

Algeria is here for growth

- More strategic growth in Algeria from Reggane II
- Oil price rise will drive subsequent net profits
- Maintain BUY and a TP of THB140

More strategic growth in Algeria; oil price spike beneficiary

On 18 June 2025, PTTEP announced its win on the bidding of the onshore exploration right at Reggane II area under Algeria Bid Round 2024. Reggane II is operated by Eni with a 66% stake and PTTEP 34% stake, which will be signed Production Sharing Contract (PSC) later. While the current spike in oil price, which we expect to prolong due to the ongoing Israel-Iran war, will not benefit PTTEP's ASP until the 1Q26 due to the 6-month lagging effect of the gas pricing to oil price, we think PTTEP will greatly gain the higher ASP for its liquid spot-based price (27% sales volume in 1Q25).

Strengthening Algeria production fortress

After the completion of the 22.1% stake in Touat acquisition within 2Q25, PTTEP will add 16kbpd gas production into its Algerian portfolio, bringing total equity production of three PTTEP-owned fields (25% in 433a&416b, 49% in HBR, 22.1% in Touat) to 28.1%, up 133% from current production of 12kbp and representing 3% of PTTEP's total production. The recent move in Reggane II exploration should solidify PTTEP's presence in Algeria with rich resources and low political risk.

USD75-80/bbl average to stay; USD100-120/bbl spike possibly

The ongoing war between Israel-Iran and the possibility of US to join the war, has significantly escalated the global supply risk for oil, given the productions (26% of global production) and oil transportation via Hormuz strait (18mbpd or 16% of global production) are at stakes. Hence, we think oil price will stay high above USD70/bbl in 2H25 into 2026 and likely to average USD75/bbl in 2025-26 but Iran shuts down Hormuz strait, oil price could spike to USD100-120/bbl, in our view.

Rising oil price consequence will boost subsequent earnings

In 2Q25 onwards, we think PTTEP's net profits would rise substantially from THB16b in 1Q25, driven by 1) higher sales volume from 484kboed in 1Q25 to 500+kboed after the operation normalization; 2) ASP to increase from USD45.7/boe in 1Q25 to USD46-48/boe as the price of liquid sales volume (27% volume, 43% revenue in 1Q25) will rise in tandem with the higher oil price while gas price will continue its downtrend from USD5.95/mmbtu in 1Q25 to USD5.8/mmbtu in remaining 2025 to reflect the 6-12 month lag pricing; and 3) cost is expected to stabilize at USD30/boe.

Don't wait owning this oil play

We maintain BUY and a TP of THB140. We think PTTEP is the best play on the oil price uptrend on the global tension in Middle East triggered by Israel. We think buying PTTEP is somewhat similar to hedge against global geopolitical risk in the form of oil asset.

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ESG Rating : AA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	140.00
VS. BB Consensus TP (%)	+7.9%
Share Price (THB)	110.00
Upside/Downside	+27.3%

Share Data

Market Cap (THB m)	436,698.39
Par (THB)	1.00
Free Float (%)	34.69
Issued shares (m shares)	3,970

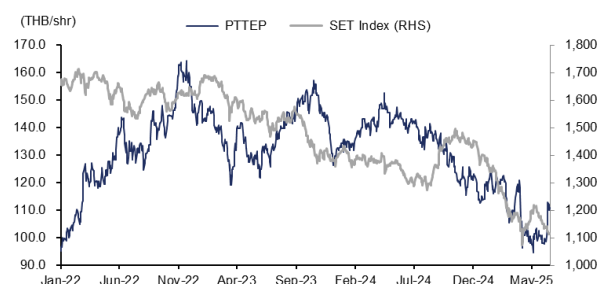
Financial forecast

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	6.06	6.26	6.56
P/BV (x)	0.88	0.75	0.69	0.64
ROE (%)	15.31	12.85	11.42	10.11
Dividend yield (%)	8.09	4.95	4.79	4.57

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	11.11	0.46	(7.17)	(7.56)
Market	18.67	7.57	18.11	18.43
12M High/Low (THB)	154.50 / 93.00			



Major Shareholders (%) as of 26 Feb 2025

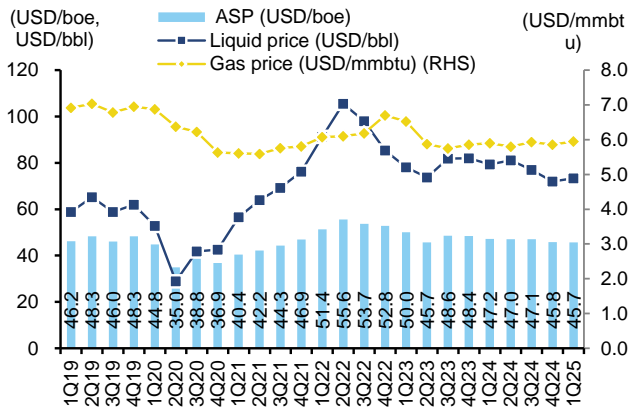
PTT Public Company Limited	63.79
Thai NVDR	6.43
STATE STREET EUROPE LIMITED	2.00

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.

