PTG ENERGY PLC

No. 62/2025
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CORPORATES

Company Rating:	BBB+
Outlook:	Stable

Last Review Date: 02/04/24

Company Rating History:

Date	Rating	Outlook/Alert
14/02/17	BBB+	Stable
12/02/15	BBB	Stable

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RATIONALE

TRIS Rating affirms the company rating on PTG Energy PLC (PTG) at "BBB+" with a "stable" outlook. The rating reflects PTG's business strength supported by its extensive network of gas stations and increasing share of Thailand's oil retail market, its strategic diversification into various non-oil businesses, and effective leveraging of its loyalty program to drive growth and cross-selling. The rating is, however, constrained by the capital expenditure needed for the company's ongoing expansion, and costs associated with building up market share, which have limited profit growth relative to sales. The rating also takes into consideration the risk of government price intervention, which could impact oil marketing margins across the industry.

KEY RATING CONSIDERATIONS

Growing oil market share driven by loyalty program

PTG demonstrated a notable increase in oil sales volume through its service station network in 2024, registering a growth of 13%. This figure significantly outpaced the industry growth rate of 2% for the same period. Consequently, PTG's market share in the Thai oil retail sector continued its upward trajectory, reaching 22% in 2024, an increase from approximately 20% in the preceding year. The primary driver of market share gain was strong same-store sales performance. The company's network expansion was comparatively modest, with the addition of 28 petrol stations, bringing the total number of stations to 2,229 by the end of 2024.

The company's PT Max Card loyalty program remains a key instrument in its strategy to bolster sales and enhance customer retention. Furthermore, the introduction of the PT Max Card Plus paid membership program in 2021 has contributed to the expansion of PTG's customer base and facilitated the capture of market share from competitors across both its oil and non-oil business segments, as evidenced by substantial growth in the 2023-2024 period. This program employs discounts as an incentive to encourage customer trials of diverse products and services within PTG's ecosystem, thereby driving increased sales volume. PTG anticipates that these loyalty programs will continue to serve as primary growth catalysts in the foreseeable future. However, the success of this strategy in retaining customers over the longer term as well as its impact on overall profitability remains to be seen.

Continued expansion of non-oil businesses

PTG is focused on the aggressive expansion of its non-oil business segments. In 2024, revenue from non-oil operations, excluding one-time revenue items, demonstrated a significant growth of 29%. This expansion resulted in an increased contribution to PTG's overall financial performance, accounting for 8% of total sales revenue and 25% of total gross profit in 2024, compared to 7% and 21%, respectively, in the previous year. Key components of PTG's non-oil portfolio include its liquefied petroleum gas (LPG) business, Punthai coffee shops, Max Mart mini-marts, and Autobacs car maintenance services.

Notably, the coffee shop business experienced substantial growth, with sales increasing by 83% in 2024. This growth was supported by a 53% expansion in the number of Punthai coffee outlets, reaching a total of 1,347 outlets by the end of the year. We anticipate the addition of 400 coffee outlets annually in 2025-2026 and 270 outlets in 2027. PTG also expanded its network of Max Mart and Autobacs shops by 29 and 49 locations, respectively, in 2024. While

Max Mart recorded a modest sales growth of 1% in 2024, Autobacs exhibited strong sales growth of 77% over the same period.

Softened profitability

In 2024, PTG reported an increase in EBITDA of 7% to THB6.1 billion. This growth in EBITDA was primarily driven by increased sales volume across both the oil and non-oil business segments. However, the rate of EBITDA growth was lower than the growth in oil sales volume. This disparity was mainly attributable to a reduction in oil gross profit per liter and an increase in selling and administrative expenses associated with the company's ongoing business expansion initiatives.

Earnings growth expected but profitability to remain under pressure

PTG's total oil sales volume is expected to increase by 6% in 2025, followed by a growth rate of approximately 3% per annum during the 2026-2027 period. This forecast takes into account the backdrop of an anticipated low oil sales volume growth rate across the industry and the expectation of more intense competition among oil retailers aimed at defending or winning back market share. With oil prices projected to be lower on average than the previous year, there should be less pressure from government policies negatively impacting the oil profit per liter. However, with the continued use of paid membership discounts as a key strategy for growth, our base case assumes PTG's oil retail gross profit per liter will remain relatively stable at around THB1.64 per liter throughout the 2025-2027 period.

The gross profit generated by PTG's non-oil business segments is forecast to exhibit a growth rate of approximately 13%-21% per annum in 2025-2027. This growth is primarily expected to be driven by the expansion of the coffee shop business, benefiting from an increasing number of outlets, as well as the continued effectiveness of the company's membership programs. Consequently, PTG's overall EBITDA is projected to range from THB6.4-THB7.2 billion per annum in 2025-2027.

Financial leverage expected to remain at similar level

PTG's financial leverage, as measured by the debt to EBITDA ratio, increased marginally to 4.4 times in 2024, up from 4.1 times in the preceding year. This upward trend was primarily attributable to substantial capital investments, totaling approximately THB6 billion in 2024, directed towards the expansion of its service network, the renovation of existing gas stations, and investments in new business ventures. Looking forward, we expect PTG's capital expenditure in the range of THB4.1-THB4.4 billion per annum in 2025-2027. This investment will encompass the expansion and upgrading of gas stations, the LPG business, other non-oil business segments, as well as investments in new strategic initiatives. Concurrently, an increase in lease liabilities is anticipated, correlating with the expansion of both of its oil and non-oil service points. Consequently, the debt to EBITDA ratio is projected to remain at around 4.3-4.4 times throughout the 2025-2027 period.

The company's debentures and bank loan agreements include key financial covenants that require PTG to maintain its net interest-bearing debt to equity ratio below 3 times and its debt to equity ratio below 3 times, respectively. As of December 2024, the two ratios stood at 0.87 times and 2.61 times, in compliance with the financial covenants.

Manageable liquidity

As of December 2024, the company's sources of liquidity included cash and equivalents of THB2.3 billion with projected cash flow from operations of THB5 billion in 2025. The uses of liquidity in the next 12 months include short-term loan repayments amounting to THB4 billion, scheduled repayments of long-term loans and debentures totaling THB3.2 billion, lease payments estimated at around THB1.7 billion, and projected capital expenditure of approximately THB4.4 billion for 2025. We anticipate PTG will roll over or refinance most of its existing loans to support its capital expenditure.

Debt structure

As of December 2024, PTG had consolidated debt of THB10.3 billion, of which around THB5.3 billion was considered priority debt. PTG's priority debt consisted of unsecured debts at the subsidiary level. The company's priority debt ratio was 52%, which marginally exceeded the 50% threshold according to TRIS Rating's "Issue Rating Criteria". However, this elevated ratio is viewed as temporary, as the company intends to shift its borrowing strategy towards raising more debt at the PTG level, rather than at the subsidiary level, going forward.

BASE-CASE ASSUMPTIONS

- Oil sales volume to grow by around 6% in 2025 and around 3% per year during 2026-2027.
- Oil selling price to decrease by 6% in 2025 then remain flat in 2026-2027.
- Overall oil marketing margin to stay around THB1.64 per liter in 2025-2027.
- Non-oil revenue to grow by 10% in 2025, 9% in 2026, and 7% in 2027.
- Non-oil gross profit margin to be 22% in 2025, 24% in 2026, and 25% in 2027.
- Capital expenditure of around THB4.1-THB4.4 billion per annum in 2025-2027.

RATING OUTLOOK

The "stable" outlook reflects our expectation that PTG will be able to maintain its position in the retail oil market while continuing to grow its non-oil businesses. We also expect the company to exercise caution in its investment strategies, particularly when expanding into new and less familiar business areas.

RATING SENSITIVITIES

The rating could be revised upward should the company's operating performance substantially exceed our projections, such that the debt to EBITDA ratio stays below 4 times on a sustained basis. Conversely, the rating may be downgraded if the company's credit metrics weaken materially compared to expectations. Such a deterioration could arise from a significant decline in operating performance or the undertaking of substantial debt-financed investments.

COMPANY OVERVIEW

PTG was established in 1988 as Paktai Chueplerng Co., Ltd. to operate an oil distribution center. In 1992, PTG became an oil retailer with the launch of service stations under its own "PT" brand. The company was listed on the Stock Exchange of Thailand (SET) in 2013. At the end of 2024, the company's major shareholders comprised the Ratchakitprakarn Family (29.5%), the Vachirasakpanich Family (8.6%), and the Nitayanurak Family (5%). Its 2,229 oil service stations are operated under the PT trademark.

PTG owns 10 oil distribution centers with a total capacity of 209 million liters (ML). PTG distributes oil via two channels: selling through PT brand service stations to retail customers and selling wholesale directly to industrial customers. In the service station segment, PTG vends oil through two types of stations: COCO (company owned and company operated) and DODO (dealer owned dealer operated). In 2024, retail sales at COCO stations accounted for 84% of total sales volume, while sales at DODO stations accounted for 14%. The remainder came from direct sales to wholesale customers.

In addition to the oil retailing segment, the company owns and operates minimarts under the "Max Mart" brand, as well as coffee shops under the "Punthai Coffee" and "Coffee World" brands. The company plans to expand Punthai Coffee outlets both inside and outside its service stations. In addition, in 2024, the company secured a master franchise agreement to operate Subway restaurants in Thailand. The company aims to expand the number of Subway branches in coming years. Besides the food and beverage business, PTG plans to expand its auto service business and boost its LPG sales volume by enlarging its household LPG business.

KEY OPERATING PERFORMANCE

Table 1: PTG's Sales Breakdown by Channel

Unit: %

Sales Channel	2020	2021	2022	2023	2024
Total sales (mil. THB)	**104,423**	**133,759**	**179,273**	**199,048**	**226,096**
COCO	81.2	80.2	78.0	78.4	78.0
DODO	10.7	11.8	13.5	12.3	12.0
Wholesale	3.9	3.7	3.2	2.3	1.9
Others	4.2	4.3	5.4	7.0	8.1
Total	**100.0**	**100.0**	**100.0**	**100**	**100**

Source: PTG

Type of Station	2020	2021	2022	2023	2024
No. of service station					
COCO*	1,727	1,779	1,809	1,841	1,865
DODO	286	308	340	360	364
Total	**2,013**	**2,087**	**2,149**	**2,201**	**2,229**
Growth (y-o-y)	*3.1%*	*3.7%*	*3.0%*	*2.4%*	*1.3%*
Oil Sales volume (ML)					
COCO	4,167	4,173	4,350	5,007	5,646
DODO	574	633	771	795	903
Total	**4,741**	**4,806**	**5,120**	**5,802**	**6,549**
Growth (y-o-y)	*8.1%*	*1.4%*	*6.5%*	*13.3%*	*12.9%*

* *Including hybrid (oil and LPG) stations*

Source: PTG

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	---Year Ended 31 December ---				
	2024	2023	2022	2021	2020
Total operating revenues	226,383	199,224	179,786	134,088	104,666
Earnings before interest and taxes (EBIT)	2,580	2,354	2,437	2,395	3,400
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	6,128	5,710	5,818	5,239	5,930
Funds from operations (FFO)	4,544	4,092	4,230	3,777	4,348
Adjusted interest expense	1,091	1,128	1,123	1,118	1,104
Capital expenditures	4,922	2,943	2,743	2,525	2,043
Total assets	51,752	46,932	45,135	44,384	42,037
Adjusted debt	27,185	23,556	27,216	28,113	28,824
Adjusted equity	9,282	8,926	8,275	8,200	7,980
Adjusted Ratios					
EBITDA margin (%)	2.7	2.9	3.2	3.9	5.7
Pretax return on permanent capital (%)	6.9	6.4	6.4	6.3	10.6
EBITDA interest coverage (times)	5.6	5.1	5.2	4.7	5.4
Debt to EBITDA (times)	4.4	4.1	4.7	5.4	4.9
FFO to debt (%)	16.7	17.4	15.5	13.4	15.1
Debt to capitalization (%)	74.5	72.5	76.7	77.4	78.3

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

PTG Energy PLC (PTG)

Company Rating:	BBB+
Rating Outlook:	Stable

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