

Olefin turns from drags to drivers

- Improvements in olefin margin outlook led to earnings upgrades
- Raised margin assumptions for olefins post cuts in Korea's supply
- Maintain HOLD and lifted TP to THB29

A bid nod to South Korea's production cut

Thanks to the structural improvement in the olefin industry margin triggered by recent move by South Korea's country-wide production cut by 3.7mtpa, we now turned bullish on PTTGC as one of Thailand's top olefin producers with capacity over 2mtpa. We now project the olefin margins to increase substantially and sustain at higher-than-cost levels in 2H25-2026E, offsetting the impact of China's relentless influx of new supply that has begun in the past five years.

Olefin margins to rise meaningfully

Olefin margin, proxied by HDPE-naphtha and PP-naphtha spreads, have been in the depressed levels in the past few years, hovering below the estimated industry cash cost USD400/t. This resulted in operating losses for PTTGC's olefin unit, which marketed a number of downstream olefin products including 2.5mtpa polymers (HDPE, LDPE, LLDPE, PS) and 3mtpa intermediate products (EO, MEG, PHN, Acetone, BPA, PO, PTA).

Lifts in EPS forecasts on the surges in PE-naphtha margins

The aftermath of the cuts in olefin productions by producers in South Korean and China on industry rationalizations in response to the chronic industry margins hovering at depressed levels, should lead to the margin rebounds in olefin chain products. As a result, we revised up our assumptions for HDPE-naphtha by 39%-46%, LDPE-naphtha by 10%, and LLDPE-naphtha by 12%-32% in 2025-27, resulting in 82%-149% increases in our EPS forecasts in 2025-27.

Refinery and aromatics likely to stay weak

We retain our bearish views on the margins of aromatics and refinery businesses given the cuts in olefin productions (-3.7mtpa) will apply mostly on olefin product chains, not refinery and aromatics chain. Yet the earnings from these two businesses combined are less than 50% of PTTGC's total EBITDA in 1H25 at THB6.1b even when EBITDA from olefins contributed only THB3.1b in 1H25 due to the depressed margins of all products in the entire olefin value chain.

Maintained HOLD but lifted TP to THB29

We maintained HOLD but raised our TP from THB25, previously based on 2025E 6x EV/EBITDA, to THB29, now based on 2025E 6.5x EV/EBITDA, to reflect the visibly improving margins for olefin product value chain. While we turned more positive on PTTGC's net profit outlook, we preferred SCC as our top pick in Thai petrochemical sector on SCC's much improving earnings on the higher olefin margin outlook.

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

HOLD

Target Price 12M (THB)	29.00
VS. BB Consensus TP (%)	+26.5%
Share Price (THB)	27.75
Upside/Downside	+4.5%

Share Data

Market Cap (THB m)	125,121.56
Par (THB)	10.00
Free Float (%)	51.81
Issued shares (m shares)	4,509

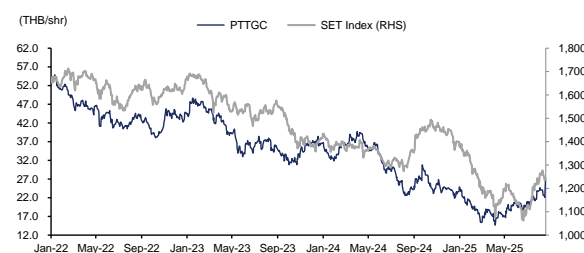
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	608,550	524,476	543,398	545,563
Net profit	(29,810)	4,749	16,273	17,074
Core net profit	(3,153)	4,749	16,273	17,074
vs Consensus (%)		267.5	211.6	110.8
Net profit growth (%)	(3,083.6)	115.9	242.7	4.9
Core net profit growth (%)	8.5	250.6	242.7	4.9
EPS (THB)	(6.61)	1.05	3.61	3.79
Core EPS (THB)	(0.70)	1.05	3.61	3.79
Chg from previous (%)		67.81	107.66	76.67
DPS (THB)	1.00	0.32	1.08	1.14
P/E (x)	(3.68)	26.35	7.69	7.33
P/BV (x)	0.44	0.49	0.47	0.45
ROE (%)	(1.17)	1.88	6.24	6.24
Dividend yield (%)	4.12	1.14	3.90	4.09