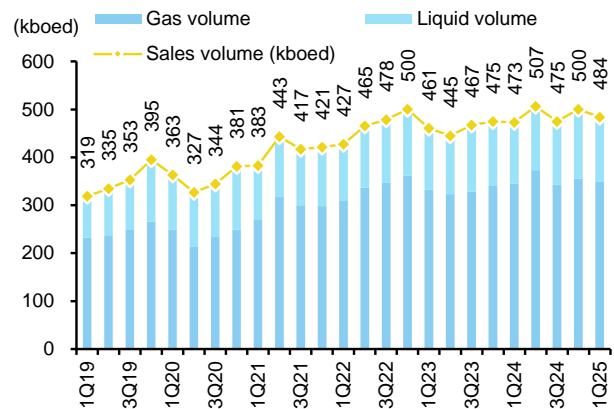
Source: SETSMART, SET

Exhibit 1: ASP, liquid and gas prices



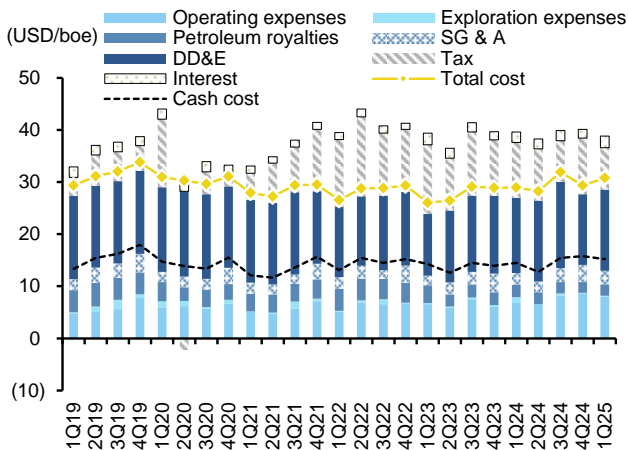
Sources: PTTEP; Globlex Research

Exhibit 2: Sales volume by gas and liquid



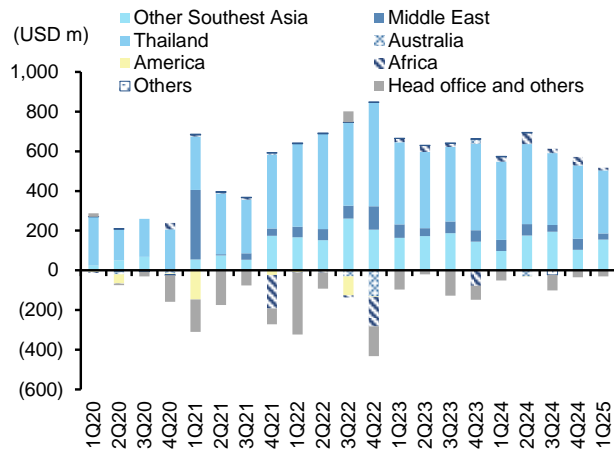
Sources: PTTEP; Globlex Research

Exhibit 3: Cost breakdown



Sources: PTTEP

Exhibit 4: Net profit by region



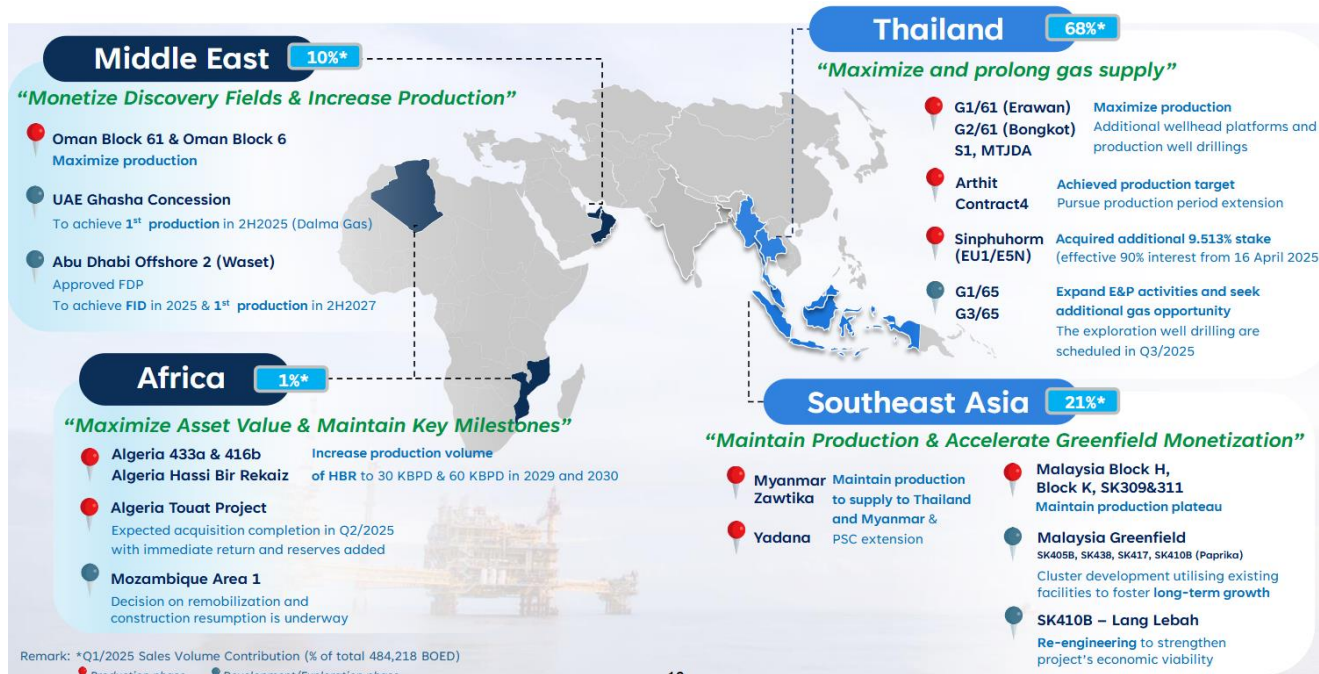
Sources: PTTEP

Exhibit 5: PTTEP's Algeria asset portfolio

Project	Status	Phase	Participants	Stake (%)	Production Gas (mmscfd)	Oil (kbpd)	Production Gas (mmscfd)	Oil (kbpd)
1	Algeria 433a & 416b	JOC	Production	GBRS	35.00			
			PetroVietnam	40.00		17.0		4.3
			Sonatrach	25.00				
			PTTEP	25.00				
2	Algeria Hassi Bir Rekaiz	JOC	Production	GHBR	49.00			
			Sonatrach	51.00		16.0		7.8
			PTTEP	49.00				
3	Algeria Touat	Pending acquisition in 2Q25	Production	Eni	42.90	435		16.1
			Sonatrach	35.00				
			PTTEP	22.10				
4	Algeria Reggane II	Acquisition	Exploration	Eni	66.00			
			PTTEP	34.00				
Total					435	33.0		28.1

Sources: PTTEP; Globlex Research

Exhibit 6: PTTEP's asset portfolio



Sources: PTTEP

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	137,542	133,850	131,651	159,357	196,061
Account receivable	62,241	43,270	44,276	42,849	41,982
Inventories	20,914	22,759	23,288	22,537	22,081
Others	23,871	34,449	35,766	37,083	38,400
Non-current assets					
Net fixed assets	440,271	490,484	562,675	623,316	672,738
Others	217,982	240,488	189,343	138,478	87,612
Total Assets	902,821	965,301	987,000	1,023,621	1,058,874
Current liabilities					
Account payable	52,972	66,325	67,867	65,680	64,351
ST borrowing	13,208	13,208	13,208	13,208	13,208
Others	22,411	25,969	24,058	22,147	20,236
Long-term liabilities					
Long-term debts	95,320	95,009	75,000	75,000	75,000
Others	219,468	228,915	220,827	212,739	204,651
Total liabilities	403,378	429,425	400,959	388,773	377,445
Paid-up capital	109,388	109,388	109,388	109,388	109,388
Retained earnings	366,988	407,071	457,516	506,324	552,905
Others	22,951	19,137	19,137	19,137	19,137
Minority interest	116	281	0	0	0
Shareholders' equity	499,443	535,876	586,041	634,848	681,429

