

Steady path in a range-bound oil world

- SK408 adds low-cost, gas-weighted production, reinforcing disciplined overseas growth alongside TotalEnergies.
- Earnings resilience is underpinned by low-cost assets, diversification, and capital discipline.
- Maintain HOLD at TP of THB112

Small Stake, Strategic Play

On 16 December 2025, PTTEP announced an investment alongside TotalEnergies SE through the acquisition of a 49.99% stake in AzurVista Resources (AVR), securing an indirect 9.998% interest in the SK408 block offshore Sarawak, Malaysia. The transaction marks a disciplined step in PTTEP's overseas expansion and highlights strategic alignment with TotalEnergies. We view the investment as strategically sound, providing gas-weighted exposure and stable long-term cash flows while maintaining capital discipline.

A Resilient Gas Asset

The SK408 block is a shallow-water gas and condensate asset under a PSC regime in Malaysia, held by TotalEnergies EP Sarawak Inc. (TEPS) 20%, Petronas Carigali Sdn. Bhd. 30%, Sarawak Shell Bhd. (SSB) 30%, and AVR 20%, with operations split between TEPS (west) and SSB (east). The block is producing 750 mmscf/d of gas and 15 kbpd of condensate, with gas supplied to an onshore LNG plant. Net to PTTEP, the project adds 10 kboed, with output expected to ramp up toward 2030 before tapering toward the end of the PSC. Despite a lower blended average selling price of USD27–29/boe, low unit costs of USD20/boe support a healthy EBITDA margin of 70–75%, and USD10–15m of expected profit contribution. The implied acquisition cost of USD6–7/boe (2P) is attractive versus regional benchmarks.

Gas-Led Growth with Capital Control

PTTEP's five-year plan (2026–2030) targets steady growth, with sales rising from 556 kboed in 2026 to a peak of 621 kboed in 2029 before easing to 609 kboed in 2030 due to asset expiries. Growth is driven by new overseas assets (A-18 Malaysia, Touat Algeria), ramp-ups at core Thai and Malaysian fields, and greenfield start-ups, including Ghasha, Malaysia SK, Mozambique LNG, and Myanmar M3. Total investment for 2026–2030 stands at USD33.3b. Despite execution risks and LNG delays, PTTEP remains focused on core Thai assets, selective overseas expansion, and CCS initiatives, supporting long-term growth.

Oil in a Box: Volatility Contained

We expect crude oil prices to stay range-bound at USD65-75/bbl in the near to medium term. While geopolitical risks in the Middle East continue to provide a floor, abundant supply from OPEC+ and the U.S., alongside softer demand growth, is capping upside.

Maintain HOLD at TP of THB112

Maintain HOLD at TP of THB112, based on 1.5x 2026E EV/EBITDA. We see a softer oil price outlook, leading us to favor downstream refiners over upstream, supported by stronger-than-expected GRM.

ESG Rating : AA

CG Rating : ▲▲▲▲▲

HOLD

Target Price 12M (THB)	112.00
VS. BB Consensus TP (%)	-14.2%
Share Price (THB)	107.50
Upside/Downside	+4.2%

Share Data

Market Cap (THB m)	426,773.43
Par (THB)	1.00
Free Float (%)	34.69
Issued shares (m shares)	3,970

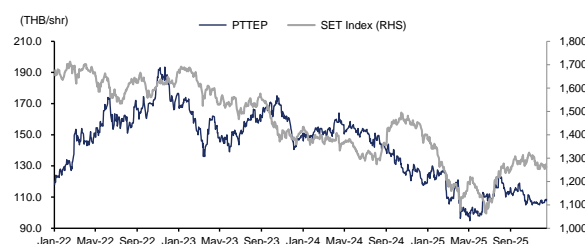
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	312,310	308,469	300,523	294,442
Net profit	78,824	69,551	67,744	64,653
Core net profit	79,219	69,551	67,744	64,653
vs Consensus (%)		9.3	11.3	7.4
Net profit growth (%)	2.8	(11.8)	(2.6)	(4.6)
Core net profit growth (%)	(2.6)	(12.2)	(2.6)	(4.6)
EPS (THB)	19.86	17.52	17.06	16.29
Core EPS (THB)	19.95	17.52	17.06	16.29
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	9.63	5.26	5.12	4.89
P/E (x)	5.99	6.14	6.30	6.60
P/BV (x)	0.88	0.73	0.68	0.63
ROE (%)	15.31	12.42	11.14	9.88
Dividend yield (%)	8.09	4.89	4.76	4.54

