# PTT Oil and Retail (OR TB)

## 2Q26: Weaker-than-expected Results

### Highlights

- OR reported a 2Q26 net loss of Bt1.78b, primarily due to a substantial inventory loss that significantly compressed marketing margin, while the business also entered its seasonal low period, weighing on earnings.
- 3Q26 earnings expected to turn profitable, but government intervention remains a key risk.
- Maintain HOLD with a target price of Bt12.50 (Previously Bt11.90).

**2Q26 Results**

| Year to 31 Dec | 2Q25 | 1Q26 | 2Q26 | %yoy | %qoq | 6M25 | 6M26 | %yoy |
|---|---|---|---|---|---|---|---|---|
| Revenue | 167,166 | 176,125 | 205,667 | 23% | 17% | 349,588 | 381,793 | 9% |
| Gross profit | 8,222 | 6,284 | 8,032 | -2% | 28% | 17,857 | 14,316 | -20% |
| EBITDA | 4,552 | 7,100 | 53 | -99% | -99% | 11,036 | 7,153 | -35% |
| Interest expenses | 233 | 209 | 236 | 1% | 13% | 496 | 445 | -10% |
| Core Profit | 1,568 | 512 | 3,014 | 92% | 489% | 5,255 | 3,525 | -33% |
| Net Profit | 2,232 | 2,415 | -1,775 | n.a. | n.a. | 6,612 | 640 | -90% |
| EPS | 0.19 | 0.20 | -0.15 | | | 0.55 | 0.05 | |
| Financial ratio (%) | | | | | | | | |
| Gross Profit Margin | 4.9% | 3.6% | 3.9% | | | 5.1% | 3.7% | |
| SG&A Exp. / Sales | 3.7% | 3.2% | 2.9% | | | 3.3% | 3.0% | |
| Net profit margin | 1.3% | 1.4% | -0.9% | | | 1.9% | 0.2% | |

*Source: OR, UOB Kay Hian*

### Analysis

- **Results came in well below expectations.** PTT Oil and Retail (OR) reported a 2Q26 net loss of Bt1.78b (vs a net profit of Bt2.42b in 1Q26 and Bt2.23b in 2Q25), missing our forecast and consensus by 45% and 37%, respectively. The weaker-than-expected result was primarily due to a sharper-than-expected decline in marketing margin. The earnings reversal was driven by weaker marketing margins, lower sales volume in the mobility business, and higher operating expenses in the lifestyle business, which weighed on lifestyle EBITDA margin.
- **Weaker marketing margin and lower sales volumes.** The mobility business posted an EBITDA loss of Bt1.25b, mainly due to: a) Marketing margin (including stock loss) declining to Bt0.49/litre in 2Q26 (vs Bt0.74/litre in 1Q26 and Bt0.89/litre in 2Q25), primarily reflecting substantial inventory losses as crude procurement costs remained elevated early in the quarter. Excluding these one-off inventory losses, underlying marketing margin improved to Bt1.50/litre (vs Bt0.45/litre in 1Q26); and b) Oil sales volume falling to 5,558m litres, down 16% qoq and 13% yoy, mainly due to a high base in 1Q26, when panic buying was triggered by surging oil prices and concerns over domestic fuel shortages, as well as the seasonal slowdown during 2Q26.

**Key Financials**

| Year to 31 Dec (Btm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 723,958 | 658,723 | 882,741 | 816,408 | 851,891 |
| EBITDA | 19,717 | 20,333 | 19,815 | 21,975 | 21,826 |
| Operating profit | 11,153 | 12,753 | 10,718 | 12,547 | 12,396 |
| Net profit (rep./act.) | 7,650 | 11,304 | 4,484 | 9,924 | 9,972 |
| Net profit (adj.) | 8,361 | 10,022 | 8,870 | 9,924 | 9,972 |
| EPS | 0.7 | 0.8 | 0.7 | 0.8 | 0.8 |
| PE | 18.2 | 15.2 | 17.2 | 15.4 | 15.3 |
| P/B | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 |
| EV/EBITDA | 6.8 | 6.7 | 7.7 | 6.5 | 6.4 |
| Dividend yield | 3.1 | 3.1 | 2.4 | 3.1 | 3.1 |
| Net margin | 1.1 | 1.7 | 0.5 | 1.2 | 1.2 |
| Net debt/(cash) to equity | 26.4 | 20.7 | 14.3 | 11.6 | 9.4 |
| Interest cover | 15.6 | 21.6 | 12.5 | 18.2 | 21.1 |
| Consensus net profit | - | - | 10,499 | 11,860 | 12,887 |
| UOBKH/Consensus (x) | - | - | 0.43 | 0.84 | 0.77 |

