

Middle East unrest led to oil price hikes

- Middle East unrest led to our USD5/bbl higher oil price assumptions
- PTTEP remains the best oil play in Thailand
- Upgrade from HOLD to BUY and lifted a TP from THB108 to THB140

Israel's strikes on Iran's bases led to higher price assumptions

Following the strike by Israel to Iran's military and nuclear bases on 13 June 2025, we turned more bullish on PTTEP's net profit outlook in 2025E-27E given our revised assumptions of higher oil and gas prices. We think the average prices of oil and gas will rise by 10%-15%, directly benefiting PTTEP's net profits in the form of higher ASPs.

Higher oil prices by USD5/bbl in 2025E-27E

While its 1Q25 net profit of THB16.6b is disappointing mainly on lower ASP to SD45.7/boe (-0.2% q-q, -3.2% y-y) due to lower gas price at 6.0/mmbtu and liquid price of USD73.4/bbl, we now project ASPs in 2025E-27E to move up from USD46.3/46.5/46.8 per boe to USD48.4/47.7/47.7 per boe, catalyzed by USD1.6/mmbtu higher gas prices to USD6.4/mmbtu and Brent crude price from USD70/72/73 per bbl to USD76/75/75 per bbl, our revised Brent oil price assumptions.

Higher for longer crude oil prices

In this circumstance when Israel (backed by US?) daringly attacked Iran's nuclear and military bases on the accusation that Iran's nuclear is a threat to Israel, we think this Israel-Iran war would likely be comprise multiple long but intensifying battles via the missiles, drones, and other high-tech weapons fired across Iraq and Syria to strike each other. While Israel is backed by US, Iran is mostly self-sufficient to endure this war against Israel given Iran's strong army and weapons, oil-derived funding, and nuclear weapon that remains imminently threatening to US and Israel.

Israel targets Iran's infrastructure, nuclear, and military bases

In Israel-Iran warfare, we think Israel will target three types of Iran's facilities, including 1) infrastructures of six refinery plants, four ports, and one oil terminal; 2) nuclear facilities; and 3) military bases. Based on Aljazeera, Israel's strikes on Iran thus far have been confirmed in the following locations: a) the capital, Tehran, and military sites in the surrounding area; b) Natanz, where explosions were reported at the main uranium enrichment facility; c) Tabriz, where explosions have been reported near a nuclear research centre and two military bases; d) Isfahan, south of Tehran; e) Arak, southwest of Tehran; and f) Kermanshah, west of Tehran.

Maintain BUY and raised TP to from THB108 to THB140

We upgrade PTTEP from HOLD to BUY and raised our TP from THB108, previously based on 1.5x 2025E EV/EBITDA, to THB140, now based on 2.0x 2025E EV/EBITDA, to reflect our revised net profit forecasts for 2025E-27E and stronger oil price outlook.

Analyst

Siriluck Pinthusoonthorn
 Siriluck@globlex.co.th,
 +662 672 5806

Suwat Sinsadok, CFA, FRM, ERP
 suwat.s@globlex.co.th,
 +662 687 7026

ESG Rating : AA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	140.00
VS. BB Consensus TP (%)	+7.9%
Share Price (THB)	113.00
Upside/Downside	+23.9%

Share Data

Market Cap (THB m)	448,608.35
Par (THB)	1.00
Free Float (%)	34.69
Issued shares (m shares)	3,970

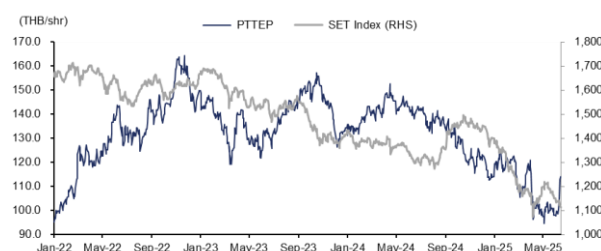
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	312,310	319,569	309,269	303,011
Net profit	78,824	72,065	69,725	66,545
Core net profit	79,219	72,065	69,725	66,545
vs Consensus (%)	-	12.7	14.1	17.9
Net profit growth (%)	2.8	(8.6)	(3.2)	(4.6)
Core net profit growth (%)	(2.6)	(9.0)	(3.2)	(4.6)
EPS (THB)	19.86	18.15	17.56	16.76
Core EPS (THB)	19.95	18.15	17.56	16.76
Chg from previous (%)	-	-1.07	-3.01	-4.99
DPS (THB)	9.63	5.45	5.27	5.03
P/E (x)	5.99	6.23	6.43	6.74
P/BV (x)	0.88	0.77	0.71	0.66
ROE (%)	15.31	12.85	11.42	10.11
Dividend yield (%)	8.09	4.82	4.66	4.45

