PTT Exploration & Production (PTTEP TB)

2Q26: Results In Line With Our Expectation

BUY (Maintained)	
Share Price	Bt148.50
Target Price	Bt170.00
Upside	14.48%
Previous TP	Bt160.00

Highlights

- PTTEP reported a 2Q26 net profit of Bt27.2b, with earnings increasing both qoq and yoy, driven by higher selling prices and stronger sales volumes.
- Declared an interim dividend of Bt4.50/share, implying a 3.0% simple yield.
- Maintain BUY. We have rolled over our target price to 2027, at Bt170.00.

2Q26 Results

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26	Chg. %yoy	Chg. %qoq	6M25	6M26	Chg. %yoy
Revenue	71,180	76,087	96,139	35%	26%	142,346	172,226	21%
Gross profit	33,345	41,341	53,818	61%	30%	68,972	95,158	38%
Interest expenses	3,216	2,906	3,073	-4%	6%	6,500	5,979	-8%
EBITDA	51,212	54,369	90,010	76%	66%	102,455	144,379	41%
Core Profit	14,113	19,950	24,257	72%	22%	30,742	44,208	44%
Net Profit	**13,515**	**11,835**	**27,197**	**101%**	**130%**	**30,076**	**39,032**	**30%**
EPS	3.40	2.98	6.85	101%	130%	7.58	9.83	30%
Financial ratio (%)								
Gross Profit Margin	46.8%	54.3%	56.0%			48.5%	55.3%	
EBITDA Margin	71.9%	71.5%	93.6%			72.0%	83.8%	
SG&A Exp. / Sales	10.0%	10.7%	9.8%			10.3%	10.2%	
Net profit margin	19.0%	15.6%	28.3%			21.1%	22.7%	

Source: PTTEP, UOB Kay Hian

Analysis

- **Solid 2Q26 results, in line with forecasts.** PTT Exploration and Production (PTTEP) reported a 2Q26 net profit of Bt27.20b, up 130% qoq and 101% yoy, in line with both our forecast and market consensus. Core profit came in at Bt24.26b, up 22% qoq and 72% yoy, driven by: a) Higher average selling prices (ASP) of US$52.89/bbl, up 15% qoq and 20% yoy, in line with stronger crude oil prices. Meanwhile, the average gas selling price rose to US$5.96/ Million British Thermal Unit (MMBTU), up 2.6% qoq; and b) Higher sales volume of 572,882 barrel per day (BPD), up 3.5% qoq and 13% yoy, supported by stronger gas sales from the Gulf of Thailand projects and higher liquid sales from the Algeria project. These two positive factors were partly offset by higher unit cost of US$29.97/bbl, up 6.5% qoq. Note that its non-recurring gains of Bt2.94b were a net impact of Bt4.0b in hedging gains and Bt1.13b in forex losses.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	312,310	281,449	314,996	323,119	317,586
EBITDA	240,397	203,682	234,478	215,451	215,119
Operating profit	145,942	110,704	153,926	141,606	141,258
Net profit (rep./act.)	78,810	60,240	79,372	76,374	76,306
Net profit (adj.)	78,225	58,024	84,572	76,374	76,306
EPS	19.70	15.20	21.30	19.24	19.22
PE	7.54	10.16	8.20	7.72	7.73
P/B	1.13	1.08	1.00	1.00	0.89
EV/EBITDA	2.42	3.12	2.66	2.71	2.65
Dividend yield	6.48	5.89	6.73	6.73	6.73
Net margin	25.23	21.40	25.20	23.64	24.03
Net debt/(cash) to equity		23.86	24.40	18.75	17.60
Interest cover	20.40	15.76	10.97	11.34	11.32
ROE	17.64	13.15	16.53	15.32	14.74
Consensus net profit	-	-	74,814	69,427	66,726
UOBKH/Consensus (x)	-	-	1.13	1.10	1.14

Source: PTTEP, Bloomberg, UOB Kay Hian

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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

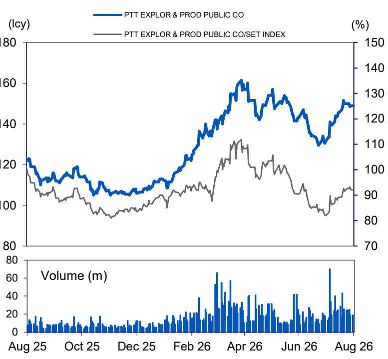
Price Performance (%)

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.

