

COMPANY UPDATE

PTT (PTT TB)

Five-Year Plan Expected To Be Completed By The End Of Dec 24

The key takeaways from the recent analyst meeting are: a) the five-year plan is expected to be finalised by end-Dec 24, with a potential divestment of the EV car business, b) the new single pool gas initiative is anticipated to be concluded by early-25, and c) PTT remains committed to supporting TOP in the CFP project. Additionally, we expect 4Q24 net profit to improve qoq, driven by profits from subsidiaries with affiliates turning to net profit. Maintain BUY. Target price: Bt37.00.

WHAT'S NEW

- Five-year plan to be finalised by end-Dec 24.** PTT is in the process of preparing its 2025 business strategy, which includes a five-year plan for 2025-29, expected to be finalised by Dec 24. Key growth areas include the Carbon Capture and Storage (CCS) and hydrogen businesses both domestically and internationally. However, the electric vehicle (EV) business is under review due to intense market competition. PTT is evaluating options such as finding strategic partners, negotiating with the Foxconn Group to take on a main operator, or potentially exiting the EV business entirely. In 2022, PTT established Arun Plus, a joint venture with Foxconn (PTT holding 60% and Foxconn 40%), to develop an EV manufacturing plant in Thailand with a capacity of 50,000 cars annually by 2024, involving a US\$1.0b investment. Despite challenges in the EV market, PTT plans to continue investing in EV charging stations, leveraging PTT Oil and Retail's (OR) extensive gas station network to expand its presence in this area. For other segments, such as the life sciences and refinery and petrochemical businesses, PTT is actively seeking partnerships with firms that have strong expertise and significant growth potential.
- PTT continues to support TOP in advancing CFP.** The Clean Fuel Project (CFP) is facing challenges due to subcontractor protests stemming from the main contractor's financial liquidity issues. As Thai Oil's (TOP) major shareholder, PTT remains committed to supporting this large-scale project. TOP's management is focused on commencing the CFP project's commercial operations as soon as possible, ruling out any cancellation of the project. However, it is likely the project will be delayed by at least a year from its original schedule, leading to additional costs. Despite this, TOP's management anticipates no need for a capital increase or impairment charges related to the project. TOP's financial position remains strong, with cash on hand of Bt25b as of 3Q24, a low net debt-to-equity ratio of 0.9x, and a net debt-to-EBITDA ratio of 7.6x. Furthermore, TOP has plans to monetise assets. We assess that there is a possibility that TOP will divest its investment in PT Chandra Asri Perkasa (CAP).

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	3,367,203	3,144,551	3,220,515	3,246,691	3,327,421
EBITDA	480,495	442,938	403,867	392,949	398,837
Operating profit	313,165	269,873	234,263	226,738	235,950
Net profit (rep./act.)	91,175	112,024	94,726	84,909	91,879
Net profit (adj.)	160,536	102,933	85,295	84,909	91,879
EPS (Bt)	5.6	3.6	3.0	3.0	3.2
PE (x)	5.8	9.1	11.0	11.0	10.2
P/B (x)	0.8	0.8	0.8	0.8	0.7
EV/EBITDA (x)	1.8	1.7	1.4	1.0	0.6
Dividend yield (%)	6.1	6.1	4.6	4.9	5.2
Net margin (%)	2.7	3.6	2.9	2.6	2.8
Net debt/(cash) to equity (%)	67.4	54.3	36.6	23.1	9.4
Interest cover (x)	13.0	9.8	8.7	9.7	11.0
ROE (%)	9.4	11.2	9.5	8.4	8.9
Consensus net profit	-	-	102,229	107,053	107,834
UOBKH/Consensus (x)	-	-	0.93	0.79	0.85

Source: PTT, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt32.50
Target Price	Bt37.00
Upside	+13.85%
(Previously)	Bt38.00

COMPANY DESCRIPTION

PTT is a Thailand-based oil & gas company engaged in the upstream petroleum, downstream petroleum, coal business and other related businesses.