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	13.57	9.71	4.15	(7.38)
Market	18.67	7.57	18.11	18.43
12M High/Low (THB)	154.50 / 93.00			



Major Shareholders (%) as of 26 Feb 2025

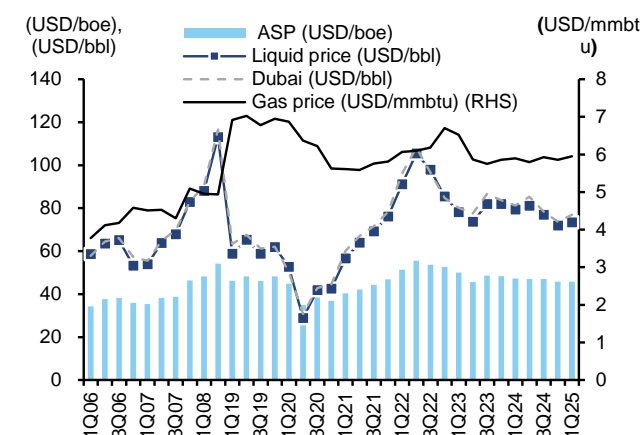
PTT Public Company Limited	63.79
Thai NVDR	6.43
STATE STREET EUROPE LIMITED	2.00

Company Profile

The principal business operations of the group are exploration and production of petroleum in Thailand and overseas, foreign gas pipeline transportation, and investment in projects strategically connected to the energy business

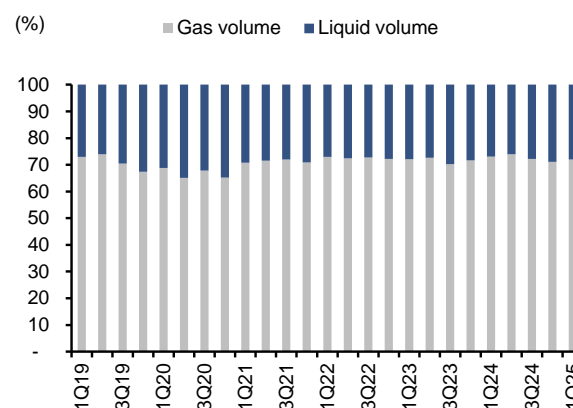
Source: SETSMART, SET

Exhibit 1: Net profit breakdown by business unit



Sources: PTTEP; Globex Research

Exhibit 2: Net profit upside breakdown by business (%)



Sources: PTTEP; Globex Research

Exhibit 3: Key changes in assumptions

THB m	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	319,569	309,269	303,011	305,615	301,184	296,803	4.6	2.7	2.1
Gross profit	269,851	264,344	264,445	260,069	258,677	260,094	3.8	2.2	1.7
Operating profit	170,784	168,471	167,482	165,328	165,310	165,117	3.3	1.9	1.4
Net profit	72,065	69,725	66,545	68,904	67,893	65,174	4.6	2.7	2.1
EPS (THB/share)	18.15	17.56	16.76	17.36	17.10	16.42	4.6	2.7	2.1
Key assumptions									
Brent oil price (USD/bbl)	76	75	75	70	72	73	8.6	4.2	2.7
Sales volume (boed)	504,040	494,190	484,190	504,040	494,190	484,190	0.0	0.0	0.0
ASP (USD/boe)	48.4	47.7	47.7	46.3	46.5	46.8	4.6	2.7	2.1
Gas price (USD/mmbtu)	6.4	6.4	6.4	6.3	6.3	6.3	1.6	1.6	1.6
Cost (USD/boe)	30.0	30.0	29.0	30.0	30.0	29	0.0	0.0	0.0