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	1.42	(6.11)	(4.02)	(9.66)
Market	2.11	(2.58)	(15.15)	0.33
12M High/Low (THB)				130.50 / 93.00



Major Shareholders (%) as of 13 Aug 2025

PTT Public Company Limited	63.79
Thai NVDR	6.52
STATE STREET EUROPE LIMITED	1.80

Company Profile

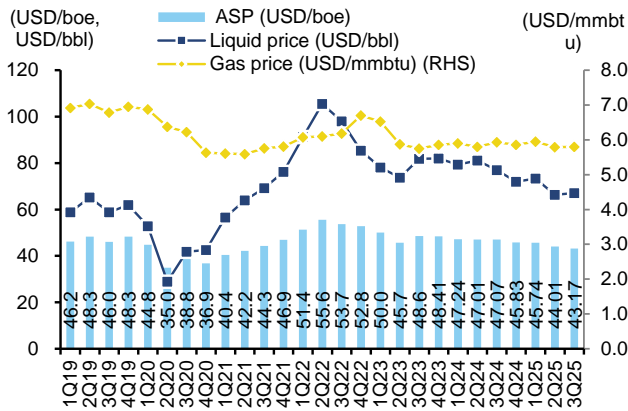
The principal business operations of the group are exploration and production of petroleum in Thailand and overseas, foreign gas pipeline transportation, and investment in projects strategically connected to the energy business.

Source: SETSMART, SET

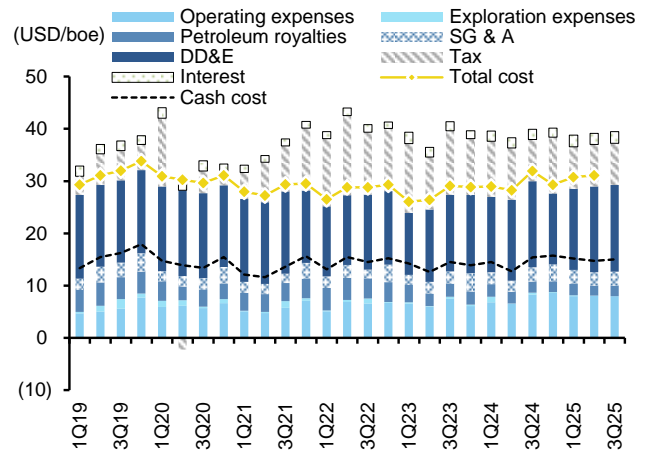
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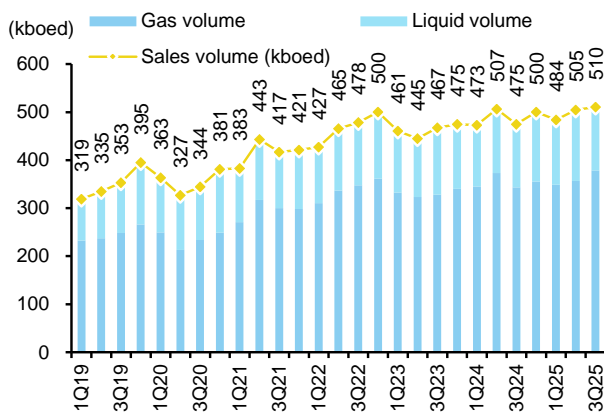
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Exhibit 1: ASP, liquid price, gas price

