

PTT E&P

PTT Exploration and Production
Public Company Limited

PTTEP

Bloomberg PTTEP.TB
Reuters PTTEP.BK

Not keeping up with the rise in oil price

PTTEP share price did not move over the past month and though this outperformed the SET's drop of 2%, it is far from tagging the 14% rise in oil price (Brent). We believe this reflects market concern on the volatility of oil price and gloomy sentiment in the Thai market overall. We believe the solid 2Q24F and strong oil price in the near term will spur share price up, as balance sheet remains healthy. We expect a good net profit of Bt21bn in 2Q24F, driven by higher sales volume and stable ASP. We maintain Outperform with DCF-based TP of Bt204, pegged to LT Brent at US\$70/bbl from 2026.

Catalyst#1: Solid 2Q24F profit. Our preview of 2Q24F earnings (release on Jul 30) shows an estimated net profit of Bt21.7bn, +2.9% YoY and +15.9 QoQ. Behind this is higher sales volume (+14.1% YoY and +7.3% QoQ) to 508kBOED driven by Block G1/61 in the Gulf of Thailand (Erawan), though this is below the previous guidance of 514kBOED due to lower production in Malaysia (Sabah K and SK309) than planned. ASP is expected to rise 4% YoY and 1% QoQ US\$47.56/BOE on stable gas price and a slight increase in liquid price, well above unit cost of US\$28.8/BOE, in line with guidance. The net impact of non-recurring items should be small as a loss from asset write-off of Oliver field in Australia will be largely offset by FX gain from the weak THB. Gain/loss from oil hedging should also be insignificant in 2Q24.

Catalyst#2: Oil price heading back up. Brent oil price has increased 14% over the past month to >US\$86-87/bbl after falling 19% from this year's peak in Apr due to concerns on the turmoil in the Middle East. The persistent risk from geopolitics in the Middle East and Europe, coupled with the concern that a stronger-than-expected US hurricane season would reduce US crude output, are driving the turn back up in oil price, in our view. This will be a key support to PTTEP's ASP in 2H24, especially for gas price, given the lag before prices are adjusted. We see this as boding well for the next round of annual gas price adjustment in Oct. Note that the average Brent oil price YTD of US\$84.9/bbl is up 7% YoY, still line with our 2024 oil price assumption of US\$85/bbl.

Catalyst#3: Healthy balance sheet to support growth. PTTEP's net D/E at <0.2x in 2024-26F suggests that its balance sheet remains supportive for long-term growth. The company's cash on hand of nearly US\$4bn (net of dividend and income tax) also ensures its ability to take on investments with high potential as opportunities emerge. We also expect it to maintain its 2024F dividend payment with dividend yield of >6%.

Action & recommendation. We maintain our DCF-based TP of Bt204 (end-2024) which is pegged to L/T Brent of US\$70/bbl from 2026F vs. five-year average of US\$72. Note that our volume assumption is 3% below guidance to provide a margin of safety. The share price is trading at 1.1x PBV (2024) or -0.3SD of 5-year average. At our TP, it trades at 1.5x 2024F PBV or +1SD of 5-year average, reflecting a better oil market.

Risk factors: 1) Volatile crude oil price, 2) higher unit cost, 3) asset impairment and 4) regulatory change on GHG emissions. Key ESG risk factors are the environmental impact of its business and adapting to transition to clean energy.

Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	331,350	300,694	324,483	324,772	304,087
EBITDA	(Btmn)	253,734	232,446	240,137	237,746	216,111
Core profit	(Btmn)	90,721	78,656	82,684	88,942	76,747
Reported profit	(Btmn)	70,901	76,706	82,684	88,942	76,747
Core EPS	(Bt)	22.85	19.81	20.83	22.40	19.33
DPS	(Bt)	9.25	9.50	9.50	10.00	10.00
P/E, core	(x)	6.7	7.7	7.3	6.8	7.9
EPS growth, core	(%)	111.5	(13.3)	5.1	7.6	(13.7)
P/BV, core	(x)	1.3	1.2	1.1	1.0	1.0
ROE	(%)	20.6	16.3	15.8	15.6	12.5
Dividend yield	(%)	6.1	6.2	6.2	6.6	6.6
EV/EBITDA	(x)	2.3	2.4	2.5	2.8	3.3

Source: InnovestX Research

See the end of this report for disclaimer

Tactical: OUTPERFORM (3-month)

Stock data

Last close (Jul 5) (Bt)	152.50
Target price (Bt)	204.00
Mkt cap (Btbn)	605.42
Mkt cap (US\$m)	16,572

Beta	H
Mkt cap (% SET)	3.73
Sector % SET	19.96
Shares issued (mn)	3,970
Par value (Bt)	1.00
12-m high / low (Bt)	175 / 137.5
Avg. daily 6m (US\$m)	34.35
Foreign limit / actual (%)	40 / 13
Free float (%)	34.7
Dividend policy (%)	≥ 30

Share performance

(%)	1M	3M	12M
Absolute	0.7	(4.4)	1.0
Relative to SET	1.9	0.2	14.7

Source: SET, InnovestX Research

2023 Sustainability / 2022 ESG Score

SET ESG Ratings	AAA
-----------------	-----

ESG Bloomberg Rank in the sector

ESG Score Rank	1/67
Environmental Score Rank	3/67
Social Score Rank	2/67
Governance Score Rank	2/67

ESG comment

PTTEP had the sector's best ESG score in 2022, with an outperforming social and governance score. The environmental score is also above average and much better than peers in the sector in 2022.

Source: Bloomberg Finance L.P.

Analyst

Chaipat Thanawattano

Fundamental Investment
Analyst on Securities
(66-2) 949-1005
chaipat.thanawattano@scb.co.th

Value proposition

PTTEP is a leading E&P operator in the Gulf of Thailand with >80% share of the country's natural gas production. The sales volume of 463kBOED in 2023 will increase to 587kBOED (5-year CAGR of 5%) in 2028 when the new project in Malaysia, SK410B or Lang Lebah (42.5% holding) commences operations. The initial production capacity is set at 800-1,000mmcf, slightly lower than the current combined production of Bongkot and Arthit. PTTEP's proved reserves of 1,436mmBOE as of end-2023 imply 6.2 years of production. Including probable reserve, the 2P reserve implies 9.8 years of production. This is expected to be expanded by several projects under exploration in Malaysia and the Middle East (Oman and UAE). PTTEP's petroleum product price is less volatile than market oil price due to the six- to 12-month lag for price adjustment, particularly for gas (65-73% of total production). The company is the flagship of PTT Group in initiating a carbon capture utilization and storage (CCUS) project in Thailand as one of the pathways to net zero emissions. The pioneer project at Arthit gas field is scheduled to be the first when it starts up in 2027.

