2027 onwards
May–Aug 2026	347.47	~2,800	From Jan 2027 onwards
Sep–Dec 2026	363.53	>20,000*	From May 2027 onwards
Total		**>31,800***	

*Note: *The outstanding balance for Sep–Dec 2026 has not yet been finalized but is estimated to exceed Bt20.00b, Recovery periods are subject to ERC approval.*
Source: PTT

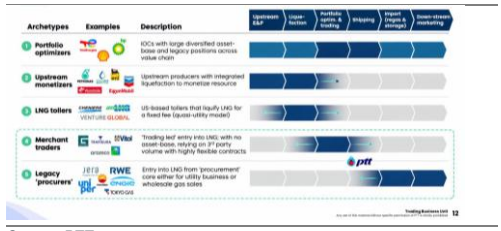
PTT Group – Outstanding Government-Related Receivables

Details	AF Gas	Oil Fuel Fund
Nature of receivables	AF gas costs not yet passed on to power plant customers	Compensation paid in advance by PTT Group companies under government energy price stabilization measures
Repayment source	Electricity consumers through Ft adjustments	Oil Fuel Fund
Outstanding balance	>Bt31.80b	~Bt53.00b
Expected recovery	From Jan-27 onwards	Recovery timeline remains uncertain
Financial impact	Cash flow and working capital	Cash flow and working capital

Note: AF Gas is based on estimated outstanding balances, while Oil Fuel Fund receivables are based on figures as of early November 2026. Total outstanding receivables are estimated at more than Bt81.80b.
Source: PTT

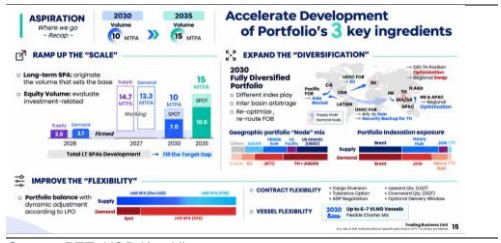
- **2026 dividend forecast at Bt3.00/share.** We forecast a 2026 dividend of Bt3.00/share (based on a 60% dividend payout ratio). PTT targets a minimum dividend payout ratio of 57% over 2026–28 under the SET's JUMP+ programme. Following PTT's interim dividend payment of Bt1.40/share, the remaining dividend for 2H26 earnings is expected to amount to Bt1.60/share, implying a 4.18% simple yield.
- **Sensitivity.** Every US$1.00/bbl increase in oil prices would raise our 2026 net profit forecast by 1.4%, or approximately Bt2.00b annually.

LNG Global Player's Value Chain



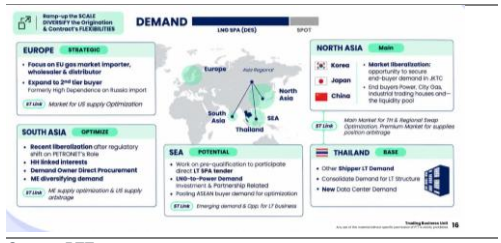
Source: PTT

PTT Group LNG Portfolio Target



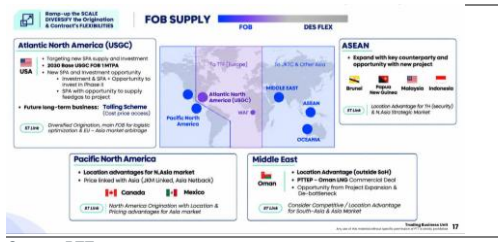
Source: PTT, UOB Kay Hian

LNG Demand Outlook



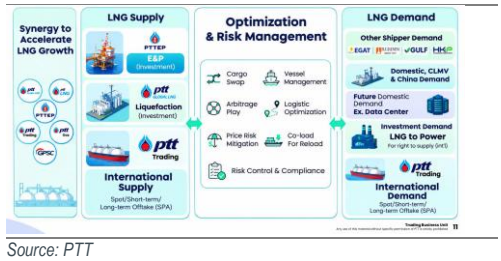
Source: PTT

LNG Supply Outlook



Source: PTT

PTT: LNG Trading Business



Source: PTT

Valuation/Recommendation

- **Maintain BUY with an SOTP-based target price of Bt48.00.** In the oil and 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

- 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.

