

## A visible path to recovery and growth

- PTTGC targets improved performance through cost cuts, THB4.5b in OPEX savings, and THB30b asset monetization to reduce debt.
- 2Q25 NP are set to improve on stronger margins and a EUR30–40m one-time gain from Vencorex deconsolidation.
- Upgrade from HOLD to BUY with a target price of THB25

### Efficiency First: PTTGC embarks on cost-saving and asset-light

According to PTTGC's analyst meeting, the company is implementing three key strategies to enhance its overall performance. First, it is reducing costs by exiting non-performing businesses. Second, it targets THB4.5b in OPEX savings through greater efficiency in production, sales, feedstock sourcing, and portfolio optimization. In 1Q25, PTTGC realized THB800m in savings, with an additional THB1b expected in 2Q25 and THB2.7b in 2H25. Third, the company plans to adopt an asset-light strategy by monetizing non-core assets, aiming to generate around THB30b during 2H25–2026. This initiative is aimed at reducing debt and lowering interest expenses.

### Begins Vencorex exit with EUR30–40m gain in 2Q25

PTTGC is discontinuing non-performing businesses, including Vencorex France and Vencorex TDI. The liquidation process for these entities began on 13 May-25, and the company expects to record an accounting gain of around EUR30–40m (approximately THB1.1b–THB1.5b) from the deconsolidation in 2Q25. Additionally, PTTGC is progressing with plans to divest its remaining Vencorex assets in the US and Thailand, with transaction completions anticipated in 2H25.

### Allnex faces demand challenges

Allnex's 1Q25 sales volume rose 3% q-q, but performance remained soft due to high inventories and weak orders in Europe and Asia. Price hikes on acrylic resins helped offset input costs, though margins stayed tight. 2Q25 seasonal demand may offer some support, but macro headwinds continue to cloud the near-term outlook.

### Eyes 2Q25 upside from margin and Vencorex wind-down

In 2Q25, we expect PTTGC's earnings to improve, backed by stronger refining and petrochemical margins. Refining product spreads, especially for gasoline and VLSFO, are expected to rise q-q due to tighter global supply from maintenance shutdowns and stronger seasonal demand. In the petrochemical segment, olefins margins should benefit from lower naphtha costs and improved spreads. Additionally, PTTGC expects to record a one-time gain of EUR30–40m from the deconsolidation of Vencorex France and Vencorex TDI, partly offsetting stock losses.

### Upgrade from HOLD to BUY with a target price of THB25

We upgrade from HOLD to BUY and raised our TP from THB20 to THB25, lifting our 2025E EV/EBITDA multiple from 5x to 6x. While we expect earnings outlook to remain challenging, we think PTTGC's strategic shifts into asset-light and loss-making divestments are critical for valuation rerating.

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

## BUY (from HOLD)

|                         |        |
|-------------------------|--------|
| Target Price 12M (THB)  | 25.00  |
| VS. BB Consensus TP (%) | +11.9% |
| Share Price (THB)       | 20.00  |
| Upside/Downside         | +25.0% |

#### Share Data

|                          |           |
|--------------------------|-----------|
| Market Cap (THB m)       | 90,176.98 |
| Par (THB)                | 10.00     |
| Free Float (%)           | 54.81     |
| Issued shares (m shares) | 4,509     |