Business outlook

PTTEP's sales volume will continue to increase, not only in Thailand but in strategic countries in ASEAN where it has proven track records. It plans to accelerate exploration in 2024-25, focusing on Thailand, Malaysia and the Middle East. These countries are expected to be growth drivers for sales volume in the next five years. Its Malaysian subsidiary announced the discovery of a large gas field with its first well in the SK410B block offshore Sarawak. More appraisal drilling will take place in 2024 for further development and final investment decision and the first gas is expected in 2028. In Myanmar, PTTEP assumed operatorship of Yadana gas field after the withdrawal of western partners in response to internal political unrest and human rights abuses. PTTEP also has exposure to the LNG business in Malaysia and Mozambique, giving opportunities for growth in the current market trend for gas. PTTEP also won two Production Sharing Contracts (PSC) in the 24th bid round in the Gulf of Thailand, Blocks G1/65 and G3/65.

Bullish views	Bearish views
1. Sales volume is expected to gradually increase in the medium term upon continuing development of new projects both domestically and internationally.	1. PTTEP is a proxy play on oil price, which will hover in a narrow range over the next six months on weaker-than-expected demand and higher global supply.
2. ASP is more stable than crude oil price due to the lag before prices of its gas output are adjusted (>70% of total sales volume).	2. Average gas price will be eroded by more volume contribution from Sabah-H in Malaysia and Oman Block 61, whose gas prices are lower than those in the Gulf of Thailand and Myanmar.
3. More petroleum recovery, mainly in Malaysia, will drive sales volume growth.	

Key catalysts

Factor	Event	Impact	Comment
Oil price movement	Benchmark crude oil prices has turned back up recently as market concern on supply disruption was revived by more intense geopolitical risk and possible impact of hurricane season in the US.	Positive	Near-term oil price is expected to increase on tighter supply in 2H24 due to seasonal demand.
Near-term earnings outlook	2Q24F recurring profit momentum	Higher YoY and QoQ	We expect 2Q24F net profit to improve YoY on higher oil price and sales volume amidst manageable operating expense and minimal impact from non-recurring items.
Factors to watch in 2024	More gas discovery was announced at projects in Malaysia and development in Myanmar	Positive	PTTEP continues to announce more reserves recovery in Malaysia which will be the new growth driver for its sales volume.

Sensitivity Analysis

Factor	Earnings impact	TP impact
L/T crude oil price (-US\$/bbl)	-1.9% (2024F)	-Bt5.2/share

Our view on ESG

We view that PTTEP provides concrete targets on environmental and social issues with a committed timeline and actual performance relative to its targets. We view PTTEP's management and governance as satisfactory, reflecting management expertise and experience in the business, a diverse Board of Directors and transparency with stakeholders.

ESG Disclosure Score

Bloomberg ESG Score	79.99 (2022)	CG Rating	DJSI	SETESG	SET ESG Rating	
Rank in Sector	1/67	PTTEP	5	Yes	Yes	AAA

Source: Thai Institute of Directors (IOD), SET

Environmental Issue (E)

- PTTEP aims at reducing GHG intensity by 30% by 2030 from the base year in 2020. This will be reduced further to 50% by 2040 and to net zero by 2050. PTTEP was able to reduce GHG by 358.187k tons of CO₂ equivalent.
- PTTEP has conducted feasibility studies on carbon capture utilization and storage (CCUS) as one of its strategies on greenhouse gas management. The company has selected Arthit Project as a pilot project for CCS implementation. With the success of this project in the future, CO₂ emissions will be reduced by more than 500k tons/year.
- PTTEP has continued to develop technologies for minimizing environmental impacts in both existing and new production areas. These include the conservation and restoration of natural resources and marine ecosystems project under "Ocean for Life Strategy" and the technology for supporting energy transition.

Social Issue (S)

- PTTEP is committed to minimize impact of its operation to the communities. These include its commitment of zero waste to landfill and circular model of E&P operation by reusing at least 50% of main structures.
- The Ocean for Life Strategy is aiming at achieving net positive impact of ocean biodiversity and ecosystem while Increase 50% of community income for focused communities and achieve 16,000 conservation networks by 2030.
- PTTEP emphasizes and commits to continuously improving SSHE (Safety, Security, Health, and Environment) implementation, so as to achieve its ultimate goal of being a "Zero Incident Organization" where employees and contractors can come to work and return home safely every day.

Governance Issue (G)

- PTTEP's board of directors consists of 15 directors, 14 non-executive directors (93.33% of the entire board), 9 independent directors, which exceeds half of the board (60% of the entire Board), and an executive director. These include two female members (13.33% of the entire board).
- PTTEP was rated "5 star" (Excellent) by the Thai Institute of Directors for 2023.
- We view PTTEP's management and governance as satisfactory, reflecting management's expertise and experience in the oil and gas sector, its transparency with stakeholders, and its independent board of directors.

ESG Disclosure Score

	2021	2022
ESG Disclosure Score	80.95	79.99
Environment	75.05	74.75
Emissions Reduction Initiatives	Yes	Yes
Climate Change Policy	Yes	Yes
GHG Scope 1	5,147.77	5,361.17
Biodiversity Policy	Yes	Yes
Energy Efficiency Policy	Yes	Yes
Total Energy Consumption	9,218.16	10,091.00
Social	71.61	69.04
Human Rights Policy	Yes	Yes
Equal Opportunity Policy	Yes	Yes
Health and Safety Policy	Yes	Yes
Fatalities - Employees	0.00	0.00
Total Recordable Incident Rate - Employees	0.04	0.10
Employee Turnover Pct	4.50	5.00
Governance	96.12	96.12
Size of the Board	15	14
Number of Board Meetings for the Year	19	18
Board Meeting Attendance Pct	96	95
Number of Female Executives	8	8
Number of Independent Directors	10	10
Board Duration (Years)	3	3

