

Energy Sector – Underweight

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News Update

Range-bound oil price

- **Mixed movement in US inventory**
- **PTTEP reveal new 5-year investment plan**
- **PTTEP acquires 22.1% stake in Algerian natural gas field**
- **Sinopec predicts peak in Chinese oil demand**

Weekly US data: Mixed movement in US inventory

- the U.S. Energy Information Administration reported an inventory decline of 934,000 barrels for the week to December 13. A week ago, the EIA estimated a crude oil inventory draw of a much more moderate 1.4 million barrels.
- The EIA estimated mixed changes in gasoline and middle distillate inventories. Gasoline inventories added 2.3 million barrels during the reporting period. This compared with an inventory build of 5.1 million barrels for the previous week. In middle distillates, the EIA estimated an inventory decline of 3.2 million barrels for the second week of December. This compared with an inventory build of 3.2 million barrels for the previous week

PTTEP reveal new 5-year investment plan

- **Raising capex budget.** PTTEP's capex was increase by 3/5/33/24% over 2025-28F. The overall budget has increased by approximately US\$1bn, primarily due to higher budgets for development projects, driven by new projects such as the Ghasha project and some Malaysian greenfield projects in Sarawak, including SK405B, SK417, SK438, and SK410B (Paprika), which were not included in last year's plan. This increase is partially offset by the exclusion of the Lang Lebah projects. Additionally, the budget has grown due to increased activities in existing production projects, including the G1/61 and S1 projects.
- **Limited volume adjustment.** However, PTTEP guided project sale volume over then next 5-year to grow by 3% over 2025-29F vs. 5% previously. On a yearly basis, volume only change by -3 to +1% over 2025-28F. The biggest drop is 3% in 2025F due to the projects in the Gulf of Thailand such as G1/61 and G2/61 Projects. These projects have been in operation for a long period and their aging facilities require more maintenance and planned shutdowns.
- **Excluding SK410B (Lang Lebah) project from the 5-year investment plan.** PTTEP is currently reassessing the existing engineering design concept and exploring options to potentially reduce costs to strengthen project's economic viability. PTTEP expect to have a clarity by mid-2025.
- **Impact.** The new volume guidance is 3-5% lower than our forecast. However, this will likely be offset by PTTEP's recent acquisition of 34% Share Capital in E&E Algeria Touat B.V. We see limited impact from new 5-year capex plan and maintain our BUY rating on PTTEP.

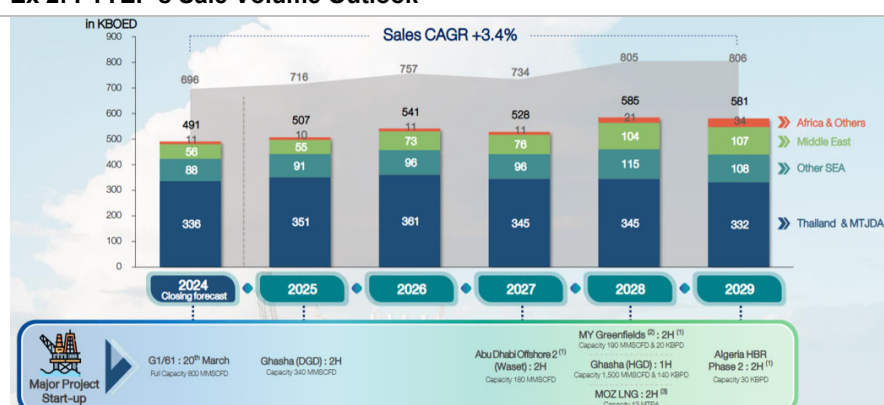
Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-0.934	-1.600	-1.425
Gasoline	2.348	2.000	5.086
Distillates	-3.180	0.800	3.235

(k bpd)	Weekly change	% Change	Current number
Production	-27	-0.2%	13,604
Refinery Runs	-105	-0.6%	16,828