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(9.3)	3.9	2.3	(3.2)	(2.0)
Operating profit	(11.2)	(2.2)	0.8	(1.4)	(0.6)
EBITDA	(11.2)	(2.2)	0.8	(1.4)	(0.6)
Net profit	8.2	2.8	(8.6)	(3.2)	(4.6)
Core net profit	(13.1)	(2.6)	(9.0)	(3.2)	(4.6)
EPS	8.2	2.8	(8.6)	(3.2)	(4.6)
Core EPS	(13.1)	(2.6)	(9.0)	(3.2)	(4.6)
Profitability (%)					
Gross margin	90.3	90.5	84.4	85.5	87.3
Operation margin	57.6	54.3	53.4	54.5	55.3
EBITDA margin	57.6	54.3	53.4	54.5	55.3
Net margin	25.5	25.2	22.6	22.5	22.0
ROE	16.8	15.3	12.9	11.4	10.1
ROA	9.4	8.7	7.6	7.1	6.6
Stability					
Interest bearing debt/equity (x)	0.2	0.2	0.2	0.1	0.1
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest coverage (x)	13.7	11.1	10.6	10.2	9.7
Interest & ST debt coverage (x)	6.0	5.3	5.0	4.8	4.6
Cash flow interest coverage (x)	0.2	0.3	0.3	0.3	0.3
Current ratio (x)	2.8	2.2	2.2	2.6	3.1
Quick ratio (x)	2.3	1.7	1.7	2.0	2.4
Net debt (THB m)	(29,014)	(25,633)	(43,443)	(71,150)	(107,853)
Activity					
Asset turnover (X)	0.3	0.3	0.3	0.3	0.3
Days receivables	63.4	61.7	50.0	51.4	51.1
Days inventory	251.3	268.2	169.0	186.2	211.1
Days payable	770.8	732.6	492.6	542.5	615.3
Cash cycle days	(456)	(403)	(274)	(305)	(353)

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	300,694	312,310	319,569	309,269	303,011
Cost of goods sold	(29,076)	(29,718)	(49,718)	(44,924)	(38,565)
Gross profit	271,618	282,592	269,851	264,344	264,445
Operating expenses	(98,301)	(113,154)	(99,066)	(95,873)	(96,963)
Operating profit	173,317	169,438	170,784	168,471	167,482
EBIT	140,788	131,422	124,951	120,924	115,447
Depreciation	(32,529)	(38,016)	(45,833)	(47,547)	(52,035)
EBITDA	173,317	169,438	170,784	168,471	167,482
Non-operating income					
Other incomes	5,304	8,435	8,435	8,435	8,435
Other non-op income	(3,016)	(212)	-	-	-
Non-operating expense	(4,145)	(4,931)	(10,325)	(10,336)	(10,348)
Interest expense	(10,243)	(11,813)	(11,825)	(11,836)	(11,848)
Other non-op expense	6,099	6,882	1,500	1,500	1,500
Equity income/(loss)	1,477	1,317	1,317	1,317	1,317
Pre-tax Profit	140,408	136,031	124,379	120,339	114,850
Extraordinary items	-	-	-	-	-
Current taxation	(63,704)	(57,214)	(52,313)	(50,614)	(48,306)
Minorities	2	7	0	0	0
Net Profit	76,706	78,824	72,065	69,725	66,545
Core net profit	81,348	79,219	72,065	69,725	66,545
EPS (THB)	19.32	19.86	18.15	17.56	16.76
Core EPS (THB)	20.49	19.95	18.15	17.56	16.76

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Operating cash flow	85,173	132,637	116,364	119,450	119,902
Net profit	76,706	78,824	72,065	69,725	66,545
Depre. & amortization	32,529	38,016	45,833	47,547	52,035
Change in working capital	(24,062)	15,797	(1,535)	2,178	1,323
Others	-	-	-	-	-
Investment cash flow	(130,332)	(129,500)	(184,937)	(179,508)	(179,508)
Net CAPEX	(131,633)	(131,633)	(186,774)	(179,508)	(179,508)
Change in LT investment	-	-	-	-	-
Change in other assets	1,301	2,133	1,837	-	-
Free cash flow	(45,159)	3,137	(68,573)	(60,058)	(59,606)
Financing cash flow					
Financing cash flow	60,377	(6,829)	66,374	87,765	96,309
Change in share capital	-	-	-	-	-
Net change in debt	(1,775)	(311)	(20,009)	-	-
Dividend paid	(37,715)	(38,211)	(21,620)	(20,917)	(19,963)
Others	99,867	31,693	108,003	108,682	116,272
Net cash flow	15,218	(3,692)	(2,199)	27,706	36,703
Per share (THB)					
EPS	19.32	19.86	18.15	17.56	16.76
Core EPS	20.49	19.95	18.15	17.56	16.76
CFPS	27.51	29.43	29.70	29.54	29.87
BVPS	125.78	134.91	147.62	159.91	171.65
Sales/share	75.74	78.67	80.50	77.90	76.33
EBITDA/share	43.66	42.68	43.02	42.44	42.19
DPS	9.50	9.63	5.45	5.27	5.03
Valuation					
P/E (x)	7.7	6.0	6.1	6.3	6.6
P/BV (x)	1.2	0.9	0.7	0.7	0.6
Dividend yield (%)	6.4	8.1	5.0	4.8	4.6
Dividend payout ratio (%)	49.2	48.5	30.0	30.0	30.0

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- 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.