*Source: Bloomberg, OR, UOB Kay Hian*

| **HOLD** (Maintained) | |
|---|---|
| Share Price | Bt12.60 |
| Target Price | Bt12.50 |
| Upside | -1.57% |
| Previous | Bt11.90 |

**Analyst(s)**
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**Stock Data**

| | |
|---|---|
| GICS Sector | Energy |
| Bloomberg ticker | OR TB |
| Shares issued (m) | 12,000.0 |
| Market cap (Btm) | 164,400.0 |
| Market cap (US$m) | 5,058.5 |
| 3-mth avg daily t'over (US$m) | 5.9 |

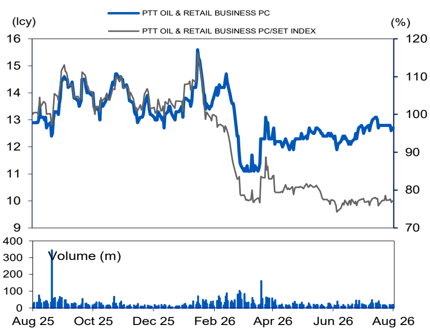
**Price Performance (%)**

| 52-week high/low | | | | Bt17.00/Bt10.10 |
|---|---|---|---|---|
| 1mth | 3mth | 6mth | 1yr | YTD |
| (5.6) | 13.3 | 7.9 | 5.5 | 2.3 |

**Major Shareholders**

| | |
|---|---|
| PTT | 75.00% |
| Thai NVDR | 2.41% |
| Social Security Office | 1.81% |

**Price Chart**




*Source: Bloomberg*

**Company Description**

The company operates an integrated oil and non-oil retailing platform both in Thailand and abroad, including the sales and distribution of petroleum products and other products in retail and commercial marketing, coffee shops, other food and beverage outlets.

- **Café amazon sales reached another record high.** Café Amazon recorded another record-high sales volume of 117 m cups, supported by continued store expansion. However, higher operating expenses, particularly advertising and promotional spending – reduced lifestyle EBITDA margin to 30.8% (vs 31.7% in 1Q26).
- **Cambodia continued to weigh on the global business.** The global business remained under pressure from the ongoing conflict in Cambodia. As of end-2Q26, OR operated 85 PTT Stations in Cambodia (vs 91 stations in 1Q26), resulting in a 15% qoq decline in fuel sales from its overseas operations.
- **3Q26 outlook.** We expect 3Q26 earnings to return to profitability, supported by the gradual recovery in retail oil prices, which should stimulate fuel demand, like the trend seen in 1Q26. OR is also expected to recognise inventory gains as oil prices recover. Nevertheless, the earnings recovery is likely to be partially offset by the marketing margin normalising to around Bt0.85/litre.
- **Looking into 2H26.** We expect greater clarity regarding OR's investment strategy in Cambodia. As of end-2Q26, OR's book value of assets in Cambodia stood at US$85m. We have already incorporated a Bt1.5b impairment charge related to the Cambodia operations into our earnings forecasts.

## Valuation/Recommendation

- **Maintain HOLD with a target price of Bt12.50 (Previously Bt11.90),** We have rolled over our target price to 2027, based on a three-year historical average PE at -1.0SD of 15.10x (previously three-year historical average PE at -1.0SD of 16.8x). Despite the anticipated return to profitability in 3Q26, we maintain our cautious stance, as the risk of government intervention in marketing margins remains elevated amid a renewed rise in oil prices. In the oil and gas sector, we prefer Indorama Ventures (IVL TB/BUY/Target: Bt27.00), PTT Global Chemical (PTTGCTB/BUY/Target Bt46.00) and Siam Cement (SCC TB/BUY/Target: Bt330.00).

## Earnings Revision/Risk

- **Revise 2026-27 core profit forecast.** We cut our 2026-27 core profit forecasts by 22% and 15%, respectively, reflecting weaker assumptions for fuel sales growth, marketing margin, and the global business, which has been more severely affected by the ongoing unrest along the Thai-Cambodian border than previously expected. The downward revision is mainly driven by a weaker outlook for the mobility business. We now expect 2026 fuel sales to decline 5% (vs our previous forecast of 3% growth), while marketing margin is revised down to Bt0.95/litre (from Bt1.00/litre) to reflect the impact of heightened oil price volatility during 1H26. As a result, we now forecast 2026 core profit at Bt8.96b, down 21% yoy, with 1H26 core profit accounting for 45% of our full-year estimate. For 2027, we forecast core profit of Bt9.92b, representing 11% yoy growth.