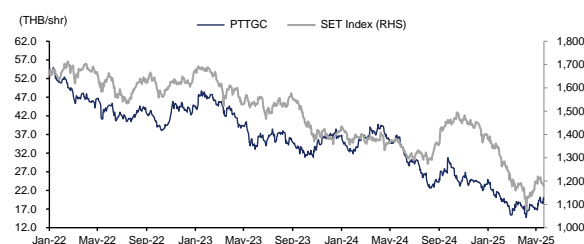
#### Financial forecast

| YE Dec (THB m)             | 2024      | 2025E   | 2026E   | 2027E   |
|----------------------------|-----------|---------|---------|---------|
| Revenue                    | 608,550   | 521,814 | 531,662 | 535,265 |
| Net profit                 | (29,810)  | 2,830   | 7,836   | 9,665   |
| Core net profit            | (3,153)   | 2,830   | 7,836   | 9,665   |
| vs Consensus (%)           |           | 4.7     | 14.5    | 3.4     |
| Net profit growth (%)      | (3,083.6) | 109.5   | 176.9   | 23.3    |
| Core net profit growth (%) | 8.5       | 189.8   | 176.9   | 23.3    |
| EPS (THB)                  | (6.61)    | 0.63    | 1.74    | 2.14    |
| Core EPS (THB)             | (0.70)    | 0.63    | 1.74    | 2.14    |
| Chg in core EPS (%)        |           | (83.72) | (58.46) | (51.56) |
| DPS (THB)                  | 1.00      | 0.19    | 0.52    | 0.64    |
| P/E (x)                    | (3.68)    | 31.86   | 11.51   | 9.33    |
| P/BV (x)                   | 0.44      | 0.36    | 0.35    | 0.34    |
| ROE (%)                    | (1.17)    | 1.12    | 3.06    | 3.68    |
| Dividend yield (%)         | 4.12      | 0.94    | 2.61    | 3.22    |

Source: Financial Statement and Globlex securities

#### Share Price Performance (%)

|                    | 1M    | 3M    | 6M      | YTD           |
|--------------------|-------|-------|---------|---------------|
| Stock              | 11.73 | 9.29  | (22.33) | (18.03)       |
| Market             | 7.46  | 15.44 | (5.17)  | (2.72)        |
| 12M High/Low (THB) |       |       |         | 38.00 / 14.20 |



#### Major Shareholders (%) as of 27 Feb 2024

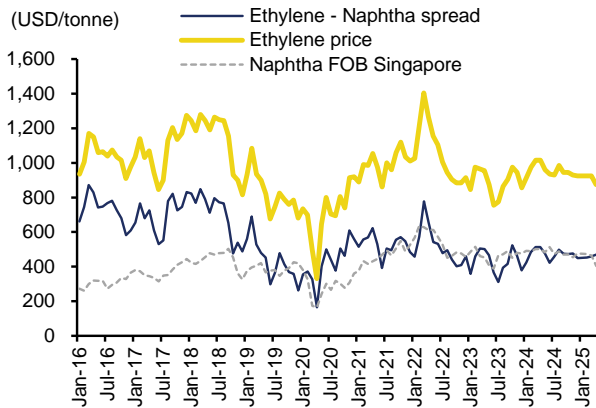
|                            |       |
|----------------------------|-------|
| PTT Public Company Limited | 45.18 |
|----------------------------|-------|

#### Company Profile

PTT Global Chemical Public Company Limited was founded on 19th October 2011 through the amalgamation of PTT Chemical Public Company Limited and PTT Aromatics and Refining Public Company Limited to be the chemical flagship of PTT Group