Source: EIA

Ex 2: PTTEP's Sale Volume Outlook



Source: PTTEP

Ex 3: PTTEP's 5-Year Investment Plan

	2025F	2026F	2027F	2028F	2029F
Capital expenditure (US\$ m)					
New	5,299	5,181	4,674	3,529	2,836
Old	5,130	4,929	3,516	2,856	-
Change (%)	3.3	5.1	32.9	23.6	-
Sale volume (k boed)					
New	507	541	528	585	581
Old	523	534	531	587	-
Change (%)	(3.1)	1.3	(0.6)	(0.3)	-

Source: PTTEP

PTTEP indirectly acquires 22.1% stake in Algerian natural gas field

- Acquiring gas field in Nigeria.** PTTEP SG Holding, a subsidiary of PTT Exploration and Production, signed an agreement to buy a 34% stake in E&E Algeria Touat BV from ENGIE. The deal, expected to be completed in Q2/68, will give PTTEP an indirect 21% stake in a gas field in Algeria.
- Producing field.** The Touat Project is a natural gas field in Algeria's Timimoun basin. Production began in 2019, with a current capacity of about 435 million standard cubic feet per day (mmscfd), and production could increase in the future. All the gas produced is sold to Sonatrach, Algeria's national oil company, which handles domestic supply, LNG production, and gas exports to Europe.
- Impact.** The Touat Project is considered low-risk since it is already in the production phase. Algeria has high petroleum potential and a strong infrastructure, making it well-positioned to support natural gas exports. PTTEP will use the equity method to account for earnings from the project, with an expected equity income of US\$20-30 million per year. This is projected to contribute about 2% of PTTEP's profit in 2025.

Sinopec predicts peak in Chinese oil demand

- Chinese biggest refinery see oil demand peak in 2027F.** Sinopec has joined CNPC in predicting peak oil demand in China, which it sees happening in 2027. That prediction saw Chinese oil demand peaking at around 800 million metric tons sometime between 2026 and 2030. China's oil demands this year is seen reaching 750 million metric tonnes, according to Sinopec. The forecast comes days after the other state-owned energy giant, CNPC, predicted oil demand in the world's largest oil importer may well peak next year, driven down by electric cars and LNG-powered trucks.
- Both gasoline and diesel demand to decline in 2025F.** Diesel demand is expected to fall 5.5% to 174 million tons in 2025, as LNG-fuelled trucks accounted for 22% of truck sales in the first three quarters of 2024. Gasoline demand is set to decline 2.4% to 173 million tons in 2025, with electric vehicles displacing about 26 million tons or 15% of gasoline consumption.
- Impact.** This confirm our bearish view on refinery outlook in 2025F. The slower than expected Chinese oil demand could present downside risk to our forecast. Note that we assume SG complex GRM to average at US\$6.1/5.8/5.3 per bbl over 2024-26F.