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	8.44	31.89	27.08	-
Market	4.83	25.66	26.83	12.18
12M High/Low (THB)				32.75 / 14.20



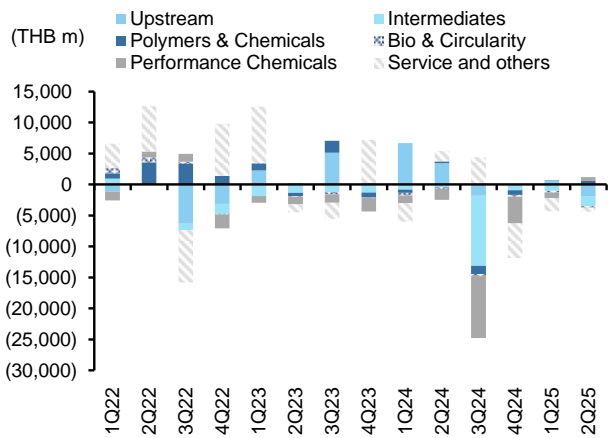
Major Shareholders (%) as of 4 Mar 2025

PTT Public Company Limited	45.18
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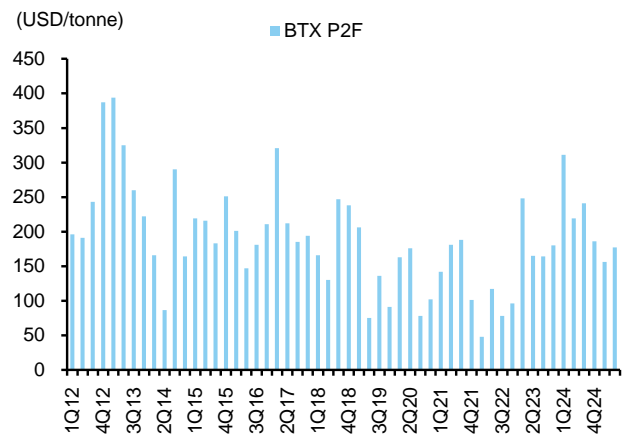
Company Profile

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.