## Environment, Social, Governance (ESG) Updates

### Environmental

- OR aims to cut greenhouse gas emissions (Scope 1 and 2) from its operations by over one-third by 2030 compared with 2022 levels, while also reducing its conventional fuel use intensity by more than one-third within the same timeframe.

### Social

- OR aims to improve the quality of life in 17,000 communities, benefitting 13m people by 2030 in areas surrounding its operations. It also targets achieving a brand health score of 70 or higher among social and community stakeholders by 2030.

### Governance

- OR's board, management, and employees are committed to five core corporate governance principles – accountability, responsibility, equitable treatment, transparency, and vision – to foster long-term value and ethical conduct. It also implements a transparent and fair nomination process for selecting key management positions across all levels.

### Key Assumption

| | ------ 2026F ------ | | | | ------ 2027F ------ | | | |
|---|---|---|---|---|---|---|---|---|
| | Old | New | %Chg | %yoy | Old | New | %Chg | %yoy |
| **Mobility Business** | | | | | | | | |
| Number of station | 2,513 | 2,483 | -1% | 3% | 2,583 | 2,563 | -1% | 3% |
| Volume Sold (MML) | 25,972 | 23,955 | -8% | -5% | 26,752 | 24,674 | -8% | 3% |
| Gross Profit: Baht/Litre | 1.00 | 0.95 | -5% | -3% | 1.00 | 1.00 | 0% | 5% |
| **Lifestyle Business** | | | | | | | | |
| Number of Café Amazon | 5,042 | 4,992 | -1% | 5% | 5,292 | 5,242 | -1% | 5% |
| Café Amazon total cups sold (m.cup | 438 | 438 | 0% | 2% | 460 | 460 | 0% | 5% |
| Lifestyle EBITDA Margin (%) | 29.5% | 30.0% | 2% | 7% | 30.0% | 30.0% | 0% | 0% |
| **Global Business** | | | | | | | | |
| Number of station | 330 | 300 | -9% | -15% | 350 | 250 | -29% | -17% |
| Total Volume Sold | 1,800 | 1,675 | -7% | -17% | 1,890 | 1,591 | -16% | -5% |
| **Core Profit** | **11,486** | **8,960** | **-22%** | **-21%** | **11,694** | **9,924** | **-15%** | **11%** |

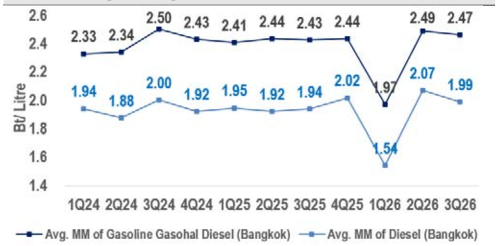
Source: OR

### Key Statistics

| | 2Q25 | 1Q26 | 2Q26 | %yoy | %qoq |
|---|---|---|---|---|---|
| **Mobility** | | | | | |
| Number of stations | 2,348 | 2,416 | 2,428 | 3% | 0% |
| Total Volume Sold (m litres) | 6,381 | 6,633 | 5,558 | -13% | -16% |
| Gross Profit: Bt/Litre | 0.85 | 1.10 | 0.24 | -72% | -78% |
| Gross Margin (Excl. extra Items) | 0.78 | 0.45 | 1.50 | 92% | 233% |
| **Lifestyle (Non-oil)** | | | | | |
| Café Amazon (No. of Outlets) | 4,547 | 4,787 | 4,869 | 7% | 2% |
| Total cups sold (m cups) | 107 | 112 | 117 | 9% | 4% |
| Lifestyle EBITDA Margin (%) | 28.7% | 31.7% | 30.8% | | |
| **Global** | | | | | |
| Number of stations | 420 | 321 | 315 | -25% | -2% |
| Total Volume Sold (m litres) | 571 | 474 | 401 | -30% | -15% |
| Café Amazon (No. of Outlets) | 397 | 255 | 209 | -47% | -18% |
| Total cups sold (m cups) | 8.4 | 2.8 | 2.8 | -67% | 0% |