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance. To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total revenue	(Btmn)	191,053	160,401	219,068	331,350	300,694	324,483	324,772	304,087
Cost of goods sold	(Btmn)	106,881	106,143	122,122	148,949	142,926	151,505	152,323	151,238
Gross profit	(Btmn)	84,172	54,258	96,946	182,401	157,768	172,978	172,449	152,849
SG&A	(Btmn)	11,870	9,754	11,416	20,386	16,979	17,583	17,598	16,478
Other income	(Btmn)	4,405	2,306	4,869	8,552	10,336	1,444	1,017	574
Interest expense	(Btmn)	7,291	7,956	6,472	8,218	10,243	8,054	9,258	10,743
Pre-tax profit	(Btmn)	69,415	38,217	83,927	162,348	140,881	148,785	146,609	126,203
Corporate tax	(Btmn)	20,952	18,764	41,528	72,295	63,704	67,651	59,295	51,165
Equity a/c profits	(Btmn)	380	1,307	489	668	1,477	1,550	1,628	1,709
Minority interests	(Btmn)	0	0	0	0	2	0	0	0
Core profit	(Btmn)	48,844	20,760	42,888	90,721	78,656	82,684	88,942	76,747
Extra-ordinary items	(Btmn)	(42)	1,904	(4,024)	(19,820)	(1,949)	0	0	0
Net Profit	(Btmn)	48,803	22,664	38,864	70,901	76,706	82,684	88,942	76,747
EBITDA	(Btmn)	139,517	111,422	160,693	253,734	232,446	240,137	237,746	216,111
Core EPS	(Bt)	12.30	5.23	10.80	22.85	19.81	20.83	22.40	19.33
Net EPS	(Bt)	12.29	5.71	9.79	17.86	19.32	20.83	22.40	19.33
DPS	(Bt)	6.00	4.25	5.00	9.25	9.50	9.50	10.00	10.00

Balance Sheet

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	142,125	152,716	139,584	196,842	234,800	170,935	127,379	83,787
Total fixed assets	(Btmn)	529,866	522,921	643,952	673,022	668,021	739,181	840,720	937,901
Total assets	(Btmn)	671,990	675,637	783,536	869,864	902,821	910,116	968,098	1,021,688
Total loans	(Btmn)	99,448	102,878	102,661	97,095	95,320	105,320	125,320	142,297
Total current liabilities	(Btmn)	61,841	56,257	104,502	114,616	88,590	87,132	95,197	107,122
Total long-term liabilities	(Btmn)	253,090	264,969	263,684	288,128	314,788	278,571	279,246	283,864
Total liabilities	(Btmn)	314,932	321,226	368,186	402,744	403,378	365,703	374,443	390,986
Paid-up capital	(Btmn)	3,970	3,970	3,970	3,970	3,970	3,970	3,970	3,970
Total equity	(Btmn)	357,059	354,411	415,350	467,121	499,327	544,296	593,538	630,586
BVPS	(Bt)	89.94	89.27	104.62	117.66	125.78	137.10	149.51	158.84

Cash Flow Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	48,844	20,760	42,888	90,721	78,656	82,684	88,942	76,747
Depreciation and amortization	(Btmn)	62,811	65,250	70,294	83,168	81,322	83,298	81,879	79,165
Operating cash flow	(Btmn)	102,878	86,120	119,485	166,150	149,081	139,501	158,776	170,055
Investing cash flow	(Btmn)	(103,769)	(33,515)	(123,016)	(59,286)	(82,447)	(154,458)	(183,417)	(176,347)
Financing cash flow	(Btmn)	(17,181)	(26,469)	(22,199)	(70,068)	(51,416)	(27,715)	(19,700)	(22,723)
Net cash flow	(Btmn)	(18,072)	26,136	(25,730)	36,796	15,218	(42,672)	(44,341)	(29,015)

Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	44.1	33.8	44.3	55.0	52.5	53.3	53.1	50.3
Operating margin	(%)	37.8	27.7	39.0	48.9	46.8	47.9	47.7	44.8
EBITDA margin	(%)	73.0	69.5	73.4	76.6	77.3	74.0	73.2	71.1
EBIT margin	(%)	40.1	28.8	41.3	51.5	50.3	48.3	48.0	45.0
Net profit margin	(%)	25.5	14.1	17.7	21.4	25.5	25.5	27.4	25.2
ROE	(%)	13.1	5.8	11.1	20.6	16.3	15.8	15.6	12.5
ROA	(%)	7.5	3.1	5.9	11.0	8.9	9.1	9.5	7.7
Net D/E	(x)	0.0	(0.0)	0.0	(0.1)	(0.1)	0.0	0.1	0.2
Interest coverage	(x)	19.1	14.0	24.8	30.9	22.7	29.8	25.7	20.1
Debt service coverage	(x)	19.1	14.0	24.8	30.9	22.7	29.8	13.8	6.4
Payout Ratio	(%)	48.8	74.4	51.1	51.8	49.2	45.6	44.6	51.7

Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Sales volume	(kBOED)	351	354	416	468	462	490	507	516
- Liquid product	(% of total)	29.1	33.3	28.7	27.5	28.3	28.0	28.0	28.0
- Gas product	(% of total)	70.9	66.7	71.3	72.5	71.7	72.0	72.0	72.0
Dubai crude oil price	(US\$/bbl)	63.2	42.2	68.9	97.1	81.9	83.0	78.0	68.0
Avg selling price	(US\$/BOE)	47.2	38.9	43.5	53.4	48.2	50.4	48.7	44.8
CAPEX	(US\$m)	1,062	1,093	1,508	2,780	2,718	4,316	5,130	4,929

Financial statement

Profit and Loss Statement

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Total revenue	(Btmn)	83,088	88,503	91,611	75,493	67,479	78,206	79,516	75,737
Cost of goods sold	(Btmn)	36,168	41,626	41,934	33,963	31,236	38,301	39,426	38,285
Gross profit	(Btmn)	46,920	46,877	49,676	41,530	36,243	39,905	40,090	37,452
SG&A	(Btmn)	3,865	2,919	10,541	3,410	3,646	3,979	5,944	3,758
Other income	(Btmn)	1,549	1,222	5,038	2,312	2,720	2,404	2,900	3,075
Interest expense	(Btmn)	2,194	2,270	2,037	2,617	2,606	2,653	2,367	3,026
Pre-tax profit	(Btmn)	42,410	42,911	42,136	37,815	32,711	35,676	34,679	33,743
Corporate tax	(Btmn)	21,042	17,006	17,811	18,199	13,283	17,035	15,186	14,922
Equity a/c profits	(Btmn)	445	(619)	492	419	331	320	407	362
Minority interests	(Btmn)	0	0	0	0	0	2	(0)	1
Core profit	(Btmn)	21,813	25,286	24,817	20,034	19,759	18,963	19,900	19,185
Extra-ordinary items	(Btmn)	(1,213)	(1,114)	(9,207)	(753)	1,277	(862)	(1,612)	(502)
Net Profit	(Btmn)	20,600	24,172	15,611	19,281	21,036	18,101	18,287	18,683
EBITDA	(Btmn)	64,047	68,153	67,839	57,015	54,627	60,462	60,342	58,999
Core EPS	(Bt)	5.49	6.37	6.25	5.05	4.98	4.78	5.01	4.83
Net EPS	(Bt)	5.19	6.09	3.93	4.86	5.30	4.56	4.61	4.71