- **We remain bullish on crude oil in 2027.** Despite significant oil price volatility over the past month, we remain constructive on crude oil prices through the remainder of 2026-27. We believe geopolitical risks in the Middle East remain elevated and could escalate further at any time, following ongoing retaliatory attacks involving the US, Iran, and their regional allies. At the same time, repeated attacks on Saudi Arabia's energy infrastructure, together with persistent uncertainty surrounding key oil shipping routes through the Strait of Hormuz and the Red Sea, continue to increase downside risks to global oil supply. In addition, the larger-than-expected drawdown in US crude inventories points to a tighter supply-demand balance than the market had expected. As a result, we expect Dubai crude to remain well supported and trade within the US$80-90/bbl range (based on Bloomberg Dubai forward curve), as long as geopolitical tensions remain unresolved.
- **Interim dividend.** PTTEP declared an interim dividend of Bt4.50/share, implying a 3.0% simple yield. PTTEP's XD date is set for 14 Aug 26, with the payment scheduled for 28 Aug 26. We maintain our 2026 dividend forecast at Bt10.00/share, based on a 50% dividend payout ratio and our FY26 EPS estimate of Bt20.00/share, implying an attractive full-year dividend yield of 6.7%.
- **Sensitivity.** Every US$1.00/bbl decrease in oil prices would lower our 2027 core profit forecast by 1.4%, or Bt1.10b per year. Every US$1.00/bbl decline in unit cost would increase our 2027 core profit forecast by 2.6%, or Bt2.00b per year.

Valuation/Recommendation

- **Maintain BUY with a new 2027 target price of Bt170.00 (previously Bt160.00).** We have rolled over our target price to 2027, based on an average five-year regional forward PE of 8.7x. In the oil & 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

- **Raised 2026-27 core profit forecasts.** We have revised our crude oil price and Thai baht assumptions for 2026-27. For 2026, we increase our crude oil price assumption to US$85.00/bbl (previous US$80.00/bbl) and our THB/USD assumption to Bt33.50/US$ (previous Bt32.50/US$). As a result, we raise our 2026 core profit forecast by 15% to Bt84.57b, up 46% yoy. 1H26 core profit accounted for 52% of our full-year forecast. For 2027, we increase our crude oil price assumption to US$70.00/bbl (previous US$65.00/bbl) and our THB/USD assumption to Bt33.50/US$ (previous Bt32.50/US$). Consequently, our 2027 core profit forecast increases by 18% to Bt76.37b, down 10% yoy.

Earnings Revision

	2026F			2027F		
	Old	New	%Chg.	Old	New	%Chg.
Dubai (US$/bbl)	80.0	85.0	6%	65.0	70.0	8%
Gas Price (US$/MMBTU)	5.80	5.90	2%	5.80	6.00	3%
ASP (US$/bbl)	47.9	50.0	4%	43.0	45.2	5%
Fx (Bt/US$)	32.5	33.5	3%	32.5	33.5	3%
Unit Cost (US$/bbl)	31.0	31.0	0%	31.0	31.0	0%
Core Profit (Btm)	**73,371**	**84,572**	**15%**	**64,926**	**76,374**	**18%**

Source: PTTEP, UOB Kay Hian

Environment, Social, Governance (ESG) Updates

Environmental

- **Carbon capture and storage.** PTTEP is leading Thailand's first carbon capture project, which is set for completion in 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

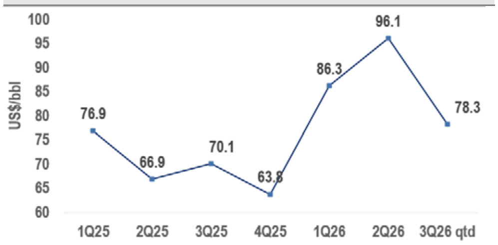
- **Supplier ESG assessment.** PTTEP requires suppliers to meet strict ESG criteria, including business ethics, safety, and environmental impacts, to ensure sustainable and ethical procurement.

Key Statistics

	2Q25	1Q26	2Q26	Chg. %yoy	Chg. %qoq
Sales volume (BOED)	505	553	573	13.5%	3.5%
ASP (US$/bbl)	44.01	46.02	52.89	20.2%	14.9%
Avg. Gas selling price (US$/MMBTU)	5.79	5.81	5.96	2.9%	2.6%
Liquid price (US$/bbl)	66.32	77.47	99.51	50.0%	28.4%
Avg. Dubai (US$/bbl)	66.90	85.16	95.87	43.3%	12.6%
Unit Cost (US$/bbl)	31.10	27.97	29.79	-4.2%	6.5%

