

## Oil price dive over volume rise

- An in-line 1Q25 net profit on higher cost and lower ASP
- Oil and gas prices unlikely to rise soon on OPEC+'s production rise
- Maintain HOLD but cut TP to THB108

### 1Q25 net profit plunged on volume drop and cost escalation

PTTEP reported a 1Q25 NP of THB16.6b (-9.5% q-q, -11.4% y-y), with core NP at THB16.6bn (-7.9% q-q, -16.0% y-y). Key drivers included: 1) lower sales volume of 484kboed (-3.2% q-q, +2.4% y-y), due to lower volume from G2/61, the Middle East, and Algeria; 2) higher unit cost at USD30.8/boe, up from USD29.3/boe in 4Q24, driven by increased DD&A, though partially offset by lower G&A and OPEX; 3) softer ASP at USD45.7/boe, despite a higher q-q liquid price at USD73.4/bbl (vs USD72.0/bbl in 4Q24) and gas price at USD6.0/mmbtu (vs USD5.9/mmbtu in 4Q24), as the sales mix shifted toward more gas; 4) FX loss; and 5) a USD7m write-off from Oman Block 12.

### Lower volume from major assets pressures 1Q25 earnings

PTTEP's assets in Thailand reported a 1Q25 NP of USD318m, (-14% q-q) due to lower production from G2/61 project. Earnings in Southeast Asia (excl. Thailand) rose to USD155m due to higher volumes from Zawtika and Malaysia Block K Project. NP from its Middle East and Africa assets dropped to USD44m, dragged by lower sales volumes from Algeria Hassi Bir Rekaiz project and Oman Block 61 project.

### Volume growth ahead, but ASP and cost pressures linger

During the 1Q25 results conference call, management guided that PTTEP's sales volume is expected to rise to 500–505k boed in 2Q25E, supported by 1) the additional stake acquisition in the Sinphuhorm project, which began contributing in Apr-25; and 2) increased volume from the Middle East. Meanwhile, PTTEP's ASP is expected to remain flat or decline, reflecting lower gas and liquid prices, with further price adjustments anticipated in Apr-25 and Oct-25. Total costs are expected to stay flat at USD30/boe, driven by high DD&A and OPEX.

### Oil and gas prices under high pressures on US and OPEC+

After over 2 years of maintaining/cutting productions, oil prices are now entering into more bearish market as OPEC+ may increase output in June meeting as Kazakhstan and Iraq are now "less" willing to reduce its oil productions and renewed hope on Russia-Ukraine talk.

### Maintain HOLD but cut TP to THB108

Maintain HOLD but cut TP to THB108, based on 1.6x 2025E EV/EBITDA from THB130, based on 2.5x 2025E. We revised down our EPS forecast by 5.4%-6.9% in 2025-27E on the lower sales volume and ASP. We turned more cautious view on PTTEP's share price over the next 12 months on the decreasing prices of oil and gas and costs rise. Despite being Thailand's top play on oil and gas prices, our bearish outlook on these prices and the lack of near-term catalysts supports our cautious stance.

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ESG Rating : AA

CG Rating : ▲▲▲▲▲

## HOLD

<b>Target Price 12M (THB)</b>	<b>108.00</b>
VS. BB Consensus TP (%)	-19.7%
Share Price (THB)	98.50
Upside/Downside	+9.6%

#### Share Data

Market Cap (THB m)	391,043.56
Par (THB)	1.00
Free Float (%)	34.69
Issued shares (m shares)	3,970