Sources: PTTEP; Globex Research

Exhibit 4: 2025E EV/EBITDA TP

EV/EBITDA	1.5	1.6	1.7	1.8	1.9	2.0
EV	385,458	410,536	435,615	460,693	485,772	510,850
EV-Net debt	428,901	453,979	479,058	504,137	529,215	554,294
Target price	108.0	114.4	120.7	127.0	133.3	139.6

Sources: PTTEP; Globex Research

Exhibit 5: Possible targets in Iran: Regime Infrastructure



Sources: Foundation for Defense of Democracies

Exhibit 6: Possible nuclear targets for Israel's strike in Iran



Sources: Foundation for Defense of Democracies

Exhibit 7: Possible military targets for Israel's strike in Iran



Sources: Foundation for Defense of Democracies

Exhibit 8: Damaged structures, including residential building in Tehran



Sources: Aljazeera

Balance sheet (THB m)						Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets						Revenue					
Cash & ST investment	137,542	133,850	131,651	159,357	196,061	Cost of goods sold	(29,076)	(29,718)	(49,718)	(44,924)	(38,565)
Account receivable	62,241	43,270	44,276	42,849	41,982	Gross profit	271,618	282,592	269,851	264,344	264,445
Inventories	20,914	22,759	23,288	22,537	22,081	Operating expenses	(98,301)	(113,154)	(99,066)	(95,873)	(96,963)
Others	23,871	34,449	35,766	37,083	38,400	Operating profit	173,317	169,438	170,784	168,471	167,482
Non-current assets						EBIT	140,788	131,422	124,951	120,924	115,447
Net fixed assets	440,271	490,484	562,675	623,316	672,738	Depreciation	(32,529)	(38,016)	(45,833)	(47,547)	(52,035)
Others	217,982	240,488	189,343	138,478	87,612	EBITDA	173,317	169,438	170,784	168,471	167,482
Total Assets	902,821	965,301	987,000	1,023,621	1,058,874	Non-operating income	2,288	8,223	8,435	8,435	8,435
Current liabilities						Other incomes	5,304	8,435	8,435	8,435	8,435
Account payable	52,972	66,325	67,867	65,680	64,351	Other non-op income	(3,016)	(212)	-	-	-
ST borrowing	13,208	13,208	13,208	13,208	13,208	Non-operating expense	(4,145)	(4,931)	(10,325)	(10,336)	(10,348)
Others	22,411	25,969	24,058	22,147	20,236	Interest expense	(10,243)	(11,813)	(11,825)	(11,836)	(11,848)
Long-term liabilities						Other non-op expense	6,099	6,882	1,500	1,500	1,500
Long-term debts	95,320	95,009	75,000	75,000	75,000	Equity income/(loss)	1,477	1,317	1,317	1,317	1,317
Others	219,468	228,915	220,827	212,739	204,651	Pre-tax Profit	140,408	136,031	124,379	120,339	114,850
Total liabilities	403,378	429,425	400,959	388,773	377,445	Extraordinary items	(63,704)	(57,214)	(52,313)	(50,614)	(48,306)
Paid-up capital	109,388	109,388	109,388	109,388	109,388	Minorities	2	7	0	0	0
Retained earnings	366,988	407,071	457,516	506,324	552,905	Net Profit	76,706	78,824	72,065	69,725	66,545
Others	22,951	19,137	19,137	19,137	19,137	Core net profit	81,348	79,219	72,065	69,725	66,545
Minority interest	116	281	0	0	0	EPS (THB)	19.32	19.86	18.15	17.56	16.76
Shareholders' equity	499,443	535,876	586,041	634,848	681,429	Core EPS (THB)	20.49	19.95	18.15	17.56	16.76