Balance Sheet

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Total current assets	(Btmn)	166,048	201,415	196,842	209,370	180,580	200,729	234,800	273,493
Total fixed assets	(Btmn)	687,746	734,263	673,022	662,400	685,530	702,973	668,021	717,184
Total assets	(Btmn)	853,794	935,678	869,864	871,771	866,110	903,701	902,821	990,677
Total loans	(Btmn)	127,186	136,061	107,574	107,334	107,503	108,948	104,932	111,959
Total current liabilities	(Btmn)	89,902	102,683	114,616	99,123	64,968	80,402	88,590	105,126
Total long-term liabilities	(Btmn)	311,250	337,889	288,128	292,408	300,150	308,124	314,788	333,645
Total liabilities	(Btmn)	401,153	440,573	402,744	391,531	365,117	388,526	403,378	438,771
Paid-up capital	(Btmn)	3,970	3,970	3,970	3,970	3,970	3,970	3,970	3,970
Total equity	(Btmn)	452,641	495,105	467,121	480,240	500,993	515,175	499,327	551,691
BVPS	(Bt)	114.02	124.71	117.66	120.97	126.20	129.77	125.78	138.97

Cash Flow Statement

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Core Profit	(Btmn)	21,813	25,286	24,817	20,034	19,759	18,963	19,900	19,185
Depreciation and amortization	(Btmn)	19,443	22,973	23,666	16,584	19,310	22,133	23,295	22,230
Operating cash flow	(Btmn)	19,286	67,501	38,815	48,786	14,738	42,273	43,284	70,965
Investing cash flow	(Btmn)	(7,279)	(17,480)	(21,385)	(24,158)	(24,941)	(20,811)	(12,538)	(17,823)
Financing cash flow	(Btmn)	(24,362)	(18,829)	(25,355)	(2,319)	(25,363)	(19,533)	(4,202)	(2,731)
Net cash flow	(Btmn)	(12,355)	31,192	(7,926)	22,310	(35,565)	1,929	26,545	50,411

Key Financial Ratios

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Gross margin	(%)	56.5	53.0	54.2	55.0	53.7	51.0	50.4	49.5
Operating margin	(%)	51.8	49.7	42.7	50.5	48.3	45.9	42.9	44.5
EBITDA margin	(%)	77.1	77.0	74.1	75.5	81.0	77.3	75.9	77.9
EBIT margin	(%)	54.4	52.0	49.1	54.4	53.3	49.7	47.2	49.2
Net profit margin	(%)	24.8	27.3	17.0	25.5	31.2	23.1	23.0	24.7
ROE	(%)	20.2	21.3	20.6	16.9	16.1	14.9	15.7	14.6
ROA	(%)	10.5	11.3	11.0	9.2	9.1	8.6	8.8	8.1
Net D/E	(x)	0.1	0.0	(0.0)	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)
Interest coverage	(x)	29.2	30.0	33.3	21.8	21.0	22.8	25.5	19.5
Debt service coverage	(x)	15.6	14.4	14.6	10.6	10.9	12.2	12.6	9.6

Main Assumptions

FY December 31	Unit	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Sales volume	(kBOED)	465	478	501	461	445	467	475	473
- Liquid product	(% of total)	27.6	27.3	27.8	27.9	27.3	29.8	28.3	27.0
- Gas product	(% of total)	72.4	72.7	72.2	72.1	72.7	70.2	71.7	73.0
Dubai crude oil price	(US\$/bbl)	108.9	98.2	84.4	79.3	77.6	86.7	83.9	81.5
Avg selling price	(US\$/BOE)	55.6	53.7	52.8	50.0	45.7	48.7	48.4	47.2

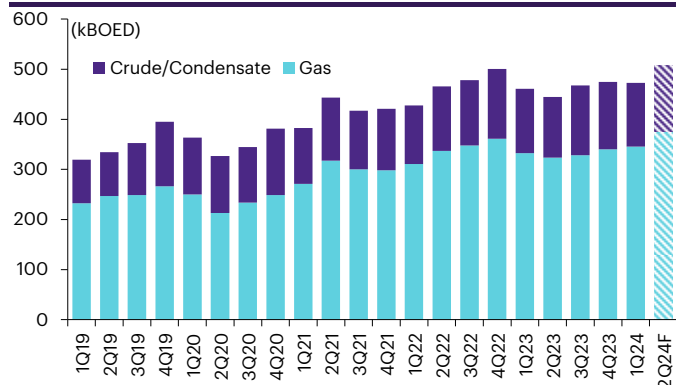
Figure 1: PTTEP – 2Q24F earnings preview

(Btmn)	2Q23	1Q24	2Q24F	%YoY	%QoQ
Sales	66,321	74,688	80,617	21.6	7.9
EBITDA	54,627	58,999	64,833	18.7	9.9
Recurring profit	20,165	19,377	21,652	7.4	11.7
Net profit	21,036	18,683	21,652	2.9	15.9
EPS (Bt/share)	5.30	4.71	5.45	2.9	15.9
Sales volume (kBOED)	445	473	508	14.1	7.3
ASP (US\$/BOE)	45.72	47.24	47.56	4.0	0.7
Unit cost (US\$/BOE)	26.41	28.96	28.76	8.9	(0.7)

