PTT Exp. & Production (PTTEP TB) - SELL, Price Bt149, TP Bt111

Results Comment

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2Q26 - beat

- PTTEP reported 2Q26 net profit of Bt27.2bn (+130% q-q, +101% y-y), driven by Bt4bn of hedging gains, stronger realized selling prices, and higher sales volumes. Core earnings also increased both q-q and y-y.
- 1H26 earnings reached 56% of our 2026F forecast, supported by stronger-than-expected sales volumes and a sharp improvement in liquids pricing. However, it's in-line with consensus estimate with 1H26 accounts 52% of consensus's 2026F profit.
- PTTEP recorded US$87m of one-off gains (vs. US$252m loss in 1Q26), comprising US$94m in hedging gains, partly offset by a US$7m FX loss.
- Average sales rose 4% q-q and 13% y-y to 572.9kBOED, around 2% above guidance. The increase was driven by higher gas deliveries from the Gulf of Thailand above Contractual Daily Capacity (CDC) to meet domestic demand, alongside stronger crude oil sales from the S1 project and Algeria.
- Average selling price increased to US$51.7/BOE (+14% q-q, +17% y-y), mainly due to stronger liquids prices. Liquids pricing improved to a US$3.6/bbl premium, compared with a US$10.4/bbl discount in 1Q26 and a US$2/bbl discount in 2025. Meanwhile, unit cost rose 6% q-q to US$29.8/BOE, reflecting higher depreciation and exploration expenses.
- PTTEP declared an interim DPS of Bt4.5/share (3% yield), implying a 44% payout ratio for 1H26 earnings, broadly in line with our expectations.
- We expect earnings to decline q-q in 3Q26 as both realized selling prices and sales volumes weaken. Management guides sales volume to fall 8% q-q due to planned maintenance at projects in Thailand and Malaysia, as well as lower crude oil sales from Algeria. Maintain SELL.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	71,180	68,731	70,372	76,087	96,139
Gross profit	**30,700**	**28,983**	**27,608**	**38,034**	**49,788**
SG&A	4,173	5,365	6,422	4,826	5,370
Operating profit	26,527	23,618	21,186	33,208	44,418
EBITDA	**51,501**	**47,428**	**44,488**	**54,369**	**68,849**
Other income	2,529	2,359	3,421	2,025	2,505
Other expense	0	571	(843)	8,844	0
Interest expense	3,216	3,184	3,381	2,906	3,073
Profit before tax	**25,840**	**22,222**	**22,068**	**23,483**	**43,850**
Income tax	12,099	10,802	9,382	13,160	20,124
Equity & invest. income	156	155	3,472	778	6,411
Minority interests	7	0	7	5	9
Extraordinary items	(389)	1,119	1,493	729	2,940
Net profit	**13,515**	**12,695**	**17,657**	**11,835**	**27,197**
Normalized profit	**13,905**	**11,576**	**16,164**	**11,106**	**24,257**
EPS (Bt)	3.40	3.20	4.45	2.98	6.85
Normalized EPS (Bt)	3.50	2.92	4.07	2.80	6.11

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	26	35	54	319,666	320,463
Gross profit	**31**	**62**	**61**	**143,628**	**127,172**
SG&A	11	29	47	21,798	23,134
Operating profit	34	67	64	121,829	104,038
EBITDA	**27**	**34**	**55**	**224,128**	**219,956**
Other income	24	(1)	4,171	109	9,627
Other expense			na		
Interest expense	6	(4)	61	9,726	12,541
Profit before tax	**87**	**70**	**60**	**112,212**	**101,125**
Income tax	53	66	65	51,488	46,643
Equity & invest. income	724	4,001	285	2,525	2,525
Minority interests	86	39	na	0	0
Extraordinary items	303	na	(1,147)	(320)	0
Net profit	**130**	**101**	**62**	**62,930**	**57,008**
Normalized profit	**118**	**74**	**56**	**63,250**	**57,008**
EPS (Bt)	130	101	62	15.85	14.36
Normalized EPS (Bt)	118	74	56	15.93	14.36

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	121,041	89,893	76,923	83,151	86,400
A/C receivable	40,291	39,508	44,492	50,054	58,601
Inventory	20,799	22,158	20,751	19,362	18,990
Other current assets	13,918	12,621	13,908	12,928	18,825
Investment	9,719	17,338	29,930	31,381	31,823
Fixed assets	495,421	511,565	511,450	546,825	566,648
Other assets	230,706	244,679	236,482	244,216	249,594
Total assets	**931,894**	**937,762**	**933,937**	**987,917**	**1,030,881**
S-T debt	3,806	3,086	5,638	5,512	5,198
A/C payable	58,074	64,791	66,198	62,401	70,897
Other current liabilities	32,719	29,921	42,151	71,105	65,692
L-T debt	90,872	90,419	83,098	85,503	81,493
Other liabilities	223,047	234,596	217,284	230,564	239,744
Minority interest	271	270	263	265	256
Shareholders' equity	**523,106**	**514,679**	**519,305**	**532,567**	**567,600**
Working capital	3,017	(3,124)	(955)	7,014	6,694
Total debt	94,678	93,505	88,736	91,016	86,692
Net debt	**(26,362)**	**3,612**	**11,813**	**7,864**	**292**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	(15.6)	(9.3)	(7.9)	6.9	35.1
Operating profit growth	(29.8)	(17.1)	(32.6)	17.8	67.4
EBITDA growth	(19.7)	(11.6)	(15.7)	6.0	33.7
Norm profit growth	(40.7)	(36.2)	(7.4)	(34.0)	74.5
Norm EPS growth	(40.7)	(36.2)	(7.4)	(34.0)	74.5
Gross margin	43.1	42.2	39.2	50.0	51.8
Operating margin	37.3	34.4	30.1	43.6	46.2
EBITDA margin	72.4	69.0	63.2	71.5	71.6
Norm net margin	19.5	16.8	23.0	14.6	25.2
D/E (x)	0.2	0.2	0.2	0.2	0.2
Net D/E (x)	(0.1)	0.0	0.0	0.0	0.0
Interest coverage (x)	16.0	14.9	13.2	18.7	22.4
Interest rate	13.2	13.5	14.8	12.9	13.8
Effective tax rate	46.8	48.6	42.5	56.0	45.9
ROA	5.8	5.0	6.9	4.6	9.6
ROE	10.6	8.9	12.5	8.4	17.6

Sources: Company data, ttb wealth estimates

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