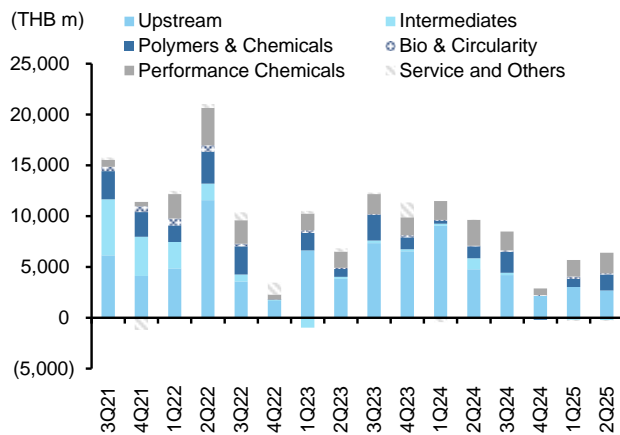
Source: SETSMART, SET

Exhibit 1: Net profit breakdown by business

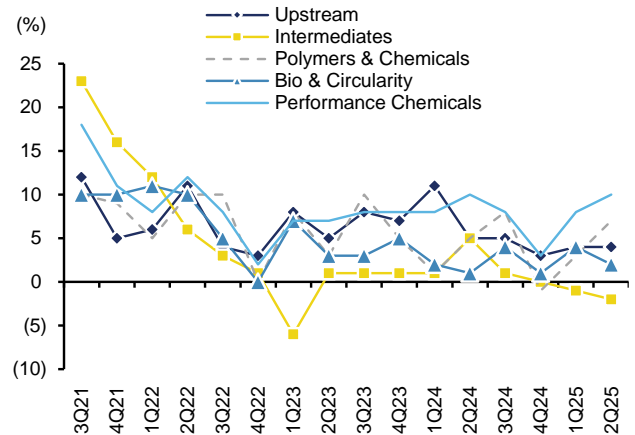
Sources: PTTGC, Globlex Research

Exhibit 2: BTX P2F

Sources: PTTGC, Globlex Research

Exhibit 3: Adjusted EBITDA by business

Sources: PTTGC, Globlex Research

Exhibit 4: Adjusted EBITDA margin by business

Sources: PTTGC, Globlex Research

Exhibit 5: South Korea's primary Products cut

	Production cuts (m tonne)	% of Korea total capacity (%)
Olefins		
Ethylene	1.50 - 2.00	15-20%
Propylene	0.80 - 1.00	12-15%
Butadiene	0.15 - 0.20	10-12%
Polyolefins		
High-density polyethylene (HDPE)	0.60 - 0.75	18-20%
Linear low-density polyethylene (LLDPE)	0.40 - 0.50	15-18%
Polypropylene (PP)	0.70 - 0.85	12-15%
Aromatics		
Benzene	0.30 - 0.40	10-12%
Paraxylene	0.50 - 0.65	15-18%
Styrene monomer	0.20 - 0.25	12-15%
Synthetic Rubbers		
Styrene-butadiene rubber (SBR)	0.10 - 0.15	15-18%
Butadiene rubber (BR)	0.08 - 0.10	10-12%
Base Chemicals		
Methanol	0.20 - 0.25	8-10%
Ethylene glycol	0.30 - 0.35	15-18%

Sources: [Discovery Alert](#)

Exhibit 6: Key changes in assumptions

(THB m)	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	524,476	543,398	545,563	521,814	531,662	535,265	0.5	2.2	1.9
Gross profit	67,484	81,838	83,895	65,079	71,259	74,605	3.7	14.8	12.5
Operating profit	42,319	55,281	57,117	40,233	46,110	49,063	5.2	19.9	16.4
Core net profit	4,749	16,273	17,074	2,830	7,836	9,665	67.8	107.7	76.7
EPS (THB/shr)	1.1	3.6	3.8	0.6	1.7	2.1	67.8	107.7	76.7
Key assumptions									
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)	366	405	475	296	305	325	23.6	32.8	46.2
HDPE price (USD/t)	1,050	1,080	1,150	980	980	1,000	7.1	10.2	15.0
LDPE-naphtha (USD/t)	366	405	425	316	325	425	15.8	24.6	-
LDPE price (USD/t)	1,050	1,080	1,100	1,000	1,000	1,100	5.0	8.0	-
LLDPE-naphtha (USD/t)	366	405	425	316	325	425	15.8	24.6	-
LLDPE price (USD/t)	1,050	1,080	1,100	1,000	1,000	1,100	5.0	8.0	-
MEG-naphtha (USD/t)	316	325	325	296	305	325	6.8	6.6	-
MEG price (USD/t)	1,000	1,000	1,000	980	980	1,000	2.0	2.0	-
Market GRM (USD/bbl)	2.0	2.7	2.7	2.0	2.7	2.7	-	-	-
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: Globlex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	37,319	32,745	24,410	66,672	109,980
Account receivable	57,761	47,753	46,128	47,792	47,982
Inventories	68,517	65,222	39,807	41,244	41,408
Others	97,312	91,938	101,205	100,195	99,332
Non-current assets					
Net fixed assets	282,282	263,584	251,988	239,267	225,424
Others	209,567	189,567	169,567	149,567	129,567
Total Assets	752,759	690,810	633,105	644,737	653,693

Current liabilities					
Account payable	60,387	59,117	50,949	52,788	52,998
ST borrowing	6,729	6,729	6,729	6,729	6,729
Others	94,723	143,844	94,723	94,723	94,723
Long-term liabilities					
Long-term debts	169,160	169,160	169,160	169,160	169,160
Others	130,909	55,057	51,360	47,663	43,967
Total liabilities	461,907	433,906	372,921	371,062	367,575
Pai-up capital	45,088	45,088	45,088	45,088	45,088
Retained earnings	198,430	164,112	167,021	180,141	192,213
Others	42,172	42,172	42,172	42,172	42,172
Minority interest	5,161	5,532	5,903	6,274	6,645
Shareholders' equity	290,851	256,904	260,184	273,675	286,118