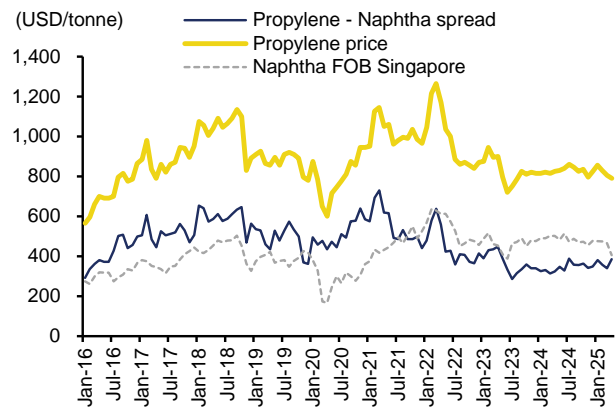
Source: SETSMART, SET

**Exhibit 1: Ethylene - Naphtha spread**



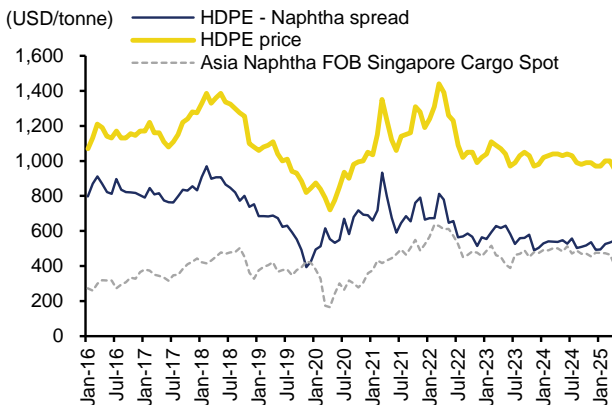
Sources: Bloomberg, Globlex Research

**Exhibit 2: Propylene - Naphtha spread**



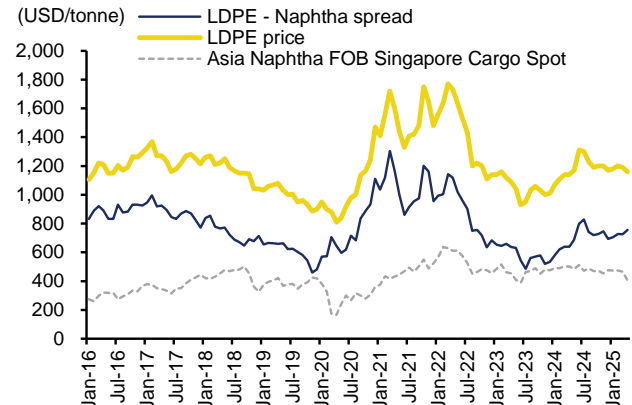
Sources: Bloomberg, Globlex Research

**Exhibit 3: HDPE - Naphtha spread**



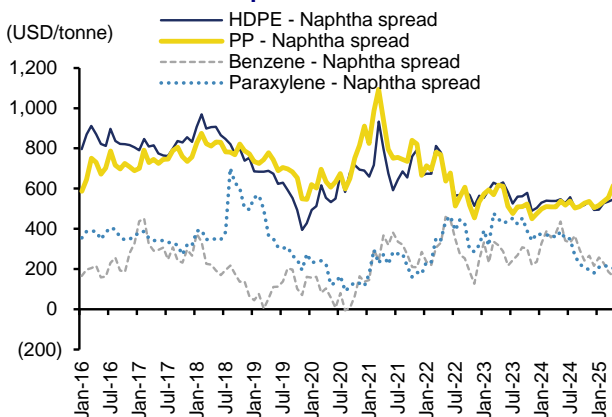
Sources: Bloomberg, Globlex Research

**Exhibit 4: LDPE - Naphtha spread**



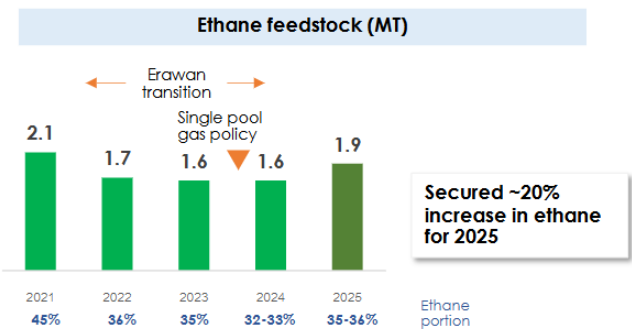
Sources: Bloomberg, Globlex Research

**Exhibit 5: Aromatics spread**



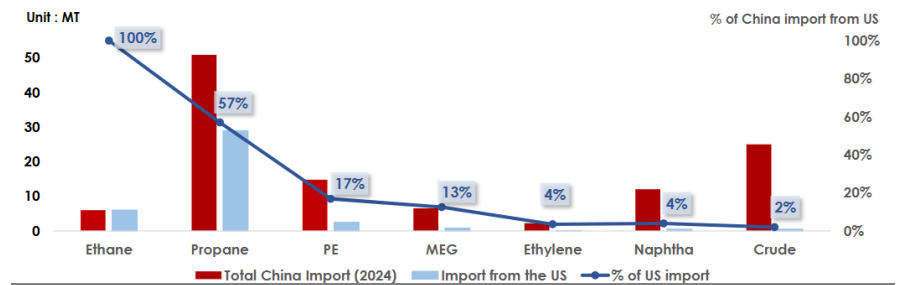
Sources: Bloomberg, Globlex Research

**Exhibit 6: PTTGC's Ethane feedstock**



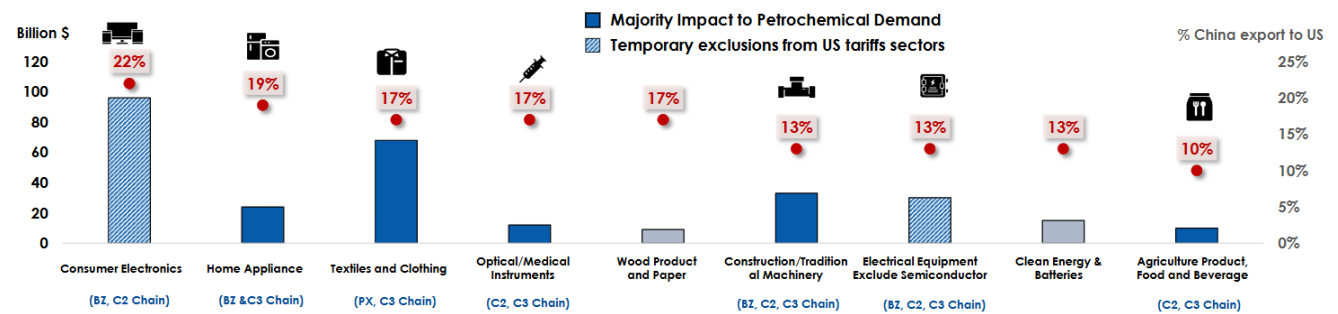
Sources: PTTGC

**Exhibit 7: China feedstock and chemical products import from US**



Sources: PTTGC

**Exhibit 8: China Finished products export to US**



Sources: PTTGC

**Exhibit 9: Key revisions**

|                               | Current |         |         | Previous |         |         | Change (%) |        |        |
|-------------------------------|---------|---------|---------|----------|---------|---------|------------|--------|--------|
|                               | 2025E   | 2026E   | 2027E   | 2025E    | 2026E   | 2027E   | 2025E      | 2026E  | 2027E  |
| Revenue                       | 521,814 | 531,662 | 535,265 | 540,738  | 546,767 | 549,427 | (3.5)      | (2.8)  | (2.6)  |
| Gross profit                  | 65,079  | 71,259  | 74,605  | 82,676   | 84,971  | 87,436  | (21.3)     | (16.1) | (14.7) |
| Operating profit              | 40,233  | 46,110  | 49,063  | 56,049   | 58,099  | 60,245  | (28.2)     | (20.6) | (18.6) |
| Core net profit               | 2,830   | 7,836   | 9,665   | 17,381   | 18,866  | 19,952  | (83.7)     | (58.5) | (51.6) |
| EPS (THB/shr)                 | 0.6     | 1.7     | 2.1     | 3.9      | 4.2     | 4.4     | (83.7)     | (58.5) | (51.6) |
| <b>Key assumptions</b>        |         |         |         |          |         |         |            |        |        |
