

Model updated: 3 January 2006

Equity Research

Asia

Thailand

Oil & Gas

PTT Public Company Limited

Reuters code **PTT.BK**

Buy

Price as at 20-Jan **Bt244.00**

Target Price **Bt291.00**

Company Website
http://www.pttplc.com

Company description

PTT is the largest oil and gas company in Thailand, having been established in October 2001 following privatization of the Petroleum Authority of Thailand. PTT is involved in oil trading and marketing, transmission of natural gas by pipeline, as well as operating gas separation plants for petrochemical producers.

Research Team

Chaipat Thanawattano
+66 2633 6466 chaipat.thanawattano@db.com

Y/E 31 December

SUMMARY

	2002	2003	2004	2005E	2006E	2007E
Headline EPS (Bt)	8.75	13.43	22.40	27.44	34.77	35.87
P/E ratio Headline (x)	4.1	5.2	7.1	8.9	7.0	6.8
Headline EPS growth (%)	nm	53.5	66.8	22.5	26.7	3.2
EPS FD (Bt)	8.75	13.43	22.40	28.97	34.28	35.37
P/E ratio FD (x)	4.1	5.2	7.1	8.4	7.1	6.9
Operating CFPS (Bt)	7.46	19.50	29.83	7.94	44.00	37.84
Free CFPS (Bt)	-5.22	19.96	-10.20	-23.99	14.88	23.30
P/CFPS (x)	4.9	3.6	5.4	30.7	5.5	6.4
DPS (Bt)	2.42	3.40	5.74	7.73	9.02	9.31
Dividend yield (%)	6.7	4.8	3.6	3.2	3.7	3.8
BV/Share (Bt)	28.91	40.15	58.76	81.39	107.07	132.33
Price/BV (x)	1.46	4.61	2.94	3.00	2.28	1.84
Weighted average shares (m)	2,797	2,797	2,797	2,797	2,797	2,797
Average market cap (Bt m)	101,380	196,303	447,902	682,528	682,528	682,528
Enterprise Value (Bt m)	166,160	207,226	442,505	740,800	707,717	652,768
EV/Sales	0.4	0.4	0.7	0.8	0.7	0.6
EV/EBITDA	3.2	3.5	6.0	6.2	4.6	4.1
EV/EBIT	4.1	4.3	7.4	7.5	5.4	5.0
EV/Operating Capital	1.0	1.5	2.5	2.4	2.0	1.7

INCOME STATEMENT (Bt m)

Sales revenue	399,752	489,713	644,673	962,247	979,036	1,016,250
Operating EBITDA	51,800	59,114	73,994	119,363	154,054	159,043
Depreciation	11,611	11,259	14,222	20,518	23,987	28,788
Amortisation	0	0	0	0	0	0
Operating EBIT	40,189	47,854	59,772	98,845	130,067	130,256
Net interest income (expense)	-8,780	-7,447	-8,859	-10,188	-10,379	-10,351
Associates/affiliates	2,163	10,342	26,742	17,177	18,490	21,790
Investment and other income/expense	6,055	6,056	7,629	7,084	5,917	6,000
Exceptionals/extraordinaries	0	0	0	5,416	0	0
Income tax expense	10,445	14,414	18,677	27,129	35,420	35,579
Minorities/preference dividends	4,696	4,812	5,941	9,020	11,411	11,772
Net income	24,485	37,580	62,666	82,185	97,265	100,344

CASH FLOW (Bt m)

Cash flow from operations	20,868	54,542	83,449	22,205	123,075	105,860
Movement in net working capital	-17,212	12,568	27,787	-67,044	8,902	-13,253
Capex	-35,481	1,278	-111,991	-89,318	-81,453	-40,685
Free cash flow	-14,613	55,820	-28,541	-67,113	41,622	65,175
Other investing activities	-20,560	-13,364	-20,986	-17,177	-18,490	-21,790
Equity raised/(bought back)	-194	23	452	0	0	0
Dividends paid	-8,519	-9,590	-12,912	-18,880	-25,453	-29,676
Net inc/(dec) in borrowings	-4,344	-12,501	45,022	-2,778	5,636	-10,210
Other financing cash flows	29,055	7,603	57,320	22,324	16,914	19,450
Total cash flows from financing	15,998	-14,464	89,883	667	-2,903	-20,435
Net cash flow	-19,175	27,991	40,356	-83,623	20,228	22,949
Movement in net debt/(cash)	14,831	-40,492	4,667	80,846	-14,592	-33,159