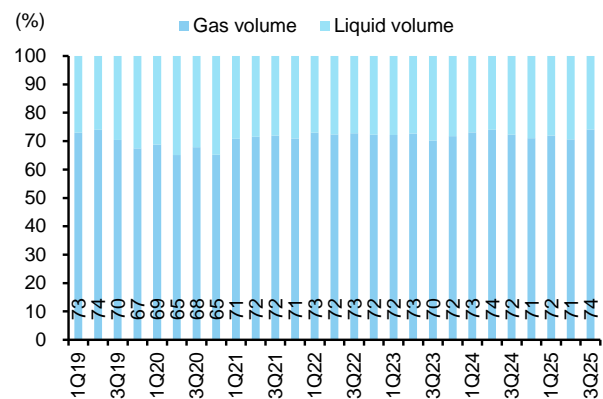
Sources: PTTEP; Globlex Research

Exhibit 2: Cost structure

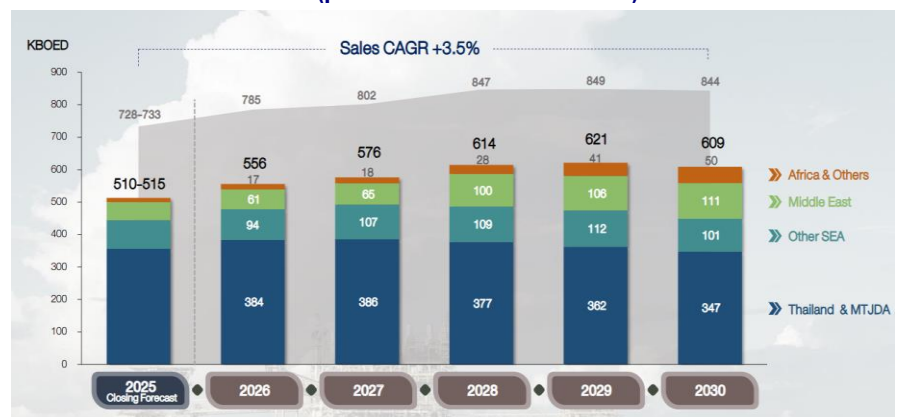
Sources: PTTEP; Globlex Research

Exhibit 3: Sales volume by gas and liquid

Sources: PTTEP; Globlex Research

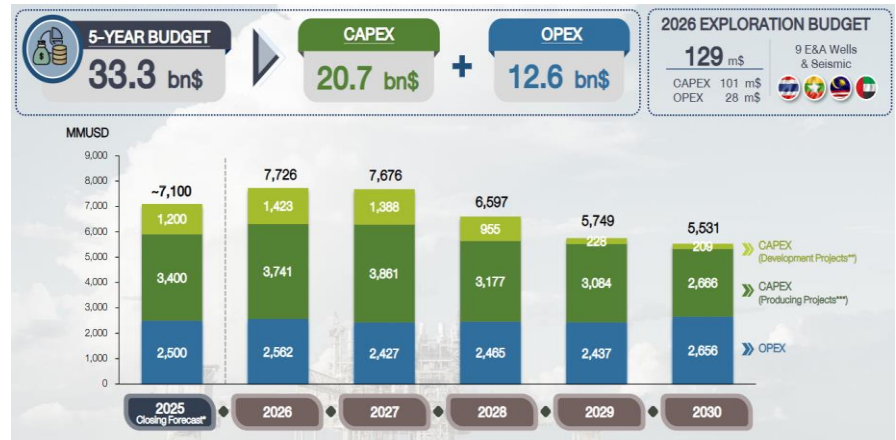
Exhibit 4: Sales volume breakdown by liquid/gas (%)

Sources: PTTEP; Globlex Research

Exhibit 5: Five-Year Plan (production & sales volume)

Sources: PTTEP

Exhibit 6: Five-Year Plan (investment budget)



Sources: PTTEP

Exhibit 7: 2026 Key projects



Sources: PTTEP

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	137,542	133,850	129,880	156,202	191,581
Account receivable	62,241	43,270	42,738	41,637	40,795
Inventories	20,914	22,759	22,479	21,900	21,457
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	982,882	1,018,616	1,052,583