| Dubai oil price (USD/bbl)     | 70.0    | 70.0    | 70.0    | 70.0     | 70.0    | 70.0    | -          | -      | -      |
| Olefin utilisation rate (%)   | 97.0    | 97.0    | 98.0    | 97.0     | 97.0    | 98.0    | -          | -      | -      |
| Refinery utilisation rate (%) | 90.0    | 90.0    | 90.0    | 90.0     | 90.0    | 90.0    | -          | -      | -      |
| HDPE-naphtha (USD/t)          | 296     | 305     | 325     | 316      | 375     | 425     | (6.3)      | (18.7) | (23.5) |
| HDPE price (USD/t)            | 980     | 980     | 1,000   | 1,000    | 1,050   | 1,100   | (2.0)      | (6.7)  | (9.1)  |
| LDPE-naphtha (USD/t)          | 316     | 325     | 425     | 416      | 425     | 425     | (24.0)     | (23.5) | -      |
| LDPE price (USD/t)            | 1,000   | 1,000   | 1,100   | 1,100    | 1,100   | 1,100   | (9.1)      | (9.1)  | -      |
| LLDPE-naphtha (USD/t)         | 316     | 325     | 425     | 366      | 375     | 475     | (13.7)     | (13.3) | (10.5) |
| LLDPE price (USD/t)           | 1,000   | 1,000   | 1,100   | 1,050    | 1,050   | 1,150   | (4.8)      | (4.8)  | (4.3)  |
| MEG-naphtha (USD/t)           | 296     | 305     | 325     | 296      | 325     | 325     | -          | (6.2)  | -      |
| MEG price (USD/t)             | 980     | 980     | 1,000   | 980      | 1,000   | 1,000   | -          | (2.0)  | -      |
| Market GRM (USD/bbl)          | 2.0     | 2.7     | 2.7     | 2.0      | 3.1     | 3.1     | -          | (11.3) | (11.3) |
| Gasoline-Dubai (USD/bbl)      | 16      | 17      | 17      | 16       | 17      | 17      | -          | -      | -      |
| Jet-Dubai (USD/bbl)           | 17      | 18      | 18      | 17       | 18      | 18      | -          | -      | -      |
| Diesel-Dubai (USD/bbl)        | 17      | 18      | 18      | 17       | 18      | 18      | -          | -      | -      |
| HSFO-Dubai (USD/bbl)          | 12      | 12      | 12      | 12       | 12      | 12      | -          | -      | -      |
| PX-naphtha (USD/bbl)          | 382     | 382     | 383     | 382      | 382     | 383     | -          | -      | -      |