Key ratios						Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)						Operating cash flow					
Sales	(9.3)	3.9	2.3	(3.2)	(2.0)	Net profit	76,706	78,824	72,065	69,725	66,545
Operating profit	(11.2)	(2.2)	0.8	(1.4)	(0.6)	Depre. & amortization	32,529	38,016	45,833	47,547	52,035
EBITDA	(11.2)	(2.2)	0.8	(1.4)	(0.6)	Change in working capital	(24,062)	15,797	(1,535)	2,178	1,323
Net profit	8.2	2.8	(8.6)	(3.2)	(4.6)	Others	-	-	-	-	-
Core net profit	(13.1)	(2.6)	(9.0)	(3.2)	(4.6)	Investment cash flow	(130,332)	(129,500)	(184,937)	(179,508)	(179,508)
EPS	8.2	2.8	(8.6)	(3.2)	(4.6)	Net CAPEX	(131,633)	(131,633)	(186,774)	(179,508)	(179,508)
Core EPS	(13.1)	(2.6)	(9.0)	(3.2)	(4.6)	Change in LT investment	-	-	-	-	-
Profitability (%)						Change in other assets	1,301	2,133	1,837	-	-
Gross margin	90.3	90.5	84.4	85.5	87.3	Free cash flow	(45,159)	3,137	(68,573)	(60,058)	(59,606)
Operation margin	57.6	54.3	53.4	54.5	55.3	Financing cash flow	60,377	(6,829)	66,374	87,765	96,309
EBITDA margin	57.6	54.3	53.4	54.5	55.3	Change in share capital	-	-	-	-	-
Net margin	25.5	25.2	22.6	22.5	22.0	Net change in debt	(1,775)	(311)	(20,009)	-	-
ROE	16.8	15.3	12.9	11.4	10.1	Dividend paid	(37,715)	(38,211)	(21,620)	(20,917)	(19,963)
ROA	9.4	8.7	7.6	7.1	6.6	Others	99,867	31,693	108,003	108,682	116,272
Stability						Net cash flow	15,218	(3,692)	(2,199)	27,706	36,703
Interest bearing debt/equity (x)	0.2	0.2	0.2	0.1	0.1	Per share (THB)					
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.	EPS	19.32	19.86	18.15	17.56	16.76
Interest coverage (x)	13.7	11.1	10.6	10.2	9.7	Core EPS	20.49	19.95	18.15	17.56	16.76
Interest & ST debt coverage (x)	6.0	5.3	5.0	4.8	4.6	CFPS	27.51	29.43	29.70	29.54	29.87
Cash flow interest coverage (x)	0.2	0.3	0.3	0.3	0.3	BVPS	125.78	134.91	147.62	159.91	171.65
Current ratio (x)	2.8	2.2	2.2	2.6	3.1	Sales/share	75.74	78.67	80.50	77.90	76.33
Quick ratio (x)	2.3	1.7	1.7	2.0	2.4	EBITDA/share	43.66	42.68	43.02	42.44	42.19
Net debt (THB m)	(29,014)	(25,633)	(43,443)	(71,150)	(107,853)	DPS	9.50	9.63	5.45	5.27	5.03
Activity						Valuation					
Asset turnover (X)	0.3	0.3	0.3	0.3	0.3	P/E (x)	7.7	6.0	6.2	6.4	6.7
Days receivables	63.4	61.7	50.0	51.4	51.1	P/BV (x)	1.2	0.9	0.8	0.7	0.7
Days inventory	251.3	268.2	169.0	186.2	211.1	Dividend yield (%)	6.4	8.1	4.8	4.7	4.5
Days payable	770.8	732.6	492.6	542.5	615.3	Dividend payout ratio (%)	49.2	48.5	30.0	30.0	30.0
Cash cycle days	(456)	(403)	(274)	(305)	(353)						

GENERAL DISCLAIMER

Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

The opinions and information presented in this report are those of the Globlex Securities Co. Ltd. Research Department. No representation or warranty in any form regarding the accuracy, completeness, correctness or fairness of opinions and information of this report is offered by Globlex Securities Co. Ltd. Globlex Securities Co. Ltd. Accepts no liability whatsoever for any loss arising from the use of this report or its contents. This report (in whole or in part) may not be reproduced or published without the express permission of Globlex Securities Co. Ltd.

RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.