

PTT OIL AND RETAIL BUSINESS PLC

No. 35/2025
28 March 2025

CORPORATES

Company Rating: AA+
Outlook: Stable

Last Review Date: 14/03/24

Company Rating History:		
Date	Rating	Outlook/Alert
14/02/23	AA+	Stable

Contacts:

Supasith Tiensuksai, CFA
supasith@trisrating.com

Pravit Chaichamnapai, CFA
pravit@trisrating.com

Parat Mahuttano
parat@trisrating.com

Monthian Chantarklam
monthian@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on PTT Oil and Retail Business PLC (OR) at “AA+” with a “stable” rating outlook. OR’s stand-alone credit profile (SACP) remains at “aa”. The company rating incorporates a one-notch uplift from the SACP as we hold our view that OR is a highly strategic subsidiary of PTT PLC (PTT, rated “AAA/Stable” *).

The SACP reflects OR’s leading position in the petroleum market in Thailand, its robust financial profile, and expected revival of earnings. Conversely, the SACP is weighed down by exposure to volatile oil prices, intense competition, and impact from the government policies on the retail oil industry.

KEY RATING CONSIDERATIONS

Domestic petroleum market leader

OR’s business profile remains strong. The company has maintained its No. 1 position in the retail oil market and most commercial petroleum markets. Nevertheless, OR’s market share by sales volume decreased to 39% in 2024 from 42% in 2023. This was partly due to misinformation on social media related to its oil retail business, resulting in OR losing its market share largely to the third-ranked oil retailer. OR’s retail sales volume plunged by 10.5%. We expect this to be temporary.

We believe that OR’s large operational scale and supply capability, extensive network of service stations, and strong distribution channels are the key competitive advantages helping the firm sustain its leading position. Also, the broad range of petroleum products and services, coupled with the balanced mix of retail and commercial operations, enable OR to serve demand from multiple market segments.

OR generated THB724 billion revenues in 2024, largely from three main business units: Mobility (the oil business in Thailand), Lifestyle (the non-oil business in Thailand), and Global (the oil and non-oil business outside Thailand). Mobility was the primary contributor to revenue at around 89%. In terms of EBITDA, Mobility stood at 58%, followed by Lifestyle at 34%. The rest came from Global and other businesses.

Strong retail oil franchise

With the strength of PTT Station brand, we view OR’s ability to expand the retail network by around 80% through the DODO (dealer owned dealer operated) model as helping OR open new stations with low capital needs. OR’s oil retail business benefits from an integrated business model that combines fuel services with two top consumer franchises, Café Amazon and 7-Eleven. Both are exclusively located within PTT stations, drawing customer traffic to support throughput.

OR has maintained its status as the operator with the largest number of oil stations, adding on average 86 new stations per year over the past five years. As of December 2024, OR had 2,340 PTT stations nationwide, of which about 80% operated under the DODO model.

Lifestyle segment on growth path

Café Amazon is still growing. The number of cups sold at Café Amazon Thailand grew 8.4% to 402 million cups in 2024 with an 8% annual growth rate over the

past five years. The number of domestic outlets rose a further 6.5% to 4,430 in 2024. The company plans to open 285 new outlets in 2025. In the Global segment, Café Amazon had 389 outlets, with the majority in Cambodia, with 30 million cups sold in 2024, an annual growth rate of around 8% over the past five years.

We anticipate that OR will keep diversifying its Lifestyle portfolio, partnering with local retailers or companies to tap new revenue streams. We view OR's Lifestyle segment as less volatile than OR's other business units. The growth in EBITDA from the Lifestyle segment has helped reduce OR's overall volatility. The EBITDA margin for Lifestyle business ranged between 25%-27% during 2019-2024.

OR has revisited its investment strategy, with a view to cease or reduce exposure to underperforming operations. The company decided to shut down food franchises such as Texas Chicken, and Kouen. OR also divested stakes in Flash Express, a loss-making delivery service provider. Looking ahead, we view the food & beverage segment to remain the core of OR's Lifestyle business, despite the tendency to expand into new territories, including health and wellness. We expect the scope of business to broaden further as the company keeps exploring new businesses. The latest considerations are hotels and virtual banking.

The inherent risks associated with fuel price fluctuations and government policies

OR's Mobility business is exposed to oil price volatility. Compared to other firms in the same industry, OR's profitability tends to fluctuate more from drops in oil prices. This is because having exceeded the legal reserve requirement is to serve market demand within its nationwide network.

Also, government policies relating to retail oil prices can impact both the retail oil industry as well as OR's retail prices. Occasionally, government policy to cap the diesel retail price through the oil fuel fund can squeeze the profit margins and lead to the higher working capital needs of oil retailers.

Intense retail competition

We assess competition among oil retailers as intensifying. Petrol stations continue to expand while competition increases for customer attraction and loyalty. Oil retailers have pivoted to focus on offering non-oil products and services. Convenience stores and coffee chains have become standard components of petrol stations. Given the tight marketing margins, it is challenging for retailers to control operating costs while maintaining services and competitiveness.