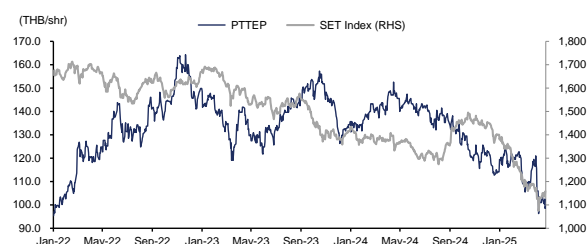
#### Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	312,310	305,615	301,184	296,803
Net profit	78,824	68,904	67,893	65,174
Core net profit	79,219	68,904	67,893	65,174
vs Consensus (%)	-	2.5	6.0	10.7
Net profit growth (%)	2.8	(12.6)	(1.5)	(4.0)
Core net profit growth (%)	(2.6)	(13.0)	(1.5)	(4.0)
EPS (THB)	19.86	17.36	17.10	16.42
Core EPS (THB)	19.95	17.36	17.10	16.42
Chg from previous (%)	-	(5.41)	(5.56)	(6.94)
DPS (THB)	9.63	5.21	5.13	4.93
P/E (x)	5.99	5.68	5.76	6.00
P/BV (x)	0.88	0.67	0.62	0.58
ROE (%)	15.31	12.31	11.17	9.96
Dividend yield (%)	8.09	5.29	5.21	5.00

Source: Financial Statement and Globlex securities

#### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(15.09)	(19.59)	(21.51)	(17.23)
Market	(11.89)	(5.06)	(0.04)	1.06
12M High/Low (THB)	159.50 / 93.00			



#### Major Shareholders (%) as of 26 Feb 2025

PTT Public Company Limited	63.79
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#### Company Profile

The principal business operations of the 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: Summary of 1Q25 operations

	1Q24	4Q24	1Q25			2024	2025E	chg.
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
<b>Revenue</b>	<b>74,688</b>	<b>75,273</b>	<b>70,079</b>	<b>(6.9)</b>	<b>(6.2)</b>	<b>312,310</b>	<b>322,998</b>	<b>3.4</b>
Operating costs	(16,550)	(24,371)	(18,837)	22.7	(13.8)	(29,718)	(50,743)	(70.8)
<b>EBITDA</b>	<b>58,139</b>	<b>50,902</b>	<b>51,242</b>	<b>0.7</b>	<b>(11.9)</b>	<b>169,438</b>	<b>172,125</b>	<b>1.6</b>
EBITDA margin (%)	77.8	67.6	73.1	nm	nm	54.3	53.3	(1.8)
Depn & amort.	(22,230)	(21,335)	(23,107)	(8.3)	(3.9)	(38,016)	(45,833)	(20.6)
EBIT	35,909	29,567	28,135	(4.8)	(21.6)	131,422	126,292	(3.9)
Interest expense	(3,026)	(2,637)	(3,285)	(24.6)	(8.6)	(11,813)	(11,825)	(0.1)
Interest & invt inc	1,051	6,422	2,875	(55.2)	173.5	8,435	8,435	nm
Associates' contrib	362	719	468	(34.8)	29.4	1,317	1,317	nm
Exceptionals	(693)	272	(68)	(125.0)	90.2	7,065	1,500	(78.8)
<b>Pretax profit</b>	<b>33,603</b>	<b>34,343</b>	<b>28,126</b>	<b>(18.1)</b>	<b>(16.3)</b>	<b>136,031</b>	<b>125,719</b>	<b>(7.6)</b>
Tax	(14,922)	(16,043)	(11,568)	27.9	22.5	(57,214)	(52,877)	7.6
Tax rate (%)	44.4	46.7	41	nm	nm	42.1	42.1	nm
Minority interests	1	(1)	3	399.8	125.8	7	0	nm
<b>Net profit</b>	<b>18,683</b>	<b>18,299</b>	<b>16,561</b>	<b>(9.5)</b>	<b>(11.4)</b>	<b>78,824</b>	<b>72,842</b>	<b>(7.6)</b>
Non-recurring	(1,118)	250	(65)	(125.8)	94.2	(395)	0	nm
<b>Core net profit</b>	<b>19,801</b>	<b>18,049</b>	<b>16,626</b>	<b>(7.9)</b>	<b>(16.0)</b>	<b>79,219</b>	<b>72,842</b>	<b>(8.0)</b>
EPS (THB)	4.71	4.61	4.17	(9.5)	(11.4)	19.86	18.35	(7.6)
Core EPS (THB)	4.99	4.55	4.19	(7.9)	(16.0)	19.95	18.35	(8.0)