Sources: PTTGC; Globlex Research

| Balance sheet (THB m)     |                |                |                |                |                |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Year ending Dec           | 2023           | 2024           | 2025E          | 2026E          | 2027E          |
| <b>Current assets</b>     |                |                |                |                |                |
| Cash & ST investment      | 37,319         | 32,745         | 22,956         | 58,940         | 97,120         |
| Account receivable        | 57,761         | 47,753         | 45,894         | 46,760         | 47,077         |
| Inventories               | 68,517         | 65,222         | 39,605         | 40,353         | 40,626         |
| Others                    | 97,312         | 91,938         | 101,205        | 100,195        | 99,332         |
| <b>Non-current assets</b> |                |                |                |                |                |
| Net fixed assets          | 282,282        | 263,584        | 251,988        | 239,267        | 225,424        |
| Others                    | 209,567        | 189,567        | 169,567        | 149,567        | 129,567        |
| <b>Total Assets</b>       | <b>752,759</b> | <b>690,810</b> | <b>631,215</b> | <b>635,082</b> | <b>639,146</b> |

|                              |                |                |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Current liabilities</b>   |                |                |                |                |                |
| Account payable              | 60,387         | 59,117         | 50,691         | 51,647         | 51,997         |
| ST borrowing                 | 6,729          | 6,729          | 6,729          | 6,729          | 6,729          |
| Others                       | 94,723         | 143,844        | 94,723         | 94,723         | 94,723         |
| <b>Long-term liabilities</b> |                |                |                |                |                |
| Long-term debts              | 169,160        | 169,160        | 169,160        | 169,160        | 169,160        |
| Others                       | 130,909        | 55,057         | 51,360         | 47,663         | 43,967         |
| <b>Total liabilities</b>     | <b>461,907</b> | <b>433,906</b> | <b>372,662</b> | <b>369,922</b> | <b>366,575</b> |
| Pai-up capital               | 45,088         | 45,088         | 45,088         | 45,088         | 45,088         |
| Retained earnings            | 198,430        | 164,112        | 165,390        | 171,626        | 178,666        |
| Others                       | 42,172         | 42,172         | 42,172         | 42,172         | 42,172         |
| Minority interest            | 5,161          | 5,532          | 5,903          | 6,274          | 6,645          |
| <b>Shareholders' equity</b>  | <b>290,851</b> | <b>256,904</b> | <b>258,553</b> | <b>265,161</b> | <b>272,571</b> |

