

PTT Exploration & Production (PTTEP TB)

Strong 1Q26 Core Profit, Dragged By Oil Hedging Losses

Highlights

- We expect 1Q26 net profit to decline both qoq and yoy due to significant oil hedging losses, while core profit could remain strong.
- We raise our 2026 net profit forecast to reflect a higher crude oil price assumption, supported by ongoing Middle East tensions.
- We expect 2Q26 net profit to grow both qoq and yoy. Maintain BUY with a higher target price of Bt185.00 (previously Bt150.00).

1Q26 Results Preview

Year to 31 Dec (Btm)	1Q25	4Q25	1Q26F	Chg. %yoy	Chg. %qoq	2025	2026F	Chg. %yoy
Revenue	71,166	70,372	76,695	8%	9%	281,449	295,934	5%
Gross profit	35,627	30,872	29,960	-16%	-3%	131,672	163,650	24%
Interest expenses	3,285	3,381	3,370	3%	0%	13,065	20,903	60%
EBITDA	51,243	44,831	47,170	-8%	5%	203,682	214,077	5%
Core Profit	16,630	12,923	17,218	4%	33%	58,024	75,098	29%
Net Profit	16,561	17,502	8,896	-46%	-49%	60,240	73,371	22%
EPS	4.17	4.41	2.24	-46%	-49%	15.18	18.92	25%
Financial ratio (%)								
Gross Profit Margin	50.1%	43.9%	39.1%			46.8%	55.3%	
EBITDA Margin	72.0%	63.7%	61.5%			72.4%	73.3%	
SG&A Exp. / Sales	10.5%	13.3%	10.0%			11.4%	11.4%	
Net profit margin	23.3%	24.9%	11.6%			21.4%	25.4%	

Source: PTTEP, UOB Kay Hian

Analysis

- **1Q26 net profit expected to decline qoq and yoy.** We estimate PTT Exploration & Production's (PTTEP) 1Q26 net profit at Bt8.90b, down 49% qoq and 46% yoy, mainly due to a substantial oil hedging loss of Bt8.0b and a forex loss of Bt318m. Excluding these items, we project 1Q26 core profit at Bt17.21b, rising 33% qoq and 4% yoy, driven by: a) ASP of US\$45.26/bbl, up 6.4% qoq, supported by higher gas and liquid selling prices; b) sales volume of 545,000 barrel oil equivalence per day (BOED), up 2% qoq, from production ramp-up in the Gulf of Thailand in line with stronger domestic demand; and c) unit cost of US\$29.80/bbl, down 7.4% qoq, due to lower opex, selling general and administrative (SG&A) expenses, and exploration expenses.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	312,310	281,449	292,824	297,787	292,687
EBITDA	240,397	203,682	214,077	196,372	198,536
Operating profit	145,942	110,704	138,725	122,527	124,675
Net profit (rep./act.)	78,810	60,240	73,371	64,926	66,355
Net profit (adj.)	78,225	58,024	73,371	64,926	66,355
EPS	19.70	14.62	18.48	16.35	16.71
PE	7.97	10.74	8.49	9.60	9.39
P/B	1.20	1.15	1.07	1.02	0.97
EV/EBITDA	2.56	3.29	3.01	3.20	3.12
Dividend yield	6.13	5.57	6.37	5.41	5.41
Net margin	25.23	21.40	25.06	21.80	22.67
Net debt/(cash) to equity	9.15	9.88	3.77	0.77	0.75
Interest cover	20.40	15.76	10.24	10.33	10.45
ROE	17.64	13.15	15.37	13.21	13.05
Consensus net profit	-	-	64,428	64,675	65,636
UOBKH/Consensus (x)	-	-	1.14	1.00	1.01

Source: PTTEP, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt157.00
Target Price	Bt185.00
Upside	17.83%
Previous TP	Bt150.00

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Stock Data

GICS Sector	Energy
Bloomberg ticker	PTTEP TB
Shares issued (m)	3,970.0
Market cap (Btm)	454,563.3
Market cap (US\$m)	14,038.0
3-mth avg daily t'over (US\$m)	31.4

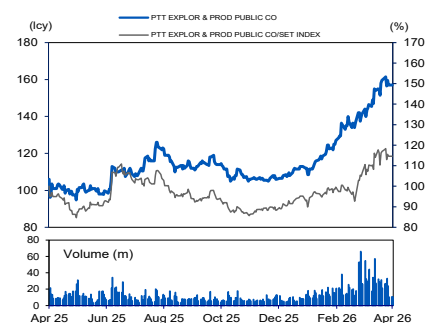
Price Performance (%)

52-week high/low	Bt130.50/Bt93.00			
1mth	3mth	6mth	1yr	YTD
0.47	(6.49)	10.20	(12.6)	(9.24)

Major Shareholders (%)

PTT	63.79
Thai NVDR	6.52
State Street Europe	1.80

Price Chart



Source: Bloomberg

Company Description

PTTEP explores for crude oil and natural gas, and develops fields for production.