Source: PTTEP and InnovestX Research

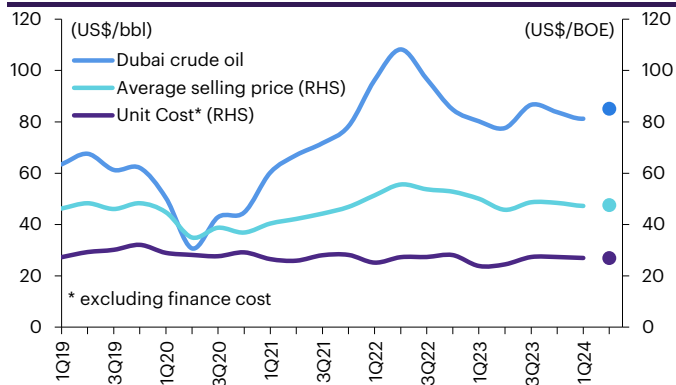
Appendix

Figure 2: PTTEP – sales volume



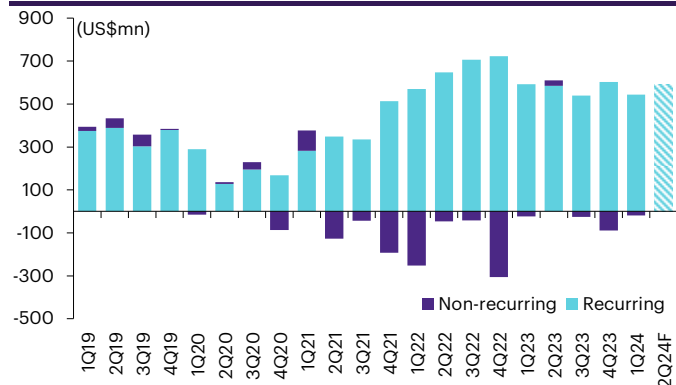
Source: PTTEP and InnovestX Research

Figure 3: PTTEP – average selling price vs. unit cost



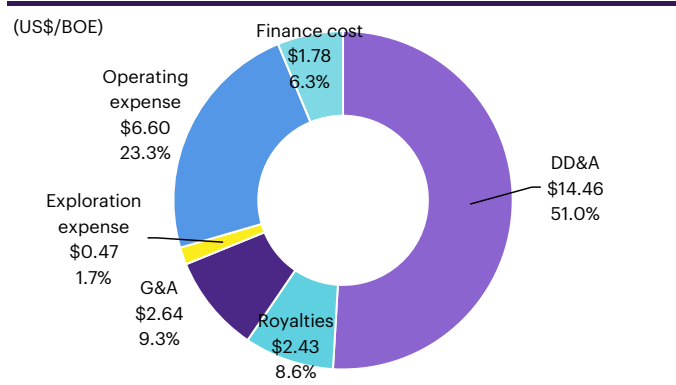
Source: PTTEP and InnovestX Research

Figure 4: PTTEP – quarterly profit



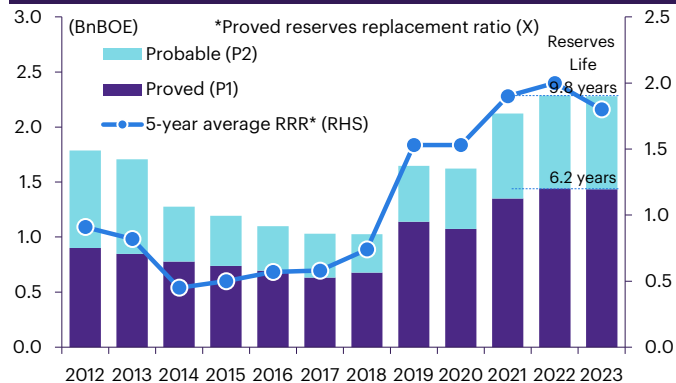
Source: PTTEP and InnovestX Research

Figure 5: PTTEP – cost breakdown (LTM to 1Q24)



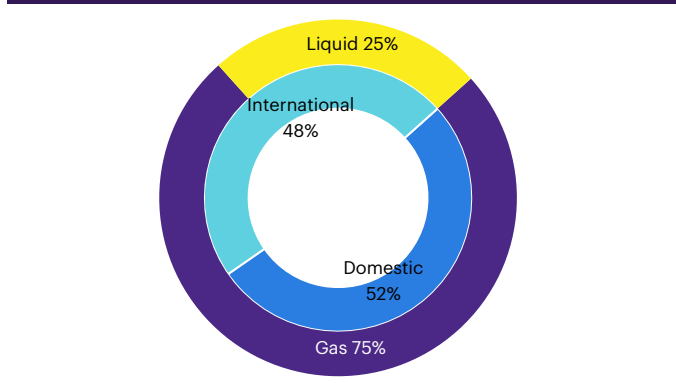
Source: PTTEP and InnovestX Research

Figure 6: PTTEP – reserves



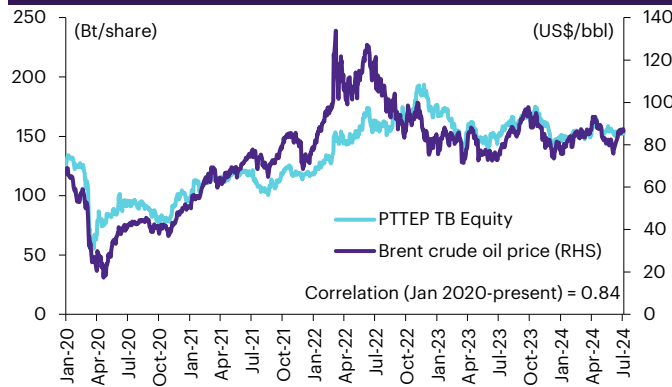
Source: PTTEP and InnovestX Research

Figure 7: PTTEP – proved reserves breakdown



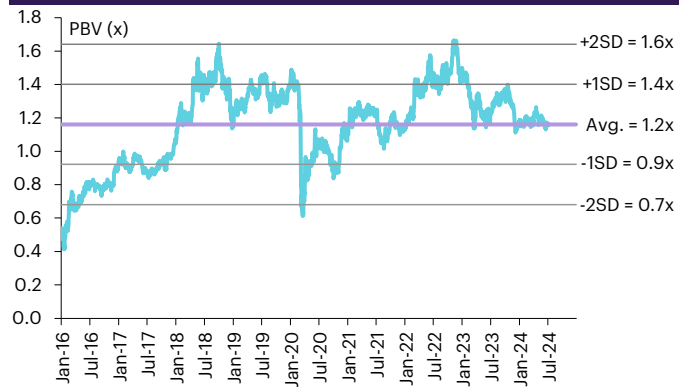
Source: PTTEP and InnovestX Research

Figure 8: PTTEP share price vs. Brent oil price



Source: Bloomberg Finance L.P. and InnovestX Research

Figure 9: PTTEP – PBV band



Source: Bloomberg Finance L.P. and InnovestX Research

Figure 10: Sensitivity of oil price to profit and TP

Brent oil price (US\$/bbl)	65	75	85	95	105
2024 Net profit (Btmn)	53,778	68,231	82,684	97,137	111,590
% change from the current forecast	-35%	-17%	0%	17%	35%
LT Brent oil price (US\$/bbl)	60	65	70	75	80
PTTEP – Target price (Bt/sh)	151	177	204	230	256
% change from the current TP	-26%	-13%	0%	13%	25%