Sources: PTTEP; Globlex Research

### Exhibit 2: 1Q25 key performance

	Unit	1Q24	4Q24	1Q25	Change	
					(q-q %)	(y-y %)
<b>Sales volume</b>	<b>boed</b>	<b>473,048</b>	<b>500,365</b>	<b>484,218</b>	<b>(3.2)</b>	<b>2.4</b>
ASP	USD/boe	47.2	45.8	45.7	(0.2)	(3.2)
Gas price	USD/mmbtu	5.9	5.9	6.0	1.5	0.8
Liquid price	USD/bbl	79.4	72.0	73.4	1.9	(7.5)
Total cost	USD/boe	29.0	29.3	30.8	4.9	6.3
<b>Cash cost</b>	<b>USD/boe</b>	<b>14.5</b>	<b>15.8</b>	<b>15.2</b>	<b>(3.6)</b>	<b>4.8</b>
Operating expenses	USD/boe	6.8	8.6	8.0	(7.3)	17.5
Exploration expenses	USD/boe	1.1	0.1	0.2	46.2	(82.4)
Petroleum royalties	USD/boe	2.4	2.1	2.2	5.8	(9.5)
SG&A	USD/boe	2.3	3.3	2.6	(19.6)	16.9
Depreciation, depletion & amortisation	USD/boe	14.5	13.6	15.6	14.7	7.7
Tax	USD/boe	10.6	10.8	8.0	(25.5)	(24.3)
Interest	USD/boe	2.0	1.7	2.2	31.4	12.7
<b>Net profit</b>	<b>THB m</b>	<b>18,683</b>	<b>18,299</b>	<b>16,561</b>	<b>(9.5)</b>	<b>(11.4)</b>
<b>Core earnings</b>	<b>THB m</b>	<b>19,801</b>	<b>18,049</b>	<b>16,626</b>	<b>(7.9)</b>	<b>(16.0)</b>

Sources: PTTEP; Globlex Research

### Exhibit 3: 1Q25 net profit by segment (USD m)

	1Q24	4Q24	1Q25	Change	
	(USD m)	(USD m)	(USD m)	(q-q %)	(y-y %)
<b>Exploration and production</b>	<b>573</b>	<b>574</b>	<b>518</b>	<b>(9.8)</b>	<b>(9.6)</b>
Southeast Asia	491	474	473	(0.2)	(3.7)
- Thailand	394	370	318	(14.1)	(19.3)
- Other Southeast Asia	97	104	155	49.0	59.8
Middle East	57	55	31	(43.6)	(45.6)
Africa	23	42	13	(69.0)	(43.5)
Others	4	3	1	(66.7)	(75.0)
Head office and others	(49)	(35)	(30)	14.3	38.8
<b>Total net profit</b>	<b>524</b>	<b>539</b>	<b>488</b>	<b>(9.5)</b>	<b>(6.9)</b>

Sources: PTTEP; Globlex Research

#### Exhibit 4: Key changes in assumptions

THB m	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	305,615	301,184	296,803	322,998	318,833	318,833	(5.4)	(5.5)	(6.9)
Gross profit	260,069	258,677	260,094	272,255	271,049	275,536	(4.5)	(4.6)	(5.6)
Operating profit	165,328	165,310	165,117	172,125	172,211	173,510	(3.9)	(4.0)	(4.8)
Net profit	68,904	67,893	65,174	72,842	71,892	70,037	(5.4)	(5.6)	(6.9)
EPS (THB/share)	17.36	17.10	16.42	18.35	18.11	17.64	(5.4)	(5.6)	(6.9)
<b>Key assumptions</b>									
Brent oil price (USD/bbl)	70	72	73	76	75	75	(7.9)	(4.0)	(2.7)
Sales volume (boed)	504,040	494,190	484,190	514,040	514,190	514,190	(1.9)	(3.9)	(5.8)
ASP (USD/boe)	46.3	46.5	46.8	47.9	47.3	47.3	(3.5)	(1.7)	(1.1)
Gas price (USD/mmbtu)	6.3	6.3	6.3	6.3	6.3	6.3	0.0	0.0	0.0
Cost (USD/boe)	30.0	30.0	29.0	30.0	30.0	29	0.0	0.0	0.0