- 2Q26 earnings outlook.** We expect 2Q26 net profit to increase both qoq and yoy, driven by: a) higher crude oil prices qoq amid Middle East tensions, with qtd prices at US\$101.50/bbl (vs US\$85.16/bbl in 1Q26); b) stronger sales volumes, projected at 550,000-560,000 BOED, up 2% qoq; and c) the impact from a reduction in hedging losses. Although unit costs are likely to rise qoq due to higher royalties and opex in line with oil prices, we expect 2Q26 unit costs to remain below US\$31/bbl.
- No positive signals from the Middle East.** Although more oil tankers have recently begun transiting the Strait of Hormuz, overall shipment volumes remain low. Organization Of The Petroleum Exporting Countries (OPEC) reported that March production declined by 7.30 million barrels per day (MBD) to 21.70 MBD — the lowest level since Jun 20 during the COVID-19 pandemic. While the latest OPEC meeting approved a production increase of 0.21 MBD for Apr 26, implementation appears highly unlikely given ongoing geopolitical tensions. In addition, the International Energy Agency estimates that around 12 MBD of oil supply has been removed from the market, due to damage to more than 40 energy infrastructure sites in the Middle East and the closure of the Strait of Hormuz.
- Revise up crude oil price assumption.** We revise our 2026 crude oil price assumption to US\$80.00/bbl (from US\$67.00/bbl), driven by heightened geopolitical uncertainty in the Middle East amid the conflict, which has significantly lifted oil prices. With a peace agreement remaining unlikely, we expect crude prices to stay elevated — particularly in 2Q26. This compares with the ytd average of US\$86.50/bbl.
- Sensitivity.** Every US\$1.00/bbl decrease in oil prices would lower our 2026 core profit forecast by 1.6%, or Bt1.10b per year. Our Dubai oil price assumption for 2026 is US\$80/bbl. Every US\$1.00/bbl decline in unit cost would increase our 2026 core profit forecast by 2.9%, or Bt2.00b per year.

Valuation/Recommendation

- Maintain BUY with a higher target price of Bt185.00 (previously Bt150.00),** based on an average five-year regional forward PE of 10x. We raise our target price to reflect the upward revision to our 2026 net profit forecast. In 2026, we expect PTTEP to pay a dividend of Bt9.50/share, based on a 50% dividend payout ratio. In the oil and gas sector, we prefer Thai Oil (TOP TB/BUY/Target: Bt58.00) and Indorama Ventures (IVL TB/BUY/Target: Bt27.00).

Earnings Revision/Risk

- Revise up 2026 net profit forecast.** We raise our 2026 net profit forecast by 23% from our previous estimate to reflect a higher crude oil price assumption of US\$80.00/bbl. As a result, our 2026 net profit is projected at Bt73.37b, up 22% yoy.

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.

Social

- Community engagement.** PTTEP invests in education, healthcare, and infrastructure in its operating regions to improve quality of life and support sustainable development.

Governance

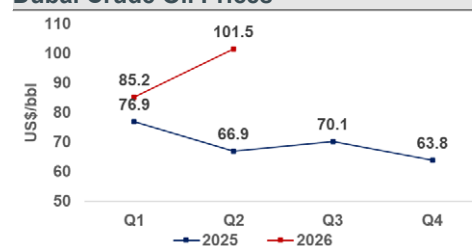
- Supplier ESG assessment.** PTTEP requires suppliers to meet strict ESG criteria, including business ethics, safety, and environmental impacts, to ensure sustainable and ethical procurement.

Key Assumption

	----- 2026F -----		
	Old	New	%Chg.
Sales Volume (KBOED)	556	556	0%
Dubai (US\$/bbl)	67.0	80.0	19%
Liquid price (US\$/bbl)	64.0	80.0	25%
PTTEP's ASP (US\$/bbl)	43.3	47.9	11%
Unit Cost (US\$/bbl)	30.0	31.0	3%
Net profit (Btm)	59,814	73,371	23%