| Key ratios                       |         |           |         |         |        |
|----------------------------------|---------|-----------|---------|---------|--------|
| Year ending Dec                  | 2023    | 2024      | 2025E   | 2026E   | 2027E  |
| <b>Growth (%YoY)</b>             |         |           |         |         |        |
| Sales                            | (9.1)   | (2.1)     | (14.3)  | 1.9     | 0.7    |
| Operating profit                 | (59.8)  | 73.8      | (17.4)  | 14.6    | 6.4    |
| EBITDA                           | (59.8)  | 73.8      | (17.4)  | 14.6    | 6.4    |
| Net profit                       | 111.4   | (3,083.6) | 109.5   | 176.9   | 23.3   |
| Core net profit                  | (118.2) | 8.5       | 189.8   | 176.9   | 23.3   |
| EPS                              | 111.4   | (3,083.6) | 109.5   | 176.9   | 23.3   |
| Core EPS                         | (118.2) | 8.5       | 189.8   | 176.9   | 23.3   |
| <b>Profitability (%)</b>         |         |           |         |         |        |
| Gross margin                     | 10.0    | 14.8      | 12.5    | 13.4    | 13.9   |
| Operation margin                 | 4.5     | 8.0       | 7.7     | 8.7     | 9.2    |
| EBITDA margin                    | 4.5     | 8.0       | 7.7     | 8.7     | 9.2    |
| Net margin                       | 0.2     | (4.9)     | 0.5     | 1.5     | 1.8    |
| ROE                              | (1.2)   | (1.2)     | 1.1     | 3.1     | 3.7    |
| ROA                              | (0.6)   | (0.6)     | 0.4     | 1.2     | 1.0    |
| <b>Stability</b>                 |         |           |         |         |        |
| Interest bearing debt/equity (x) | 0.6     | 0.7       | 0.7     | 0.7     | 0.6    |
| Net debt/equity (x)              | 0.5     | 0.6       | 0.6     | 0.4     | 0.3    |
| Interest coverage (x)            | (0.1)   | 1.5       | 1.9     | 2.9     | 3.3    |
| Interest & ST debt coverage (x)  | (0.1)   | 1.0       | 0.8     | 1.2     | 1.3    |
| Cash flow interest coverage (x)  | 0.1     | 0.0       | 0.2     | 0.2     | 0.2    |
| Current ratio (x)                | 1.6     | 1.1       | 1.4     | 1.6     | 1.9    |
| Quick ratio (x)                  | 0.6     | 0.4       | 0.5     | 0.7     | 0.9    |
| Net debt (THB m)                 | 138,570 | 143,143   | 152,932 | 116,948 | 78,768 |
| <b>Activity</b>                  |         |           |         |         |        |
| Asset turnover (X)               | 0.8     | 0.8       | 0.8     | 0.8     | 0.8    |
| Days receivables                 | 30.2    | 31.6      | 32.8    | 31.8    | 32.0   |
| Days inventory                   | 47.3    | 47.1      | 41.9    | 31.7    | 32.1   |
| Days payable                     | 41.4    | 42.1      | 43.9    | 40.6    | 41.1   |
| Cash cycle days                  | 36.2    | 36.7      | 30.8    | 22.9    | 23.0   |

| Profit & loss (THB m)        |                |                |               |               |               |
|------------------------------|----------------|----------------|---------------|---------------|---------------|
| Year ending Dec              | 2023           | 2024           | 2025E         | 2026E         | 2027E         |
| <b>Revenue</b>               |                |                |               |               |               |
| Cost of goods sold           | -559,577       | -518,587       | -456,736      | -460,403      | -460,659      |
| <b>Gross profit</b>          | <b>62,054</b>  | <b>89,963</b>  | <b>65,079</b> | <b>71,259</b> | <b>74,605</b> |
| Operating expenses           | -34,042        | -41,268        | -24,846       | -25,149       | -25,542       |
| <b>Operating profit</b>      | <b>28,012</b>  | <b>48,694</b>  | <b>40,233</b> | <b>46,110</b> | <b>49,063</b> |
| <b>EBIT</b>                  | <b>-1,226</b>  | <b>17,996</b>  | <b>8,636</b>  | <b>13,390</b> | <b>15,219</b> |
| Depreciation                 | -29,238        | -30,698        | -31,597       | -32,720       | -33,844       |
| <b>EBITDA</b>                | <b>28,012</b>  | <b>48,694</b>  | <b>40,233</b> | <b>46,110</b> | <b>49,063</b> |
| <b>Non-operating income</b>  |                |                |               |               |               |
| Other incomes                | 1,191          | 1,562          | 1,572         | 1,572         | 1,572         |
| Other non-op income          | 14,356         | -27,915        | 2,359         | 2,359         | 2,359         |
| <b>Non-operating expense</b> | <b>-11,718</b> | <b>-12,158</b> | <b>-4,655</b> | <b>-4,643</b> | <b>-4,632</b> |
| Interest expense             | -11,718        | -12,158        | -4,655        | -4,643        | -4,632        |
| Other non-op expense         |                |                |               |               |               |
| <b>Equity income/(loss)</b>  | <b>-387</b>    | <b>-10,667</b> | <b>-2,685</b> | <b>-2,010</b> | <b>-1,863</b> |
| <b>Pre-tax Profit</b>        | <b>2,217</b>   | <b>-31,181</b> | <b>5,226</b>  | <b>10,668</b> | <b>12,655</b> |
| Extraordinary items          |                |                |               |               |               |
| Current taxation             | -1,352         | 1,168          | -2,025        | -2,461        | -2,620        |
| Minorities                   | 134            | 204            | -371          | -371          | -371          |
| <b>Net Profit</b>            | <b>999</b>     | <b>-29,810</b> | <b>2,830</b>  | <b>7,836</b>  | <b>9,665</b>  |
| <b>Core net profit</b>       | <b>-3,446</b>  | <b>-3,153</b>  | <b>2,830</b>  | <b>7,836</b>  | <b>9,665</b>  |
| <b>EPS (THB)</b>             | <b>0.22</b>    | <b>-6.61</b>   | <b>0.63</b>   | <b>1.74</b>   | <b>2.14</b>   |
| <b>Core EPS (THB)</b>        | <b>-0.76</b>   | <b>-0.70</b>   | <b>0.63</b>   | <b>1.74</b>   | <b>2.14</b>   |

