Energy Sector – Neutral

News Update

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ADNOC interest in PTT's refinery stake

- **ADNOC to acquire PTT's refinery stake**
- **Thai refiners gain crude supply & export channels**
- **TOP and IRPC appears a key candidate**
- **Potential large gain for PTT**

According to Bloomberg, ADNOC is in talks to take an equity stake in refining assets operated by PTT group companies, with TOP, PTTGC and IRPC reportedly among the businesses under discussion.

- **Strategic rationale for ADNOC**: According to the article, the deal would help ADNOC secure long-term customers for its crude, expand its downstream footprint and strengthen its fuel-trading business in Asia. We believe another potential rationale is to diversify beyond the Middle East.

- **Key question is which refinery:** ADNOC's investment could provide crude-supply security, trading synergies and a stronger export platform for PTT's refining assets. TOP appears to be a potential candidate, given its existing relationship with ADNOC, sourcing around 30% of its crude from ADNOC in July 2026, and the upcoming Clean Fuel Project (CFP), which will increase production of higher-value products such as diesel and naphtha. This would give ADNOC a larger pool of refined products to market through its global trading network. IRPC could also be a potential candidate, given that around 24% of its crude is sourced from the UAE.

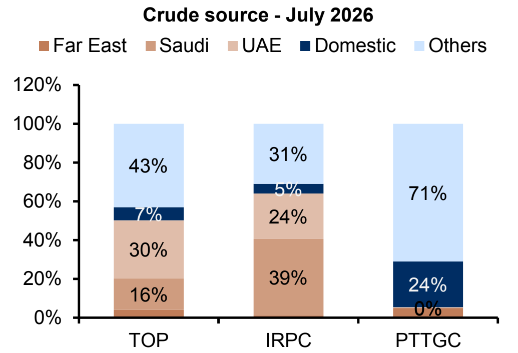
- **PTT to retain control:** PTT currently holds ~48% in TOP, PTTGC and IRPC. Management indicated that it does not intend to fully divest its stakes but will retain control and continue consolidating these subsidiaries. While some financing covenants may require a minimum 40–45% stake, these requirements could potentially be waived with lenders' consent. If PTT sells an additional 8% stake in all three refineries at current market prices, we estimate ~Bt16bn in capital gains. The gain would not be recognised in P&L, according to PTT as PTT would retain control. However, the cash proceeds could potentially be returned to shareholders, providing dividend upside.

Ex 1: Stock Rating And TP

	Rating	Price Current (Bt)	Price Target (Bt)
IRPC	SELL	3.14	1.45
PTT	BUY	42.25	43.00
PTTGC	SELL	47.00	31.00
TOP	BUY	66.75	75.00

Sources: Company data, ttb wealth estimates

Ex 2: Crude Sourcing



Source: DOEB

Ex 3: PTT's Stake In Refinery Vs. Cost

Company	% PTT's stake	PTT's share (m)	PTT's book value	PTT's cost	Current share price (Bt)	Potential gain/(loss) (Bt/share)	Potential gain/(loss) (Bt m) if divest 8%
IRPC	48.1	9,207	39,696	4.3	3.14	(1.17)	(1,916)
TOP	48.0	1,006	15,110	15.0	66.75	51.73	9,245
PTTGC	48.2	2,037	44,473	21.8	47	25.17	9,079

Sources: Company data, ttb wealth estimates

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