Sources: Globex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Current assets</b>					
Cash & ST investment	137,542	133,850	129,425	155,855	191,601
Account receivable	62,241	43,270	42,343	41,729	41,122
Inventories	20,914	22,759	22,271	21,948	21,629
Others	23,871	34,449	35,766	37,083	38,400
<b>Non-current assets</b>					
Net fixed assets	440,271	490,484	562,675	623,316	672,738
Others	217,982	240,488	189,343	138,478	87,612
<b>Total Assets</b>	<b>902,821</b>	<b>965,301</b>	<b>981,823</b>	<b>1,018,409</b>	<b>1,053,102</b>

<b>Current liabilities</b>					
Account payable	52,972	66,325	64,904	63,963	63,032
ST borrowing	13,208	13,208	13,208	13,208	13,208
Others	22,411	25,969	24,058	22,147	20,236
<b>Long-term liabilities</b>					
Long-term debts	95,320	95,009	75,000	75,000	75,000
Others	219,468	228,915	220,827	212,739	204,651
<b>Total liabilities</b>	<b>403,378</b>	<b>429,425</b>	<b>397,996</b>	<b>387,056</b>	<b>376,126</b>
Paid-up capital	109,388	109,388	109,388	109,388	109,388
Retained earnings	366,988	407,071	455,303	502,829	548,451
Others	22,951	19,137	19,137	19,137	19,137
Minority interest	116	281	0	0	0
<b>Shareholders' equity</b>	<b>499,443</b>	<b>535,876</b>	<b>583,828</b>	<b>631,353</b>	<b>676,975</b>

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Growth (%YoY)</b>					
Sales	(9.3)	3.9	(2.1)	(1.4)	(1.5)
Operating profit	(11.2)	(2.2)	(2.4)	(0.0)	(0.1)
EBITDA	(11.2)	(2.2)	(2.4)	(0.0)	(0.1)
Net profit	8.2	2.8	(12.6)	(1.5)	(4.0)
Core net profit	(13.1)	(2.6)	(13.0)	(1.5)	(4.0)
EPS	8.2	2.8	(12.6)	(1.5)	(4.0)
Core EPS	(13.1)	(2.6)	(13.0)	(1.5)	(4.0)
<b>Profitability (%)</b>					
Gross margin	90.3	90.5	85.1	85.9	87.6
Operation margin	57.6	54.3	54.1	54.9	55.6
EBITDA margin	57.6	54.3	54.1	54.9	55.6
Net margin	25.5	25.2	22.5	22.5	22.0
ROE	16.8	15.3	12.3	11.2	10.0
ROA	9.4	8.7	7.3	7.0	6.5
<b>Stability</b>					
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	10.1	9.9	9.5
Interest & ST debt coverage (x)	6.0	5.3	4.8	4.7	4.5
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	3.0
Quick ratio (x)	2.3	1.7	1.7	2.0	2.4
Net debt (THB m)	(29,014)	(25,633)	(41,217)	(67,647)	(103,393)
<b>Activity</b>					
Asset turnover (X)	0.3	0.3	0.3	0.3	0.3
Days receivables	63.4	61.7	51.1	50.9	50.9
Days inventory	251.3	268.2	180.4	189.9	216.6
Days payable	770.8	732.6	525.8	553.3	631.4
Cash cycle days	(456)	(403)	(294)	(312)	(364)