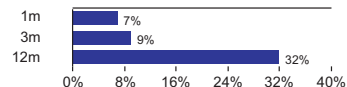
BALANCE SHEET (Bt m)

Cash and other liquid assets	34,805	62,796	103,152	19,528	39,756	62,706
Tangible fixed assets	127,361	122,250	190,187	261,374	321,226	335,509
Goodwill	5,713	4,724	3,411	3,240	3,078	2,924
Other intangible assets	0	0	0	0	0	0
Associates/investments	20,560	33,924	54,910	72,088	90,578	112,368
Other assets	110,682	100,637	135,567	200,736	131,646	203,149
Total assets	299,121	324,331	487,226	556,965	586,284	716,657
Interest bearing debt	120,144	107,643	152,665	149,888	155,523	145,314
Other liabilities	82,179	87,746	149,646	152,093	95,405	156,491
Total liabilities	202,323	195,389	302,311	301,980	250,928	301,804
Shareholders' equity	80,858	112,322	164,374	227,679	299,491	370,159
Minorities	15,940	16,619	20,541	27,306	35,864	44,693
Total shareholders' equity	96,798	128,942	184,915	254,985	335,356	414,852
Net working capital	5,677	-6,891	-34,679	32,365	23,464	36,717
Net debt/(cash)	85,339	44,847	49,514	130,359	115,767	82,608
Capital	182,137	173,788	234,428	385,344	451,122	497,460

RATIO ANALYSIS

Sales growth (%)	nm	22.5	31.6	49.3	1.7	3.8
Op. EBITDA/sales (%)	13.0	12.1	11.5	12.4	15.7	15.7
Op. EBIT/sales (%)	10.1	9.8	9.3	10.3	13.3	12.8
Payout ratio (%)	27.7	25.3	25.6	26.3	25.9	25.9
ROE (%)	30.3	38.9	45.3	41.9	36.9	30.0
Return on Capital (%)	17.0	24.2	33.3	29.0	25.1	22.8
Operating Return on Capital (%)	18.3	23.7	29.4	30.5	29.1	26.5
Capex/sales (%)	8.9	-0.3	17.4	9.3	8.3	4.0
Capex/depreciation (x)	3.1	-0.1	7.9	4.4	3.4	1.4
Net debt/equity (%)	88.2	34.8	26.8	51.1	34.5	19.9
Net interest cover (x)	4.6	6.4	8.7	9.7	12.5	12.6

Absolute Price Return(%)

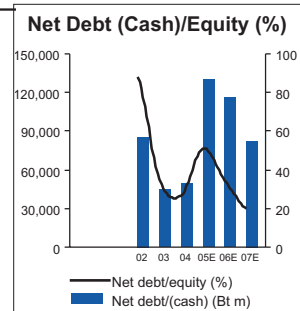
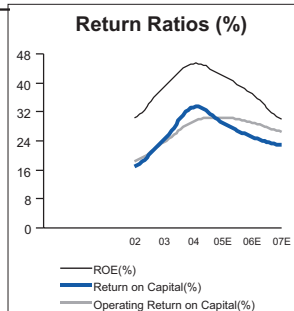
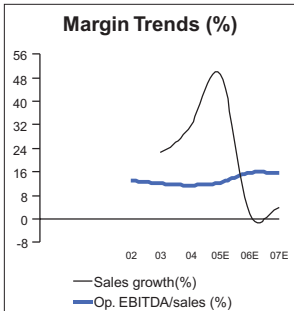
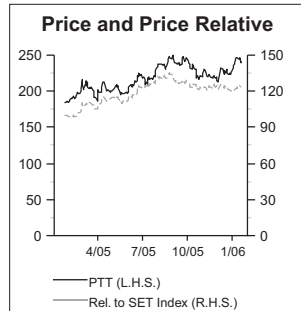


52-week Range: Bt184.00 - Bt250.00

Market Cap (m): Bt 682,528
US\$ 17,349

Company identifiers

Bloomberg **PTT TB**
Cusip **NA**
SEDOL **6420389**



Source: Deutsche Bank AG estimates, company data