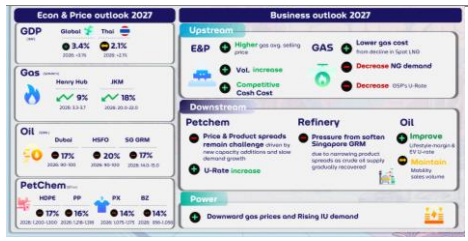
Social

- **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

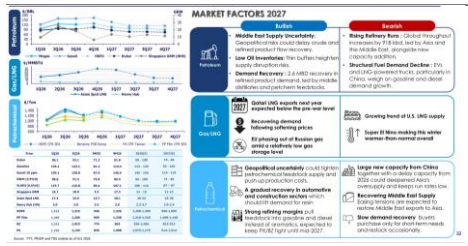
- No cases of non-compliance with significant legal implications in operations.
- The assessment result for the National Anti-Corruption Commission's Integrity and Transparency Assessment (ITA) is at a PASSED, Good level.

2027 PTT's Guidance



Source: PTT

2027 Product Price Outlook



Source: PTT

PTT Group Strategy



Source: PTT

Profit Enhancement Initiatives



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%	190.00	481,166	16.8	5-yrs forward PE mean of 8.70x
TOP	45.03%	100.00	100,590	3.5	Forward PE at mean of 8.0x
IRPC	45.05%	3.00	27,617	1.0	Forward PBV -1.0 SD of 0.8x
PTTGC	45.18%	45.00	91,669	3.2	Forward PBV mean of 0.74x
GPSC	47.27%	60.00	79,973	2.8	DCF Valuation
OR	75.00%	12.50	112,500	3.9	Forward PE -1.0 SD of 15.10x
3) Affiliates					
Others Affiliates			**142,679**	**5**	
Total				**60**	
Discount to NAV				-20%	
PTT's TP (UOB Kay Hian)				**48**	

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	2,662,145	3,820,751	3,726,961	3,807,273
EBITDA	374,281	476,375	444,158	420,848
Deprec. & amort.	185,918	182,200	178,556	174,984
EBIT	188,363	294,175	265,602	245,863
Associate contributions	13,031	3,821	7,454	9,518
Net interest income/(expense)	-40,448	-47,339	-48,519	-49,953
Pre-tax profit	175,326	247,806	224,537	205,429
Tax	-57,600	-74,342	-67,361	-61,629
Minorities	-27,559	-35,151	-40,151	-45,786
Net profit	90,166	138,313	117,025	98,014
Net profit (adj.)	75,786	141,164	117,025	98,014

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	1,096,244	1,036,860	1,069,065
Cash/ST investment	346,817	277,671	423,855	535,008
Other current assets	135,193	211,431	205,734	196,388
Total assets	3,269,660	3,698,418	3,719,220	3,820,069
ST debt	217,934	171,613	177,614	160,615
Other current liabilities	131,674	217,461	194,954	194,170
LT debt	666,425	665,429	658,430	668,431
Other LT liabilities	384,993	494,854	471,935	496,108
Shareholders' equity	1,185,196	1,237,154	1,271,190	1,298,990
Total liabilities & equity	3,269,660	3,698,418	3,719,220	3,820,069

Cash flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	299,366	308,791	326,030	325,434
Pre-tax profit	175,326	247,806	224,537	205,429
Tax	-57,600	-74,342	-67,361	-61,629
Deprec. & amort.	185,918	182,200	178,556	174,984
Working capital changes	12,630	-46,854	-9,701	6,649
Other operating cashflows	-16,907	-19	0	0
Investing	-164,156	-273,494	-95,859	-137,068
Investments	-227,089	-137,636	-132,324	-129,037
Others	62,933	-135,858	36,465	-8,031
Financing	-188,365	-104,443	-83,986	-77,213
Dividend payments	-83,285	-57,126	-82,988	-70,215
Proceeds from borrowings	-105,080	-47,317	-998	-6,998
Net cash inflow (outflow)	-53,155	-69,147	146,185	111,153
Beginning cash & cash equiv.	405,139	346,817	277,671	423,855
Changes due to forex impact	-5,167	0	0	0
Ending cash & cash equiv.	346,817	277,671	423,855	535,008

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	14.1	12.5	11.9	11.1
Pre-tax margin	6.6	6.5	6.0	5.4
Net margin	3.4	3.6	3.1	2.6
ROA	3.3	4.7	3.9	3.2
ROE	9.0	13.4	11.2	9.2
Growth (% yoy)				
Turnover	-13.9	43.5	-2.5	2.2
EBITDA	-11.8	27.3	-6.8	-5.2
Pre-tax profit	-3.0	41.3	-9.4	-8.5
Net profit	0.1	53.4	-15.4	-16.2
Net profit (adj.)	-19.8	86.3	-17.1	-16.2
EPS	-19.8	86.3	-17.1	-16.2
Leverage				
Debt to total capital	53.5	47.3	45.4	43.3
Debt to equity	74.6	67.7	65.8	63.8
Net debt/(cash) to equity	45.4	45.2	32.4	22.6
Interest cover (x)	9.3	10.1	9.2	8.4

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