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	PTT TB
Shares issued (m):	28,563.0
Market cap (Btm):	949,719.6
Market cap (US\$m):	26,923.3
3-mth avg daily t'over (US\$m):	27.8

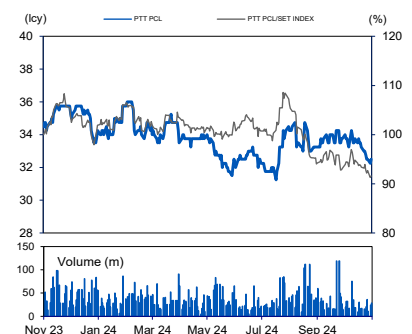
Price Performance (%)

52-week high/low	Bt36.25/Bt31.25			
1mth	3mth	6mth	1yr	YTD
1.5	(1.5)	(4.3)	(7.0)	(7.0)

Major Shareholders

	%
MOF	51.2
Vayupak Fund 1	15.3
NVDR	3.0
FY24 NAV/Share (Bt)	41.39
FY24 Net Debt/Share (Bt)	14.42

PRICE CHART



Source: Bloomberg

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- New single pool gas expected to conclude in early-25.** The new single pool gas is anticipated to be finalised by early-25. PTT expects the impact on GSP production costs to be lower with the new single pool gas compared to the original single pool gas. For 4Q24, the impact of the existing single pool gas on GSP production costs is projected to decline qoq to Bt4.5-5.0b, driven by reduced liquefied natural gas (LNG) imports (impact from single pool gas before tax at Bt5.2b in 3Q24 and Bt8.6b in 2Q24).
- 2025 core profit expected to be flat yoy.** We forecast PTT's core profit for 2025 to remain flat yoy at Bt85.0b. The core business is expected to recover, supported by improved performance in the gas separation business due to increased gas production capacity in the Gulf of Thailand. Gas sales volume in the Supply and Marketing (S&M) business is projected to rise by 2% yoy. However, we anticipate lower core earnings contributions from PTT Exploration and Production (PTTEP) and the Petrochemical and Refinery (P&R) business. Crude oil prices are expected to average US\$80/bbl in 2025 (down from US\$84/bbl in 2024), with gross refining margins (GRM) decreasing to US\$4.8/bbl (from US\$5.0/bbl in 2024).
- Downside on crude oil prices.** The latest data from the US Energy Information Administration's (EIA) Oil Market Report suggests a crude oil oversupply of 1.0-1.2m barrels per day (MBD) in 2025, likely exerting downward pressure on crude oil prices. We estimate that for every US1.0/bbl change in crude oil prices, PTT's core earnings could be impacted by approximately Bt596m, or 0.7% of our 2025 earnings projection.

OIL PRICE ASSUMPTION SENSITIVITY

2025 Dubai (US\$/bbl) Assumption	PTTEP			Current PE 2025 (x)	PTT		
	2025 Net Profit (Btm)	EPS (Bt/share)	2025 Target Price (Bt)		PTT's 2025 Net Profit (Btm)	2025 Target Price (Bt)	Current PE 2025 (x)
60.00	44,530	11.2	113	11.5	72,980	33.7	12.7
65.00	49,205	12.4	125	10.4	75,962	34.5	12.2
70.00	53,880	13.6	137	9.5	78,944	35.4	11.8
75.00	58,555	14.7	148	8.7	81,926	36.2	11.3
80.00	63,230	15.9	160	8.1	84,909	37.0	10.9

Source: PTT, UOB Kay Hian

STOCK IMPACT

- 4Q24 core profit expected to recover.** We anticipate a qoq recovery in 4Q24 core profit, supported by: a) a rebound in core profit from the exploration and production (E&P) business, driven by record-high sales and reduced unit costs, and b) an improvement in core profit from the refinery business, in line with GRM.

EARNINGS REVISION/RISK

- Earnings revision: None.**

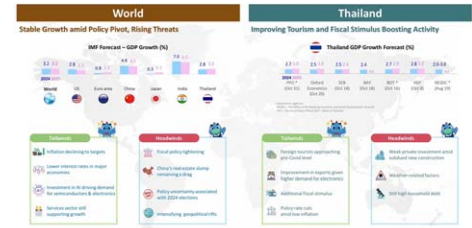
VALUATION/RECOMMENDATION

- Maintain BUY with a new SOTP-based target price of Bt37.00.** We have revised our 2025 target price downward, reflecting prior adjustments to our earnings estimates and target price for TOP. In the oil & gas sector, we prefer Bangchak Corporation (BCP TB/Target: Bt45.00), and Indorama Ventures (IVL TB/Target: Bt32.0).

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5
SET ESG Rating: AAA
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 PASSED, Good level.