Ex 4: Prices And Spreads

	Unit	This week	Last week	% chg	Quarterly						Yearly		
					2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	2022	2023	2024
Upstream													
Dubai	(US\$/bbl)	74	72	2.4%	87	84	82	85	79	74	97	81	82
Brent	(US\$/mmbtu)	74	71	4.7%	86	83	82	85	79	74	99	82	82
Henry hub	(US\$/mmbtu)	3.3	3.1	6.6%	2.7	2.9	2.1	2.3	2.2	2.8	6.5	2.6	2.2
JKM Spot	(US\$/mmbtu)	14.9	15.1	-1.3%	12.3	15.6	9.7	11.2	13.0	14.0	34.0	13.9	11.3
Dutch TTF	(EUR/MWh)	41	46	-11.3%	34	43	28	32	36	43	132	41	32
NEX coal price	(US\$/tonne)	131	133	-1.9%	147	136	127	136	140	142	357	188	134
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	11.8	12.0	-2.0%	16.6	18.9	12.6	17.9	11.6	11.3	18.8	16.7	13.0
Jet fuel	(US\$/bbl)	15.3	16.3	-6.0%	14.0	26.1	23.6	21.1	13.6	14.6	30.3	22.5	15.6
Diesel	(US\$/bbl)	14.9	16.1	-7.5%	14.6	26.9	21.1	21.7	14.0	13.9	34.3	21.9	15.6
HSFO	(US\$/bbl)	(1.9)	(0.8)	152.6%	(8.7)	(5.4)	(11.0)	(9.7)	(3.4)	(1.7)	(14.1)	(10.3)	(5.0)
SG GRM	(US\$/bbl)	7.3	8.0	-8.1%	5.4	10.9	6.3	8.1	4.9	6.0	11.5	7.9	6.1
Aromatics													
PX-naphtha	(US\$/tonne)	149	178	-16.4%	407	407	349	323	336	174	299	378	307
BZ-naphtha	(US\$/tonne)	279	288	-3.2%	275	273	269	326	391	268	267	267	356
Olefin													
HDPE-naphtha	(US\$/tonne)	349	368	-5.2%	436	361	350	333	350	332	392	390	340
LDPE-naphtha	(US\$/tonne)	489	508	-3.8%	443	363	372	454	519	489	683	427	508
PP-naphtha	(US\$/tonne)	349	368	-5.2%	403	305	303	302	331	338	386	359	321
Others													
Integrated PET	(US\$/tonne)	139	143	-2.8%	194	114	134	138	130	153	278	161	142
Phenol-BZ	(US\$/tonne)	38	32	18.8%	79	89	64	(52)	(38)	42	279	80	5
BPA -Phenol	(US\$/tonne)	312	322	-3.1%	299	270	327	317	303	280	551	294	293

Sources: TOP, Bloomberg

Ex 5: Valuation

	Rating	Current	Target	Upside/	Market	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)	cap	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
		(Bt)	(Bt)	(%)	(US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
BANPU	BUY	5.70	7.50	31.6	1,657	(87.3)	426.3	54.4	10.3	7.2	5.9	0.4	0.4	2.2	4.8	0.8	4.2
BCP	BUY	30.75	40.00	30.1	1,228	(48.3)	69.9	8.4	5.0	4.4	4.1	0.6	0.5	1.8	4.5	6.9	11.1
BSRC	HOLD	7.35	7.00	(4.8)	738	11.7	(7.0)	9.0	9.7	5.4	5.1	0.9	0.8	2.4	3.6	10.0	8.9
IRPC	SELL	1.26	1.20	(4.8)	747	na	na	na	na	19.1	14.5	0.4	0.4	0.0	0.0	na	na
IVL	BUY	26.25	29.00	10.5	4,275	298.1	28.1	23.2	18.1	7.4	6.7	1.0	0.9	0.0	1.7	4.5	5.8
OR	SELL	13.10	12.60	(3.8)	4,560	(44.7)	50.0	25.6	17.1	10.3	7.9	1.4	1.4	2.2	3.3	5.6	8.1
PTG	SELL	8.00	6.80	(15.0)	388	(0.8)	6.0	14.2	13.4	3.6	3.7	1.4	1.4	3.2	3.4	10.5	10.5
PTT	BUY	31.00	38.00	22.6	25,686	0.7	(3.8)	8.8	9.2	4.1	3.9	0.8	0.8	6.5	6.5	8.9	8.3
PTTEP	BUY	117.50	150.00	27.7	13,532	(6.1)	(13.7)	6.3	7.3	1.9	2.2	0.9	0.8	8.1	7.7	14.2	11.4
PTTGC	SELL	22.60	23.00	1.8	2,956	na	na	na	20.6	11.1	8.7	0.4	0.4	3.3	1.7	na	1.8
SCC	SELL	163.50	175.00	7.0	5,692	(44.9)	76.8	23.8	13.5	21.7	10.9	0.5	0.5	2.1	3.7	2.3	3.9
SPRC	SELL	6.30	5.90	(6.3)	792	na	(1.1)	8.5	8.6	4.9	4.9	0.7	0.7	3.6	3.1	8.5	7.9
TOP	SELL	27.25	39.00	43.1	1,766	(41.5)	(16.6)	3.8	4.5	6.7	8.0	0.4	0.3	5.7	7.3	9.6	7.7

Sources: Company data, Thanachart estimates

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