Expected recovery in earnings

In 2024, OR's operating performance fell short of our previous estimates. OR's EBITDA fell sharply following drops in oil prices affecting gross profit, and lower domestic oil sales volume. OR hit THB18.3 billion in EBITDA in 2024, representing a significant 17% decline year-on-year (y-o-y). The EBITDA margin was 2.5%, marking the lower bound of the historical range.

Going forward, we forecast OR's total oil sales volume in the domestic market to rise by 1% in 2025, and around 2% annually in 2026-2027. We project retail volume to drop by 3% in 2025 but to rebound by about 2% in 2026 and 3.5% in 2027. In the domestic market, we assume OR will add 90 service stations per year. The Lifestyle business is likely to deliver constant growth in EBITDA, largely driven by the expansion of Café Amazon.

In our base-case forecast, we assume global oil prices to decline over the next three years. Therefore, we project the company's annual revenue to range between THB637-THB693 billion over 2025-2027. EBITDA is projected to range between THB19-THB21 billion per annum.

Robust financial profile

We expect OR to maintain a robust financial position over the next three years. OR held a large amount of cash as of December 2024 partially due to a slower-than-expected pace of investment and acquisition activities. We forecast the company's debt to EBITDA ratio to stay below 0.5 times during 2025-2027. OR's cash of around THB47 billion plus its incoming operating cash flows are expected to be more than enough to support its investments or potential acquisitions over the next few years.

Solid liquidity position

We assess OR's sources of funds as strong covering the use of funds over the next 12 months. The sources of funds total THB63 billion, including cash and estimated funds from operations (FFO) of THB16-THB17 billion over the next 12 months. These should enable OR to comfortably meet the short-term debt obligations of THB9 billion, expected capital expenditures and investments of THB17 billion, and projected dividend payout of about THB4-THB5 billion.

Debt structure

As of December 2024, OR's total debt, excluding lease liability, was THB18.3 billion. The priority debt was THB2 billion, comprising the debt of its subsidiaries. This translates to the priority debt to total debt ratio of 11%.

Highly strategic subsidiary of PTT

We maintain our assessment of OR's group status as a highly strategic subsidiary of PTT, given its close operational integration, alignment of group strategies, and shared reputation with PTT.

OR is the flagship oil and retail company under PTT, playing a key role in distributing the petroleum products of PTT Group. OR's business is fully integrated with PTT's value chain, facilitating distribution of the group's petroleum products to both retail and commercial customers. Around 70%-80% of OR's petroleum products are sourced through long-term agreements with PTT's refinery flagship companies. OR and PTT have reputational linkage by sharing the PTT brand.

In addition, OR's strategy is aligned with PTT's missions in supporting national energy security. The company's financial policy is also aligned with PTT's. Given these strong connections, we believe PTT remains highly committed to providing extraordinary support to OR in times of stress.

BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for OR's operations during 2025-2027:

- Dubai crude price to fall from USD75 per barrel in 2025 to USD70 per barrel in 2026 and to USD65 per barrel in 2027.
- Domestic oil sales volume to grow by 1% in 2025, and around 2% annually in 2026-2027.
- Overall domestic oil gross profit to average at THB0.83 per liter.
- Capital expenditures and investments to add up to THB37 billion.
- Dividend payout at 55% of net profit.

RATING OUTLOOK

The "stable" outlook reflects our view that OR's leading position in the domestic petroleum market will continue. We also expect OR's earnings to recover as per our base line forecast. Despite its acquisitive growth strategy, we expect OR's financial profile to remain solid. Also, we expect OR will remain a highly strategic subsidiary of PTT.

RATING SENSITIVITIES

We could consider raising the SACP if OR is able to significantly enhance its profitability and resiliency against volatility in oil demand and prices. This could emerge from the escalated revenue and profit contributions of the Lifestyle business and new investments. Conversely, we could downgrade the SACP if OR's operating performance considerably misses our forecast, or the company demonstrates more aggressive acquisitions that materially weaken its financial profile.

According to our "Group Rating Methodology", a downward revision of the credit profile of PTT or material changes in the linkage between OR and PTT could also impact the rating on OR.

COMPANY OVERVIEW

OR is the largest oil distributor in Thailand and serves as the oil and retail flagship of the PTT Group. In 2018, the company changed its business structure by transferring the oil business unit, along with related investments, from PTT to OR. In February 2021, the company was listed on the Stock Exchange of Thailand (SET) following the initial public offering (IPO). PTT is the major shareholder, owning 75% of its total shares. Therefore, OR is considered a state-owned enterprise.