Source: InnovestX Research

Figure 11: Valuation summary (price as of Jul 5, 2024)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F
BCP	Outperform	40.00	51.0	33.8	4.4	3.9	3.7	(32)	13	5	0.8	0.7	0.6	14	14	13	5.0	6.3	6.9	4.0	4.6	4.6
BSRC	Underperform	9.10	10.5	18.7	14.7	8.4	6.3	(77)	76	33	1.1	1.0	0.9	8	13	15	2.7	3.3	6.6	10.3	7.3	5.3
IRPC	Neutral	1.63	2.6	61.3	n.m.	25.9	12.9	n.m.	n.m.	101	0.4	0.4	0.4	(5)	2	3	1.8	1.8	3.7	16.2	6.4	5.8
OR	Outperform	16.10	27.0	70.9	16.9	14.6	12.8	7	16	14	1.8	1.7	1.5	10	12	12	3.2	3.2	3.7	8.6	8.1	7.0
PTT	Outperform	33.00	45.0	42.4	9.2	8.6	7.9	(36)	6	9	0.8	0.8	0.8	7	7	7	6.1	6.1	6.1	3.5	3.5	3.1
PTTEP	Outperform	152.50	204.0	40.0	7.7	7.3	6.8	(13)	5	8	1.2	1.1	1.0	16	16	16	6.2	6.2	6.6	2.4	2.5	2.8
SPRC	Neutral	8.55	11.0	32.2	n.m.	9.6	8.2	n.m.	n.m.	17	1.0	0.9	0.9	(3)	10	11	0.0	3.5	4.7	29.0	5.8	4.5
TOP	Outperform	55.75	77.0	44.0	5.6	6.0	5.3	(34)	(6)	13	0.7	0.7	0.7	14	12	13	6.1	5.9	6.6	6.8	7.3	4.9
Average					9.7	10.5	8.0	(31)	18	25	1.0	0.9	0.8	8	11	11	3.9	4.5	5.6	10.1	5.7	4.8

Source: InnovestX Research

Disclaimer

The information in this report has been obtained from sources believed to be reliable. However, its accuracy or completeness is not guaranteed. Any opinions expressed herein reflect our judgment at this date and are subject to change without notice. This report is for information only. It is not to be construed as an offer, or solicitation of an offer to sell or buy any securities. We accept no liability for any loss arising from the use of this document. We or our associates may have an interest in the companies mentioned therein.

InnovestX Securities Company Limited (“INVX”) is wholly owned by SCB X Public Company Limited (“SCBX”) and The Siam Commercial Bank Public Company Limited (“SCB”) is majority-owned by SCBX. Any information related to SCB is for sector comparison purpose.

This document is prepared by InnovestX Securities Company Limited (“INVX”) which is wholly owned by SCB X Public Company Limited (“SCBX”). The Siam Commercial Bank Public Company Limited, which is majority-owned by SCBX, acts as financial advisor of the LH Hotel Leasehold Real Estate Investment Trust. Any opinions, news, research, analyses, prices, statements, forecasts, projections and/or other information contained in this document (the “Information”) is provided as general information purposes only and shall not be construed as individualized recommendation of an offer to buy or sell or the solicitation of an offer to buy or sell any securities. INVX and/or its directors, officers and employees shall not be liable for any direct, indirect, incidental, special or consequential loss or damage, resulting from the use of or reliance on the Information, including without limitation to, damages for loss of profits. The investors shall use the Information in association with other information and opinion, including their own judgment in making investment decision. The Information is obtained from sources believed to be reliable, and INVX cannot guarantee the accuracy, completeness and/or correctness of the Information.

INVX reserves the right to modify the Information from time to time without notice and in its sole discretion. This document is delivered to intended recipient(s) only and is not permitted to reproduce, retransmit, disseminate, sell, distribute, republish, circulate or commercially exploit the Information in any manner without the prior written consent of INVX.

Futures and Options trading carry a high level of risk with the potential for substantial losses, and are not suitable for all persons. Before deciding to trade Futures and Options, you should carefully consider your financial position, investment objectives, level of experience, and risk appetite if Futures and Options trading are appropriate. The possibility exists that you could sustain a loss of some or all of your initial investment. You should be aware of all the risks associated with Futures and Options trading, and you are advised to rely on your own judgment while making investment decision and/or should seek advice from professional investment advisor if you have any doubts.

This document is delivered to intended recipient(s) only and is not permitted to reproduce, retransmit, disseminate, sell, distribute, republish, circulate or commercially exploit the Information in any manner without the prior written consent of INVX.

© Copyright 2022 InnovestX Securities Co., Ltd. All right reserved.

CG Rating 2023 Companies with CG Rating

Companies with Excellent CG Scoring

7UP, AAV, ABM, ACE, ACG, ADB, ADD, ADVANC, AEONTS, AF, AGE, AH, AHC, AIRA, AIT, AJ, AKP, AKR, ALLA, ALT, AMA, AMARIN, AMATA, AMATAV, ANAN, AOT, AP, APCO, APCS, ARIP, ARROW, ASEFA, ASK, ASP, ASW, ATP30, AUCTION, AWC, AYUD, B, BA, BAFS, BAM, BANPU, BAY, BBGI, BBIK, BBL, BC, BCH, BCP, BCPG, BDMS, BEC, BEM, BEYOND, BGC, BGRIM, BH, BIZ, BJC, BJCHI, BKI, BLA, BOL, BPP, BRI, BROOK, BRR, BTS, BTW, BWG, BYD, CBG, CENTEL, CFRESH, CHASE, CHEWA, CHG, CHOW, CIMBT, CIVIL, CK, CKP, CM, CNT, COLOR, COM7, COTTO, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CRD, CSC, CSS, CV, DCC, DDD, DELTA, DEMCO, DMT, DOHOME, DRT, DUSIT, EA, EASTW, ECF, ECL, EE, EGCO, EPG, ERW, ETC, ETE, FE, FLOYD, FN, FPI, FPT, FSX, FVC, GBX, GC, GCAP, GENCO, GFPT, GGC, GLAND, GLOBAL, GPSC, GRAMMY, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HPT, HTC, ICC, ICHI, ICN, III, ILINK, ILM, IMH, IND, INET, INTUCH, IP, IRC, IRPC, ITC, ITEL, IVL, JAS, JTS, KBANK, KCC, KCE, KEX, KKP, KSL, KTB, KTC, KTMS, KUMWEL, KUN, LALIN, LANNA, LH, LHFG, LIT, LOXLEY, LPN, LRH, LST, M, MAJOR, MALEE, MATCH, MBK, MC, M-CHAI, MCOT, MEGA, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NC, NCH, NCL, NDR, NER, NKI, NOBLE, NRF, NTV, NVD, NWR, NYT, OCC, OISHI¹, ONEE, OR, ORI, OSP, OTO, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PJW, PLANB, PLAT, PLUS, PM, POLY, PORT, PPP, PPS, PR9, PRG, PRINC, PRM, PRTR, PSH, PSL, PT, PTC, PTT, PTTEP, PTTGC, Q-CON, QH, QTC, RATCH, RBF, RPH, RS, RT, S, S&J, SA, SABINA, SAK, SAMART, SAMTEL, SAPPE, SAT, SBNEXT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SDC, SEAFCO, SEAOL, SECURE, SELIC, SENA, SENX, SFP², SFT, SGC, SGF, SGP, SHR, SICT, SIRI, SIS, SITHAI, SJWD, SKR, SM, SMPC, SMT, SNC, SNNP, SNP, SO, SPALI, SPC, SPCG, SPI, SPRC, SR, SSC, SSF, SSSC, STA, STC, STEC, STGT, STI, SUC, SUN, SUSCO, SUTHA, SVI, SVT, SYMC, SYNEX, SYNTEC, TACC, TAE, TCAP, TCMC, TEAMG, TEGH, TFG, TFMAMA, TGE, TGH, THANA, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPH, TISCO, TK, TKN, TKS, TKT, TLI, TM, TMC, TMD, TMT, TNDT, TNITY, TNL, TNR, TOA, TOG, TOP, TPBI, TPCS, TPIPL, TPIPP, TPS, TQM, TQR, TRT, TRUE, TRV, TSC, TSTE, TSTH, TTA, TTB, TTCL, TTW, TURTLE, TVDH, TVH, TVO, TVT, TWPC, UAC, UBE, UBIS, UKEM, UP, UPF, UPOIC, UV, VCOM, VGI, VIBHA, VIH, VL, WACOAL, WGE, WHA, WHAUP, WICE, WINMED, WINNER, XPG, YUASA, ZEN