Current liabilities					
Account payable	52,972	66,325	65,510	63,822	62,531
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	398,602	386,915	375,625
Paid-up capital	109,388	109,388	109,388	109,388	109,388
Retained earnings	366,988	407,071	455,756	503,177	548,434
Others	22,951	19,137	19,137	19,137	19,137
Minority interest	116	281	0	0	0
Shareholders' equity	499,443	535,876	584,280	631,701	676,958

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(9.3)	3.9	(1.2)	(2.6)	(2.0)
Operating profit	(11.2)	(2.2)	(1.8)	(0.8)	(0.5)
EBITDA	(11.2)	(2.2)	(1.8)	(0.8)	(0.5)
Net profit	8.2	2.8	(11.8)	(2.6)	(4.6)
Core net profit	(13.1)	(2.6)	(12.2)	(2.6)	(4.6)
EPS	8.2	2.8	(11.8)	(2.6)	(4.6)
Core EPS	(13.1)	(2.6)	(12.2)	(2.6)	(4.6)
Profitability (%)					
Gross margin	90.3	90.5	85.0	85.9	87.8
Operation margin	57.6	54.3	54.0	54.9	55.8
EBITDA margin	57.6	54.3	54.0	54.9	55.8
Net margin	25.5	25.2	22.5	22.5	22.0
ROE	16.8	15.3	12.4	11.1	9.9
ROA	9.4	8.7	7.3	7.0	6.4
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	10.2	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)	(41,673)	(67,994)	(103,374)
Activity					
Asset turnover (X)	0.3	0.3	0.3	0.3	0.3
Days receivables	63.4	61.7	50.9	51.2	51.1
Days inventory	251.3	268.2	177.9	191.4	219.8
Days payable	770.8	732.6	518.5	557.9	640.5
Cash cycle days	(456)	(403)	(290)	(315)	(370)

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Cost of goods sold	(29,076)	(29,718)	(46,399)	(42,310)	(36,004)
Gross profit	271,618	282,592	262,070	258,214	258,439
Operating expenses	(98,301)	(113,154)	(95,625)	(93,162)	(94,222)
Operating profit	173,317	169,438	166,444	165,052	164,217
EBIT	140,788	131,422	120,611	117,505	112,183
Depreciation	(32,529)	(38,016)	(45,833)	(47,547)	(52,035)
EBITDA	173,317	169,438	166,444	165,052	164,217
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	120,039	116,920	111,586
Extraordinary items	-	-	-	-	-
Current taxation	(63,704)	(57,214)	(50,488)	(49,176)	(46,933)
Minorities	2	7	0	0	0
Net Profit	76,706	78,824	69,551	67,744	64,653
Core net profit	81,348	79,219	69,551	67,744	64,653
EPS (THB)	19.32	19.86	17.52	17.06	16.29
Core EPS (THB)	20.49	19.95	17.52	17.06	16.29

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	76,706	78,824	69,551	67,744	64,653
Depre. & amortization	32,529	38,016	45,833	47,547	52,035
Change in working capital	(23,562)	15,834	812	1,680	1,286
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	(44,659)	3,175	(68,741)	(62,538)	(61,535)
Financing cash flow	59,877	(6,867)	64,772	88,859	96,914
Change in share capital	-	-	-	-	-
Net change in debt	(1,775)	(311)	(20,009)	-	-
Dividend paid	(37,715)	(38,211)	(20,865)	(20,323)	(19,396)
Others	99,367	31,656	105,645	109,182	116,310
Net cash flow	15,218	(3,692)	(3,970)	26,322	35,380

Per share (THB)					
EPS	19.32	19.86	17.52	17.06	16.29
Core EPS	20.49	19.95	17.52	17.06	16.29
CFPS	27.51	29.43	29.06	29.04	29.39
BVPS	125.78	134.91	147.17	159.12	170.52
Sales/share	75.74	78.67	77.70	75.70	74.17
EBITDA/share	43.66	42.68	41.93	41.57	41.36
DPS	9.50	9.63	5.26	5.12	4.89
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	4.9	4.8	4.5
Dividend payout ratio (%)	49.2	48.5	30.0	30.0	30.0

GENERAL DISCLAIMER

Analyst Certification

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

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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.