The company operates through three business units: Mobility, Lifestyle, and Global. The Mobility business is engaged in distribution of petroleum products through retail PTT stations and commercial businesses. The Lifestyle business comprises the Café Amazon business, 7-Eleven and "Jiffy" convenience stores, and other F&B retail outlets (such as "Oh Ka Jhu" and "Pacamara Coffee Roasters"). The Global business includes the oil distribution business as well as Café Amazon and 7-Eleven, mainly in the Philippines, Cambodia, and the Lao People's Democratic Republic (Lao PDR).

At the end of December 2024, OR had 2,754 PTT service stations, including 2,340 stations in Thailand and 414 stations in other countries. In addition, OR had 4,851 outlets of Café Amazon, including 4,430 outlets in Thailand and 421 outlets in overseas markets, such as the Philippines, Cambodia, the Lao PDR.

KEY OPERATING PERFORMANCE

Table 1: OR's Sales Breakdown by Business Units

Unit: %

Business Unit	2020	2021	2022	2023	2024
Total sales (mil. THB)*	428,804	511,799	789,785	769,741	723,958
% Breakdown by business**					
Mobility	91.0	91.1	90.8	90.8	89.2
Lifestyle	3.9	3.3	2.6	2.8	3.2
Global	4.9	5.4	6.4	6.2	7.3
Others	0.2	0.2	0.1	0.1	0.3
Total	100.0	100.0	100.0	100.0	100.0

* The amount after inter-transaction elimination

** % before inter-transaction elimination

Source: OR

Table 2: OR's EBITDA Breakdown by Business Units

Unit: %

Business Unit	2020	2021	2022	2023	2024
Total EBITDA (mil. THB)*	17,619	20,335	20,608	21,206	17,666
% Breakdown by business**					
Mobility	69.1	75.6	67.6	68.1	58.4
Lifestyle	25.5	20.6	25.4	26.8	34.0
Global	4.9	3.6	7.1	6.6	9.6
Others	0.5	0.2	(0.1)	(1.5)	(1.9)
Total	100.0	100.0	100.0	100.0	100.0

* The amount after inter-transaction elimination as reported by OR

** % before inter-transaction elimination

Source: OR

Table 3: OR's Oil Service Station and Sales Volume

Oil Service Station	2020	2021	2022	2023	2024
No. of service station					
Thailand	1,997	2,080	2,158	2,253	2,340
- DODO (dealer owned dealer operated)	1,625	1,685	1,753	1,835	1,919
- COCO (company owned company operated)	372	395	405	418	421
Overseas	337	359	393	399	414
Total	2,334	2,439	2,551	2,652	2,754
Sales volume (mil. liters)					
Thailand	24,399	23,145	26,846	27,642	26,415
- Retail	12,546	11,777	13,133	12,433	11,133
- Commercial	11,853	11,368	13,713	15,209	15,282
Overseas	1,212	1,289	1,496	1,695	2,031
Total	25,611	24,434	28,342	29,337	28,446
Growth (y-o-y)	(12.5%)	(4.6%)	16.0%	3.5%	(3.0%)

Source: OR

Table 4: OR's Cafe' Amazon

	2020	2021	2022	2023	2024
No. of outlets					
Thailand	3,290	3,607	3,875	4,159	4,430
Overseas	285	324	378	393	421
Total	3,575	3,931	4,253	4,552	4,851
Growth (y-o-y)	13.5%	10.0%	8.2%	7.0%	6.6%
No. of cups sold (mil.)					
Thailand	274	297	357	371	402
Overseas	20	17	24	29	30
Total	294	314	381	400	432
Growth (y-o-y)	3.0%	6.6%	21.3%	5.0%	8.1%

Source: OR

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	725,854	772,084	793,199	514,998	432,612
Earnings before interest and taxes (EBIT)	10,783	14,964	14,206	15,468	12,048
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	18,347	22,170	20,652	21,696	17,409
Funds from operations (FFO)	15,772	15,866	19,168	17,661	15,517
Adjusted interest expense	1,333	1,430	1,195	1,279	1,481
Capital expenditures	7,392	9,143	6,485	5,667	7,332
Total assets	207,492	220,236	225,504	207,659	144,979
Adjusted debt	0	0	6,539	0	43,028
Adjusted equity	108,961	109,508	103,761	99,872	37,916
Adjusted Ratios					
EBITDA margin (%)	2.5	2.9	2.6	4.2	4.0
Pretax return on permanent capital (%)	7.5	10.1	9.6	12.5	12.0
EBITDA interest coverage (times)	13.8	15.5	17.3	17.0	11.8
Debt to EBITDA (times)	0.0	0.0	0.3	0.0	2.5
FFO to debt (%)	n.m.	n.m.	293.1	n.m.	36.1
Debt to capitalization (%)	0.0	0.0	5.9	0.0	53.2

n.m. = Not meaningful

* Based on TRIS Rating's calculation

RELATED CRITERIA

- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

PTT Oil and Retail Business PLC (OR)

Company Rating:	AA+
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

© Copyright 2025, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria