Press Release

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TRIS Rating Sees PTTEP's Ratings Remain the Same,
Following the Acquisition of Murphy's Malaysian Business

TRIS Rating views PTTEP's announcement to acquire 100% of the Malaysian operations of Murphy Oil Corporation (Murphy) has no impact on PTTEP's credit ratings.

PTTEP recently announced that it will acquire 100% Murphy's business in Malaysia worth about US$2,127 million, plus the additional up to US$100 million contingent payment depending on the discovery results of an exploration field. PTTEP will fund this transaction with cash on hand. As a result, this acquisition does not cause any material deterioration in the capital structure. As of December 2018, PTTEP had cash on hand of US$4,001 million.

Murphy business in Malaysia comprises five fields: two fields produce oil and gas, one field is under development, and two fields are under exploration. These assets have proved and probable reserves (2P) of approximately 274 million barrels of oil equivalent (MMBOE), based on current interest in the assets. For the 2018, the net sales volume was 48,000 barrels of oil equivalent per day (BOED).

TRIS Rating holds the view that the acquisition strengthens PTTEP's business profile. Once the transaction is completed, PTTEP's sales volume is estimated to increase by 16% from 305,522 BOED in 2018 (with the full year effect). With this acquisition, the life of PTTEP's reserves will increase by one year.

The acquisition will raise PTTEP's earnings before interest, tax, depreciation, and amortization (EBITDA) by US$400-US$500 million per year during 2019-2021. Our pre-acquisition forecast of EBITDA was US$3,500-US$4,500 million per year, with the assumption of the price of Dubai crude oil in a range of US$60-US$65 per barrel.

TRIS Rating believes PTTEP will maintain its solid financial profile. The new assets bring immediately benefits to the company. These assets are expected to generate more cash than is required for capital expenditures.

TRIS Rating currently rates PTTEP's company and senior unsecured debenture rating at "AAA", and also rates PTTEP's subordinated capital debentures rating at "AA". The rating outlook is "stable"