Companies with Very Good CG Scoring

2S, A5, AAI, AIE, ALUCON, AMR, APURE, ARIN, AS, ASIA, ASIAN, ASIMAR, ASN, AURA, BR, BSBM, BTG, CEN, CGH, CH, CHIC, CI, CIG, CMC, COMAN, CSP, DOD, DPAINT, DV8, EFORL, EKH, ESSO, ESTAR, EVER, FORTH, FSMART, FTI, GEL, GPI, HEALTH, HUMAN, IFS, INSET, IT, J, JCKH, JDF, JKN, JMART, JUBILE, K, KCAR, KGI, KIAT, KISS, KK, KTIS, KWC, KWM, LDC, LEO, LHK, MACO, METCO, MICRO, MK, MVP, NCAP, NOVA, NTSC, PACO, PIN, PQS, PREB, PRI, PRIME, PROEN, PROS, PROUD, PSTC, PTECH, PYLON, RCL, SALEE, SANKO, SCI, SCN, SE, SE-ED, SFLEX, SINGER, SKN, SONIC, SORKON, SPVI, SSP, SST, STANLY, STP, SUPER, SVOA, SWC, TCC, TEKA, TFM, TMILL, TNP, TPLAS, TPOLY, TRC, TRU, TRUBB, TSE, VRANDA, WAVE, WFX, WIJK, WIN, WP, XO

Companies with Good CG Scoring

24CS, AMANAH, AMARC, AMC, APP, ASAP, BCT, BE8, BIG, BIOTEC, BLESS, BSM, BVG, CAZ, CCET, CHARAN, CHAYO, CHOTI, CITY, CMAN, CMR, CRANE, CWT, DHOUSE, DTCENT, EASON, FNS, FTE, GIFT, GJS, GTB, GTV, GYT, HL, HTECH, HYDRO, IIG, INGRS, INSURE, IRCP, ITD, ITNS, JCK, JMT, JR, JSP, KBS, KGEN, KJL, L&E, LEE, MASTER, MBAX, MEB, MENA, META, MGT, MITSIB, MJD, MOSHI, MUD, NATION, NNCL, NPK, NSL, NV, OGC, PAF, PCC, PEACE, PICO, PK, PL, PLANET, PLE, PMTA, PPM, PRAKIT, PRAPAT, PRECHA, PRIN, PSG, RABBIT, READY, RUH, RSP, RWI, S11, SAAM, SAF, SAMCO, SAWAD, SCAP, SCD, SIAM, SKE, SKY, SMART, SMD, SMIT, SOLAR, SPA, STECH, STPI, SVR, TC, TCCC³, TEAM, TFI, TIGER, TITLE, TKC, TMI, TNH, TPA, TPAC, TRITN, UBA, UMI, UMS, UTP, VARO, VPO, W, WARRIX, WORK, WPH, YONG, ZIGA

Corporate Governance Report

The material contained in this publication is for general information only and is not intended as advice on any of the matters discussed herein. Readers and others should perform their own independent analysis as to the accuracy or completeness or legality of such information. The Thai Institute of Directors, its officers, the authors and editor make no representation or warranty as to the accuracy, completeness or legality of any of the information contained herein. By accepting this document, each recipient agrees that the Thai Institute of Directors Association, its officers, the authors and editor shall not have any liability for any information contained in, or for any omission from, this publication.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. InnovestX Securities Company Limited does not conform nor certify the accuracy of such survey result.

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2022 to 31 October 2023) is publicized.

¹OISHI was voluntarily delisted from the Stock Exchange of Thailand, effectively on September 6, 2023

²SFP was voluntarily delisted from the Stock Exchange of Thailand, effectively on July 19, 2023

³TCCC was voluntarily delisted from the Stock Exchange of Thailand effectively on August 25, 2023

Anti-corruption Progress Indicator

Certified (ได้รับอนุมัติ)