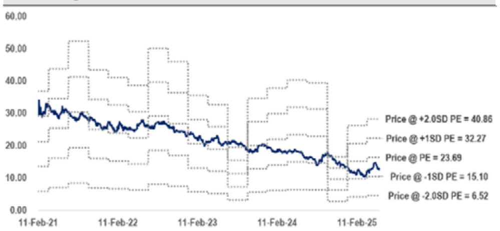
Source: OR

### Marketing Margin




Source: OR

### Average Three-Year PE




Source: OR, Bloomberg

## Profit & Loss

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 658,723 | 882,741 | 816,408 | 851,891 |
| EBITDA | 20,333 | 19,815 | 21,975 | 21,826 |
| Deprec. & amort. | 7,580 | 9,098 | 9,428 | 9,430 |
| EBIT | 12,753 | 10,718 | 12,547 | 12,396 |
| Associate contributions | 690 | 725 | 761 | 799 |
| Net interest income/(expense) | -943 | -1,589 | -1,207 | -1,036 |
| Pre-tax profit | 13,785 | 4,968 | 12,101 | 12,159 |
| Tax | -2,479 | -894 | -2,177 | -2,187 |
| Minorities | -1 | 0 | 0 | 0 |
| Net profit | 11,304 | 4,074 | 9,924 | 9,972 |
| Net profit (adj.) | 10,022 | 8,960 | 9,924 | 9,972 |

## Balance Sheet

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 46,609 | 47,762 | 49,496 | 49,507 |
| Other LT assets | 42,469 | 53,221 | 50,037 | 51,740 |
| Cash/ST investment | 40,164 | 14,573 | 23,091 | 24,463 |
| Other current assets | 57,464 | 58,617 | 60,351 | 60,362 |
| Total assets | 197,931 | 208,405 | 208,345 | 215,200 |
| ST debt | 7,416 | 2,136 | 2,136 | 2,136 |
| Other current liabilities | 41,169 | 53,566 | 49,399 | 51,588 |
| LT debt | 16,149 | 14,013 | 11,878 | 9,743 |
| Other LT liabilities | 19,377 | 25,966 | 24,015 | 25,059 |
| Shareholders' equity | 113,821 | 112,723 | 120,917 | 126,675 |
| Total liabilities & equity | 197,931 | 208,406 | 208,347 | 215,203 |

## Cash Flow

| Year to 31 Dec (Btm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 10,253 | 7,963 | 22,313 | 17,820 |
| Pre-tax profit | 13,785 | 4,968 | 12,101 | 12,159 |
| Tax | -2,479 | -894 | -2,177 | -2,187 |
| Deprec. & amort. | 7,580 | 9,098 | 9,428 | 9,430 |
| Working capital changes | -9,631 | -4,837 | 2,961 | -1,581 |
| Other operating cashflows | 998 | -372 | 0 | 0 |
| Investing | -11,223 | -14,413 | -9,929 | -10,100 |
| Investments | -4,502 | -10,251 | -11,162 | -9,440 |
| Others | (6,721) | (4,162) | 1,232 | (659) |
| Financing | -12,675 | -12,216 | -3,865 | -6,349 |
| Dividend payments | -5,149 | -4,800 | -1,730 | -4,214 |
| Issue of shares | -7,526 | -7,416 | -2,135 | -2,135 |
| Proceeds from borrowings | n.a. | n.a. | n.a. | n.a. |
| Net cash inflow (outflow) | -13,645 | -18,666 | 8,518 | 1,371 |
| Beginning cash & cash equivalent | 54,156 | 33,239 | 14,573 | 23,091 |
| Changes due to forex impact | (347) | 0 | 0 | 0 |
| Ending cash & cash equivalent | 40,164 | 14,573 | 23,091 | 24,463 |

## Key Metrics

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 3.1 | 2.2 | 2.7 | 2.6 |
| Pre-tax margin | 2.1 | 0.6 | 1.5 | 1.4 |
| Net margin | 1.7 | 0.5 | 1.2 | 1.2 |
| Net profit (adj.) | 1.5 | 1.0 | 1.2 | 1.2 |
| | | | | |
| Growth | | | | |
| Turnover | -9.0 | 34.0 | -7.5 | 4.3 |
| EBITDA | 3.1 | -2.5 | 10.9 | -0.7 |
| Pre-tax profit | 45.8 | -64.0 | 143.6 | 0.5 |
| Net profit | 47.8 | -64.0 | 143.6 | 0.5 |
| Net profit (adj.) | 19.9 | -10.6 | 10.8 | 0.5 |
| EPS | 19.9 | -10.6 | 10.8 | 0.5 |
| | | | | |
| Leverage | | | | |
| Debt to total capital | 20.7 | 14.3 | 11.6 | 9.4 |
| Debt to equity | 10.1 | 6.9 | 5.8 | 4.8 |
| Net debt/(cash) to equity | 20.7 | 14.3 | 11.6 | 9.4 |
| Interest cover (x) | 21.6 | 12.5 | 18.2 | 21.1 |
| EBITDA margin | 3.1 | 2.2 | 2.7 | 2.6 |