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Revenue</b>	<b>300,694</b>	<b>312,310</b>	<b>305,615</b>	<b>301,184</b>	<b>296,803</b>
Cost of goods sold	(29,076)	(29,718)	(45,546)	(42,507)	(36,710)
<b>Gross profit</b>	<b>271,618</b>	<b>282,592</b>	<b>260,069</b>	<b>258,677</b>	<b>260,094</b>
Operating expenses	(98,301)	(113,154)	(94,741)	(93,367)	(94,977)
<b>Operating profit</b>	<b>173,317</b>	<b>169,438</b>	<b>165,328</b>	<b>165,310</b>	<b>165,117</b>
<b>EBIT</b>	<b>140,788</b>	<b>131,422</b>	<b>119,495</b>	<b>117,763</b>	<b>113,082</b>
Depreciation	(32,529)	(38,016)	(45,833)	(47,547)	(52,035)
<b>EBITDA</b>	<b>173,317</b>	<b>169,438</b>	<b>165,328</b>	<b>165,310</b>	<b>165,117</b>
<b>Non-operating income</b>	<b>2,288</b>	<b>8,223</b>	<b>8,435</b>	<b>8,435</b>	<b>8,435</b>
Other incomes	5,304	8,435	8,435	8,435	8,435
Other non-op income	(3,016)	(212)	-	-	-
<b>Non-operating expense</b>	<b>(4,145)</b>	<b>(4,931)</b>	<b>(10,325)</b>	<b>(10,336)</b>	<b>(10,348)</b>
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
<b>Equity income/(loss)</b>	<b>1,477</b>	<b>1,317</b>	<b>1,317</b>	<b>1,317</b>	<b>1,317</b>
<b>Pre-tax Profit</b>	<b>140,408</b>	<b>136,031</b>	<b>118,923</b>	<b>117,178</b>	<b>112,486</b>
Extraordinary items	-	-	-	-	-
Current taxation	(63,704)	(57,214)	(50,018)	(49,285)	(47,311)
Minorities	2	7	0	0	0
<b>Net Profit</b>	<b>76,706</b>	<b>78,824</b>	<b>68,904</b>	<b>67,893</b>	<b>65,174</b>
<b>Core net profit</b>	<b>81,348</b>	<b>79,219</b>	<b>68,904</b>	<b>67,893</b>	<b>65,174</b>
<b>EPS (THB)</b>	<b>19.32</b>	<b>19.86</b>	<b>17.36</b>	<b>17.10</b>	<b>16.42</b>
<b>Core EPS (THB)</b>	<b>20.49</b>	<b>19.95</b>	<b>17.36</b>	<b>17.10</b>	<b>16.42</b>

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Operating cash flow</b>					
Net profit	76,706	78,824	68,904	67,893	65,174
Depre. & amortization	32,529	38,016	45,833	47,547	52,035
Change in working capital	(22,816)	16,195	1,416	937	926
Others	-	-	-	-	-
<b>Investment cash flow</b>	<b>(130,332)</b>	<b>(129,500)</b>	<b>(184,937)</b>	<b>(179,508)</b>	<b>(179,508)</b>
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	-	-
<b>Free cash flow</b>	<b>(43,913)</b>	<b>3,536</b>	<b>(68,784)</b>	<b>(63,131)</b>	<b>(61,373)</b>
<b>Financing cash flow</b>					
Change in share capital	-	-	-	-	-
Net change in debt	(1,775)	(311)	(20,009)	-	-
Dividend paid	(37,715)	(38,211)	(20,671)	(20,368)	(19,552)
Others	98,620	31,294	105,039	109,929	116,671
<b>Net cash flow</b>	<b>15,218</b>	<b>(3,692)</b>	<b>(4,425)</b>	<b>26,430</b>	<b>35,746</b>
<b>Per share (THB)</b>					
EPS	19.32	19.86	17.36	17.10	16.42
Core EPS	20.49	19.95	17.36	17.10	16.42
CFPS	27.51	29.43	28.90	29.08	29.52
BVPS	125.78	134.91	147.06	159.03	170.52
Sales/share	75.74	78.67	76.98	75.87	74.76
EBITDA/share	43.66	42.68	41.64	41.64	41.59
DPS	9.50	9.63	5.21	5.13	4.93
<b>Valuation</b>					
P/E (x)	7.7	6.0	5.7	5.8	6.0
P/BV (x)	1.2	0.9	0.7	0.6	0.6
Dividend yield (%)	6.4	8.1	5.3	5.2	5.0
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 (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.