2S, AAI, ADVANC, AE, AF, AH, AI, AIE, AIRA, AJ, AKP, AMA, AMANAH, AMATA, AMATAV, AP, APCS, AS, ASIAN, ASK, ASP, AWC, AYUD, B, BAFS, BAM, BANPU, BAY, BBGI, BBL, BCH, BCP, BCPG, BE8, BEC, BEYOND, BGC, BGRIM, BLA, BPP, BRR, BSBM, BTC, BTS, BWG, CEN, CENTEL, CFRESH, CGH, CHEWA, CHOTI, CHOW, CIG, CIMBT, CM, CMC, COM7, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CSC, DCC, DELTA, DEMCO, DIMET, DOHOME, DRT, DUSIT, EA, EASTW, ECF, EGCO, EP, EPG, ERW, ESTAR, ETC, ETE, FNS, FPI, FPT, FSMART, FTE, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GPI, GPSC, GSTEEL, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HTC, ICC, ICHI, IFS, III, ILINK, ILM, INET, INOX, INSURE, INTUCH, IRPC, ITEL, IVL, JAS, JCN, JR, JTS, KASET, KBANK, KBS, KCAR, KCCAMC, KCE, KGEN, KGI, KKP, KSL, KTB, KTC, L&E, LANNA, LHFG, LHK, LPN, LRH, M, MAJOR, MALEE, MATCH, MBAX, MBK, MC, MCOT, META, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NATION, NCAP, NEP, NKI, NOBLE, NRF, NWR, OCC, OGC, OR, ORI, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PK, PL, PLANB, PLANET, PLAT, PM, PPP, PPPM, PPS, PR9, PREB, PRG, PRINC, PRM, PROS, PSH, PSL, PSTC, PT, PTECH, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QLT, QTC, RABBIT, RATCH, RML, RS, RWI, S&J, SAAM, SABINA, SAK, SAPPE, SAT, SC, SCC, SCCC, SCG, SCGP, SCM, SEAOL, SE-ED, SELIC, SENA, SGC, SGP, SIRI, SITHAI, SKR, SMIT, SMK, SMPC, SNC, SNP, SORKON, SPACK, SPALI, SPC, SPI, SPRC, SRICHA, SSF, SSP, SSSC, SST, STA, STGT, STOWER, SUSCO, SVI, SYMC, SYNTEC, TAE, TAKUNI, TASCOC, TCAP, TCMC, TFG, TFI, TFMAMA, TGE, TGH, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPCO, TISCO, TKS, TKT, TMD, TMILL, TMT, TNITY, TNL, TNP, TNR, TOG, TOP, TOPP, TPA, TPCS, TRT, TRU, TSC, TSI, TSTE, TSTH, TTA, TTB, TTCL, TU, TVDH, TVO, TWPC, UBE, UBIS, UEC, UKEM, UOBKH, UV, VCOM, VGI, VIH, WACOAL, WHA, WHAUP, WICE, WIJK, XO, YUASA, ZEN, ZIGA

Declared (ประกาศเจตนา)

ACE, ADB, ALT, AMC, ASW, BLAND, BTG, BYD, CAZ, CBG, CV, DEXON, DMT, EKH, FSX, GLOBAL, GREEN, ICN, IHL, ITC, J, JMART, JMT, LEO, LH, MENA, MITSIB, MODERN, NER, NEX, OSP, PEER, PLUS, POLY, PQS, PRIME, PROEN, PRTR, RBF, RT, SA, SANKO, SCB, SENX, SFLEX, SIS, SKE, SM, SVOA, TBN, TEGH, TIPH, TKN, TPAC, TPLAS, TQM, TRUE, W, WPH, XPG

N/A

24CS, 3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACG, ADD, ADVICE, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, AKS, ALL, ALLA, ALPHAX, ALUCON, AMARC, AMARIN, AMR, ANAN, ANI, AOT, APCO, APX, APO, APP, APURE, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCTION, AURA, B52, BA, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BKGI, BLC, BLESS, BLISS, BM, BOL, BPS, BR, BRI, BROCK, BSM, BSRC, BTNC, BTW, BUI, BVG, CCET, CCP, CEYE, CFARM, CGD, CH, CHARAN, CHASE, CHAYO, CHG, CHIC, CHO, CI, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COCOCO, COLOR, COMAN, CPANEL, CPH, CPR, CPT, CRANE, CRD, CREDIT, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DITTO, DOD, DPAINT, DTCENT, DTICI, DV8, EASON, ECL, EE, EFORL, EMC, ETL, EURO, EVER, F&D, FANCY, FE, FLOYD, FMT, FN, FORTH, FTI, FVC, GABLE, GENCO, GFC, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GSC, GTB, GTV, GYT, HEALTH, HFT, HL, HPT, HTECH, HUMAN, HYDRO, I2, IFEC, IIG, IMH, IND, INGRS, INSET, IP, IRC, IRCP, IT, ITD, ITNS, ITTHI, JAK, JCK, JCKH, JCT, JDF, JPARK, JSP, JUBILE, K, KAMART, KC, KCC, KCG, KCM, KDH, KEX, KIAT, KISS, KJL, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUMWEL, KUN, KWC, KWI, KWM, KYE, LALIN, LDC, LEE, LIT, LOXLEY, LPH, LST, LTS, MAGURO, MANRIN, MASTER, MATI, MCA, M-CHAI, MCS, MDX, MEB, MEGA, METCO, MGC, MGI, MGT, MICRO, MIDA, MJD, MK, ML, MORE, MOSHI, MTW, MUD, MVP, NAM, NAT, NC, NCH, NCL, NDR, NEO, NETBAY, NEW, NEWS, NFC, NL, NNCL, NOK, NOVA, NPK, NSL, NTSC, NTV, NUSA, NV, NVD, NYT, OHTL, ONEE, ORN, PACO, PAF, PANEL, PCC, PEACE, PERM, PF, PHG, PICO, PIN, PJW, PLE, PLT, PMTA, POLAR, PORT, POST, PPM, PRAKIT, PRAPAT, PRECHA, PRI, PRIN, PRO, PROUD, PSG, PSP, PTC, PTL, QTGC, RAM, RCL, READY, RICHY, RUH, ROCK, ROCTEC, ROH, ROJNA, RP, RPC, RPH, RSP, S, S11, SABUY, SAF, SAFARI, SAFE, SALEE, SAM, SAMART, SAMCO, SAMTEL, SAUCE, SAV, SAWAD, SAWANG, SBNEXT, SCAP, SCGD, SCL, SCP, SDC, SE, SEAFCO, SECURE, SFT, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SINGER, SINO, SISB, SJWD, SK, SKN, SKY, SLM, SLP, SMART, SMD, SNNP, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPREME, SPVI, SQ, SR, SRS, SSC, STANLY, STARK, STC, STEC, STECH, STHAI, STI, STP, STPI, STX, SUC, SUN, SUPER, SUTHA, SVR, SVT, SWC, SYNEX, TACC, TAN, TAPAC, TC, TCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TERA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THMUI, TIGER, TITLE, TK, TKC, TLI, TM, TMC, TMI, TMW, TNDT, TNH, TNPC, TOA, TPBI, TPCH, TPIPL, TPIPP, TPL, TPOLY, TPP, TPS, TQR, TR, TRC, TRITN, TRP, TRUBB, TRV, TSE, TTI, TTT, TTW, TURTLE, TVH, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQU, UP, UPF, UPOIC, UREKA, UTP, UVAN, VARO, VIBHA, VL, VNG, VPO, VRANDA, WARRIX, WAVE, WELL, WFX, WGE, WIN, WINDOW, WINMED, WINNER, WORK, WORLD, WP, YGG, YONG, ZAA

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 1, 2023) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.