2025 ECONOMIC OUTLOOKS



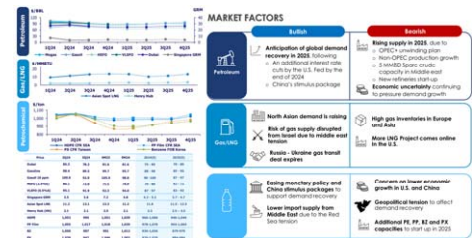
Source: PTT, UOB Kay Hian

PTT GROUP GUIDANCE



Source: PTT, UOB Kay Hian

2025 PRODUCT PRICE OUTLOOK



Source: PTT, UOB Kay Hian

SOTP VALUATION

	Share Holding	Fair Value (Bt/share)	Value (Btm)	Value (Bt/share)	Methodology
Use: Business (PTT's Operations)	100.0%	456,117	26,544		DCF @ WACC: 7.5% G: 1%
(-) Net Debt (PTT Only)			-218,661	-7.66	
1) PTT - Equity Value			539,456	18.89	
2) Associates and Subsidiaries					
PTTEP	63.8%	160.00	405,193	14.19	5-yrs regional forward PE mean of 10x
TOP	45.0%	40.00	40,236	1.41	finery regional core forward PE mean of 11x
IRPC	45.1%	1.90	17,491	0.61	Forward PBV -1.0 S.D. of 0.5x
PTTGC	45.2%	24.50	49,909	1.75	Forward PBV -2.0 S.D. of 0.41x
GPSC	47.3%	60.00	79,973	2.80	DCF Valuation
QR	75.0%	16.50	148,500	5.20	3-yrs forward PE at -1.0S.D. of 16x
3) Affiliates					
Others Affiliates			40,281	1.41	
Total			1,066,553	37.00	
Discount to NAV (2021-2022)				-20%	
PTT's TP (UOB Kay Hian)				37.00	

Source: PTT, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	3,144,551	3,220,515	3,246,691	3,327,421
EBITDA	442,938	403,867	392,949	398,837
Deprec. & amort.	173,065	169,604	166,212	162,887
EBIT	269,873	234,263	226,738	235,950
Associate contributions	3,013	3,085	3,110	3,188
Net interest income/(expense)	-45,383	-46,573	-40,421	-36,346
Pre-tax profit	236,593	200,207	189,427	202,792
Tax	-81,313	-60,062	-56,828	-60,837
Minorities	-43,256	-45,419	-47,690	-50,075
Net profit	112,024	94,726	84,909	91,879
Net profit (adj.)	102,933	85,295	84,909	91,879

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	382,045	322,713	342,857	300,566
Pre-tax profit	236,593	200,207	189,427	202,792
Tax	-81,313	-60,062	-56,828	-60,837
Deprec. & amort.	173,065	169,604	166,212	162,887
Working capital changes	46,247	32,983	44,047	-4,276
Other operating cashflows	7,453	-20,018	0	0
Investing	-161,245	-53,278	-145,379	-96,209
Investments	-189,315	-246,415	-232,595	-246,750
Others	28,071	193,137	87,216	150,541
Financing	-142,159	-231,029	-130,704	-130,698
Dividend payments	-62,368	-57,126	-48,305	-43,299
Issue of shares	n.a.	n.a.	n.a.	n.a.
Proceeds from borrowings	-79,791	-173,903	-82,399	-87,399
Net cash inflow (outflow)	78,641	38,406	66,775	73,659
Beginning cash & cash equivalent	340,054	417,134	455,540	522,315
Changes due to forex impact	-1,562	0	0	0
Ending cash & cash equivalent	417,134	455,540	522,315	595,973

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	1,541,209	1,618,020	1,684,403	1,768,266
Other LT assets	837,514	351,078	336,023	239,429
Cash/ST investment	417,134	455,540	522,315	595,973
Other current assets	161,401	80,513	81,167	83,186
Total assets	3,460,462	3,183,060	3,262,140	3,340,072
ST debt	193,911	102,403	107,403	112,403
Other current liabilities	151,415	225,436	227,268	232,919
LT debt	863,303	780,908	693,509	601,110
Other LT liabilities	383,474	90,174	162,335	216,282
Shareholders' equity	1,178,972	1,167,342	1,203,946	1,252,527
Total liabilities & equity	3,460,462	3,183,060	3,262,140	3,340,072

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	14.1	12.5	12.1	12.0
Pre-tax margin	7.5	6.2	5.8	6.1
Net margin	3.6	2.9	2.6	2.8
ROA	3.9	3.5	3.1	3.3
ROE	11.2	9.5	8.4	8.9
Growth				
Turnover	-6.6	2.4	0.8	2.5
EBITDA	-7.8	-8.8	-2.7	1.5
Pre-tax profit	11.3	-15.4	-5.4	7.1
Net profit	22.9	-15.4	-10.4	8.2
Net profit (adj.)	-35.9	-17.1	-0.5	8.2
EPS	-35.9	-17.1	-0.5	8.2
Leverage				
Debt to total capital	65.1	52.3	45.2	38.1
Debt to equity	89.7	75.7	66.5	57.0
Net debt/(cash) to equity	54.3	36.6	23.1	9.4
Interest cover (x)	9.8	8.7	9.7	11.0

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