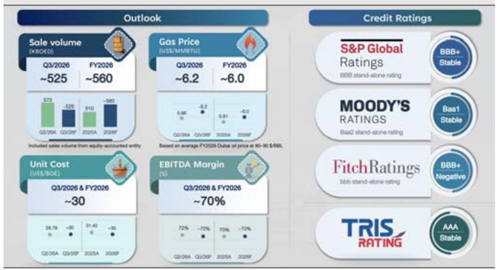
Source: PTTEP

Dubai Price



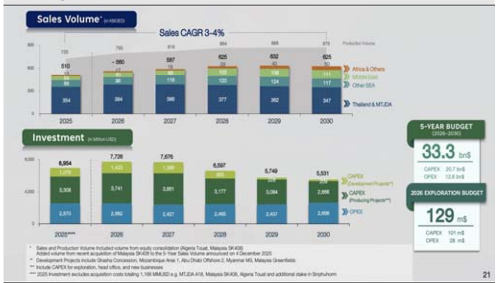
Source: PTTEP

PTTEP's Guidance



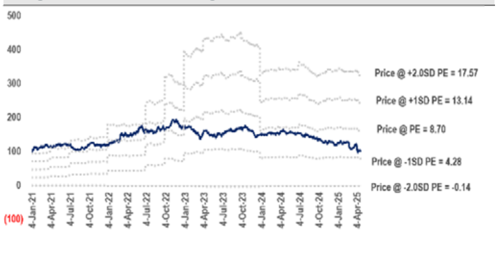
Source: PTTEP

Five-year Investment Plan



Source: PTTEP

Avg. Five-Year Regional Forward PE Band



Source: Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**281,449**	**314,996**	**323,119**	**317,586**
EBITDA	203,682	234,478	215,451	215,119
Deprec. & amort.	95,194	75,352	73,845	73,861
EBIT	108,488	159,126	141,606	141,258
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**	**132,286**	**127,289**	**127,176**
Tax	-43,850	-52,914	-50,916	-50,870
Minorities	-16.6	0.0	0.0	0.0
Net profit	**60,240**	**79,372**	**76,374**	**76,306**
Net profit (adj.)	58,024	84,572	76,374	76,306

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	292,386	298,675	294,391
Cash/ST investment	73,075	86,331	111,298	124,676
Other current assets	17,756	28,350	32,312	34,934
Total assets	**933,938**	**950,457**	**1,000,433**	**1,034,964**
ST debt	21,125	0	0	0
Other current liabilities	194,733	217,944	223,565	219,736
LT debt	105,649	105,649	105,649	105,649
Other LT liabilities	194,733	217,944	223,565	219,736
Shareholders' equity	543,708	587,612	624,300	662,419
Total liabilities & equity	**933,938**	**950,457**	**1,000,433**	**1,034,964**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**150,401**	**140,060**	**151,807**	**149,704**
Pre-tax profit	104,107	132,286	127,289	127,176
Tax	-43,850	-52,914	-50,916	-50,870
Deprec. & amort.	95,194	75,352	73,845	73,861
Working capital changes	-7,702	-13,934	1,588	-463
Other operating cashflows	2,653	-729	0	0
Investing	**-149,863**	**-70,943**	**-87,154**	**-98,139**
Investments	-115,071	-68,180	-86,485	-98,595
Others	-34,792	-2,763	-669	456
Financing	**-54,688**	**-55,862**	**-39,686**	**-38,187**
Dividend payments	-36,622	-34,737	-39,686	-38,187
Issue of shares	-18,065	-21,125	0	0
Proceeds from borrowings	**-54,150**	**13,256**	**24,967**	**13,378**
Net cash inflow (outflow)	**128,482**	**73,075**	**86,331**	**111,298**
Beginning cash & cash equivalent	-1,257	0	0	0
Changes due to forex impact	**73,075**	**86,331**	**111,298**	**124,676**
Ending cash & cash equivalent	**150,401**	**140,060**	**151,807**	**149,704**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	73.2	72.8	66.7	67.7
Pre-tax margin	37.0	42.0	39.4	40.0
Net margin	21.4	25.2	23.6	24.0
ROA	7.5	9.8	9.1	8.9
ROE	13.1	16.5	15.3	14.7
Growth				
Turnover	-9.9	11.9	2.6	-1.7
EBITDA	-14.0	11.3	-6.5	-0.1
Pre-tax profit	-24.8	34.9	-7.4	-0.1
Net profit	-23.5	31.7	-3.8	-0.1
Net profit (adj.)	-25.8	45.7	-9.7	-0.1
EPS	-23.5	31.7	-3.8	-0.1
Leverage				
Debt to total capital	24.4	18.7	17.6	16.6
Debt to equity	23.3	18.0	16.9	15.9
Net debt/(cash) to equity	24.4	18.7	17.6	16.6
Interest cover (x)	15.8	11.0	11.3	11.3