| Cash flow (THB m)           |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Year ending Dec             | 2023           | 2024           | 2025E          | 2026E          | 2027E          |
| <b>Operating cash flow</b>  |                |                |                |                |                |
| Net profit                  | 999            | -29,810        | 2,830          | 7,836          | 9,665          |
| Depre. & amortization       | 29,238         | 30,698         | 31,597         | 32,720         | 33,844         |
| Change in working capital   | 4,023          | 669            | 6,157          | -286           | 131            |
| Others                      | 7,025          | 7,025          | 16,199         | 15,524         | 15,377         |
| <b>Investment cash flow</b> | <b>-41,760</b> | <b>-13,760</b> | <b>-21,760</b> | <b>-21,760</b> | <b>-21,760</b> |
| Net CAPEX                   | -40,000        | -12,000        | -20,000        | -20,000        | -20,000        |
| Change in LT investment     | -760           | -760           | -760           | -760           | -760           |
| Change in other assets      | -1,000         | -1,000         | -1,000         | -1,000         | -1,000         |
| <b>Free cash flow</b>       | <b>-475</b>    | <b>-5,178</b>  | <b>35,023</b>  | <b>34,035</b>  | <b>37,256</b>  |
| <b>Financing cash flow</b>  | <b>11,854</b>  | <b>604</b>     | <b>-44,812</b> | <b>1,949</b>   | <b>924</b>     |
| Change in share capital     | 0              | 0              | 0              | 0              | 0              |
| Net change in debt          | 0              | 10,000         | 0              | 0              | 0              |
| Dividend paid               | -11,272        | -4,509         | -1,552         | -1,600         | -2,625         |
| Others                      | 23,126         | -4,887         | -43,260        | 3,549          | 3,549          |
| <b>Net cash flow</b>        | <b>11,379</b>  | <b>-4,574</b>  | <b>-9,789</b>  | <b>35,984</b>  | <b>38,180</b>  |
| <b>Per share (THB)</b>      |                |                |                |                |                |
| EPS                         | 0.22           | -6.61          | 0.63           | 1.74           | 2.14           |
| Core EPS                    | -0.76          | -0.70          | 0.63           | 1.74           | 2.14           |
| CFPS                        | 6.68           | 0.15           | 7.72           | 9.08           | 9.73           |
| BVPS                        | 63.36          | 55.75          | 56.03          | 57.42          | 58.98          |
| Sales/share                 | 137.87         | 134.97         | 115.73         | 117.92         | 118.71         |
| EBITDA/share                | 6.21           | 10.80          | 8.92           | 10.23          | 10.88          |
| DPS                         | 1.00           | 1.00           | 0.19           | 0.52           | 0.64           |
| <b>Valuation</b>            |                |                |                |                |                |
| P/E (x)                     | 173.7          | (3.7)          | 31.9           | 11.5           | 9.3            |
| P/BV (x)                    | 0.61           | 0.44           | 0.36           | 0.35           | 0.34           |
| Dividend yield (%)          | 2.60           | 4.12           | 0.94           | 2.61           | 3.22           |
| Dividend payout ratio (%)   | 451.28         | (15.13)        | 30.00          | 30.00          | 30.00          |

## GENERAL DISCLAIMER

### Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

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## RECOMMENDATION STRUCTURE

### Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

- BUY:** Expected return of 10% or more over the next 12 months.  
**HOLD:** Expected return between -10% and 10% over the next 12 months.  
**REDUCE:** Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.  
**Neutral:** The industry is expected to perform in line with the relevant primary market index over the next 12 months.  
**Underweight:** The industry is expected to underperform the relevant primary market index over the next 12 months.

### Country (Strategy) Recommendations

**Overweight:** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral:** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight:** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.