Source: PTTEP, UOB Kay Hian

Dubai Crude Oil Prices



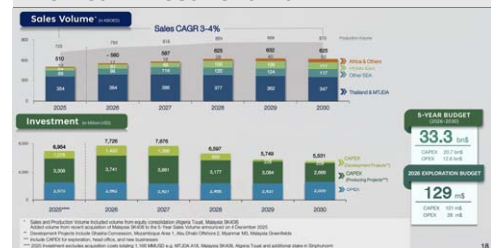
Source: PTTEP, UOB Kay Hian

Key Statistics

	1Q25	4Q25	1Q26F	Chg. %yoy	Chg. %qoq
Sales volume (BOED)	484	540	545	12.6%	1.0%
Avg. selling price (US\$/bbl)	45.74	42.55	45.26	-1.1%	6.4%
Gas price (US\$/MMBTU)	5.95	5.74	5.85	-1.7%	1.9%
Liquid price (US\$/bbl)	73.37	62.78	74.16	1.1%	18.1%
Avg. Dubai (US\$/bbl)	76.70	63.79	85.16	11.0%	33.5%
Unit Cost (US\$/bbl)	30.77	32.19	29.80	-3.2%	-7.4%

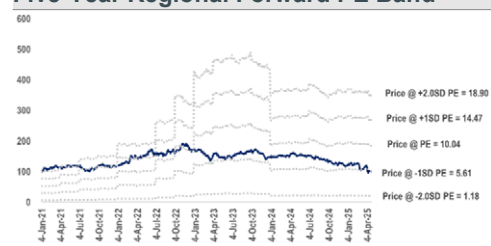
Source: PTTEP

Five-Year Investment Plan



Source: PTTEP

Five-Year Regional Forward PE Band



Source: Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	281,449	292,824	297,787	292,687
EBITDA	203,682	214,077	196,372	198,536
Deprec. & amort.	95,194	75,352	73,845	73,861
EBIT	108,488	138,725	122,527	124,675
Associate contributions	4,251	4,464	4,687	4,921
Net interest income/(expense)	-13,065	-20,903	-19,004	-19,004
Pre-tax profit	104,107	122,286	108,210	110,592
Tax	-43,850	-48,914	-43,284	-44,237
Minorities	-16.6	0.0	0.0	0.0
Net profit	60,240	73,371	64,926	66,355
Net profit (adj.)	58,024	73,371	64,926	66,355

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	150,401	135,591	140,846	139,559
Pre-tax profit	104,107	122,286	108,210	110,592
Tax	-43,850	-48,914	-43,284	-44,237
Deprec. & amort.	95,194	75,352	73,845	73,861
Working capital changes	-7,702	-13,132	2,074	-658
Other operating cashflows	2,653	0	0	0
Investing	-149,863	-69,117	-86,894	-98,175
Investments	-115,071	-68,180	-86,485	-98,595
Others	-34,792	-937	-409	420
Financing	-54,688	-55,862	-36,686	-32,463
Dividend payments	-36,622	-34,737	-36,686	-32,463
Issue of shares	-18,065	-21,125	0	0
Proceeds from borrowings	-54,150	10,613	17,267	8,921
Net cash inflow (outflow)	128,482	73,075	83,688	100,954
Beginning cash & cash equivalent	-1,257	0	0	0
Changes due to forex impact	73,075	83,688	100,954	109,875
Ending cash & cash equivalent	150,401	135,591	140,846	139,559

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	275,220	279,062	275,113
Cash/ST investment	73,075	83,688	100,954	109,875
Other current assets	17,756	26,354	29,779	32,196
Total assets	933,938	926,474	965,708	995,718
ST debt	21,125	0	0	0
Other current liabilities	194,733	202,604	206,037	202,508
LT debt	105,649	105,649	105,649	105,649
Other LT liabilities	194,733	202,604	206,037	202,508
Shareholders' equity	543,708	582,342	610,582	644,474
Total liabilities & equity	933,938	926,474	965,708	995,718

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	73.2	73.1	65.9	67.8
Pre-tax margin	37.0	41.8	36.3	37.8
Net margin	21.4	25.1	21.8	22.7
ROA	7.5	9.2	7.9	7.9
ROE	13.1	15.4	13.2	13.0
Growth				
Turnover	-9.9	4.0	1.7	-1.7
EBITDA	-14.0	4.0	-8.8	1.3
Pre-tax profit	-24.8	20.0	-11.5	2.2
Net profit	-23.5	21.7	-11.5	2.2
Net profit (adj.)	-25.8	26.4	-11.5	2.2
EPS	-23.5	21.7	-11.5	2.2
Leverage				
Debt to total capital	24.4	18.9	18.0	17.0
Debt to equity	23.3	18.1	17.3	16.4
Net debt/(cash) to equity	-0.6	0.4	1.4	2.4
Interest cover (x)	15.8	10.2	10.3	10.4

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