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(9.1)	(2.1)	(13.8)	3.6	0.4
Operating profit	(59.8)	73.8	(13.1)	30.6	3.3
EBITDA	(59.8)	73.8	(13.1)	30.6	3.3
Net profit	111.4	(3,083.6)	115.9	242.7	4.9
Core net profit	(118.2)	8.5	250.6	242.7	4.9
EPS	111.4	(3,083.6)	115.9	242.7	4.9
Core EPS	(118.2)	8.5	250.6	242.7	4.9
Profitability (%)					
Gross margin	10.0	14.8	12.9	15.1	15.4
Operation margin	4.5	8.0	8.1	10.2	10.5
EBITDA margin	4.5	8.0	8.1	10.2	10.5
Net margin	0.2	(4.9)	0.9	3.0	3.1
ROE	(1.2)	(1.2)	1.9	6.2	6.2
ROA	(0.6)	(0.6)	0.7	2.6	2.2
Stability					
Interest bearing debt/equity (x)	0.6	0.7	0.7	0.6	0.6
Net debt/equity (x)	0.5	0.6	0.6	0.4	0.2
Interest coverage (x)	(0.1)	1.5	2.3	4.9	5.0
Interest & ST debt coverage (x)	(0.1)	1.0	0.9	2.0	2.0
Cash flow interest coverage (x)	0.1	0.0	0.2	0.2	0.2
Current ratio (x)	1.6	1.1	1.4	1.7	1.9
Quick ratio (x)	0.6	0.4	0.5	0.7	1.0
Net debt (THB m)	138,570	143,143	151,479	109,217	65,908
Activity					
Asset turnover (X)	0.8	0.8	0.8	0.9	0.8
Days receivables	30.2	31.6	32.7	31.5	32.0
Days inventory	47.3	47.1	41.9	32.0	32.7
Days payable	41.4	42.1	44.0	41.0	41.8
Cash cycle days	36.2	36.7	30.7	22.6	22.9

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	621,631	608,550	524,476	543,398	545,563
Cost of goods sold	(559,577)	(518,587)	(456,992)	(461,560)	(461,668)
Gross profit	62,054	89,963	67,484	81,838	83,895
Operating expenses	(34,042)	(41,268)	(25,165)	(26,557)	(26,778)
Operating profit	28,012	48,694	42,319	55,281	57,117
EBIT	(1,226)	17,996	10,722	22,560	23,273
Depreciation	(29,238)	(30,698)	(31,597)	(32,720)	(33,844)
EBITDA	28,012	48,694	42,319	55,281	57,117
Non-operating income					
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
Non-operating expense	(11,718)	(12,158)	(4,655)	(4,643)	(4,632)
Interest expense	(11,718)	(12,158)	(4,655)	(4,643)	(4,632)
Other non-op expense					
Equity income/(loss)	(387)	(10,667)	(2,685)	(2,010)	(1,863)
Pre-tax Profit	2,217	(31,181)	7,312	19,838	20,709
Extraordinary items					
Current taxation	(1,352)	1,168	(2,192)	(3,194)	(3,264)
Minorities	134	204	(371)	(371)	(371)
Net Profit	999	(29,810)	4,749	16,273	17,074
Core net profit	(3,446)	(3,153)	4,749	16,273	17,074
EPS (THB)	0.22	(6.61)	1.05	3.61	3.79
Core EPS (THB)	(0.76)	(0.70)	1.05	3.61	3.79

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	999	(29,810)	4,749	16,273	17,074
Depre. & amortization	29,238	30,698	31,597	32,720	33,844
Change in working capital	4,023	669	5,979	(891)	227
Others	7,025	7,025	16,199	15,524	15,377
Investment cash flow	(41,760)	(13,760)	(21,760)	(21,760)	(21,760)
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)
Free cash flow	(475)	(5,178)	36,764	41,866	44,761
Financing cash flow	11,854	604	(45,099)	396	(1,453)
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)	(1,840)	(3,153)	(5,002)
Others	23,126	(4,887)	(43,260)	3,549	3,549
Net cash flow	11,379	(4,574)	(8,335)	42,262	43,309
Per share (THB)					
EPS	0.22	(6.61)	1.05	3.61	3.79
Core EPS	(0.76)	(0.70)	1.05	3.61	3.79
CFPS	6.68	0.15	8.14	10.95	11.38
BVPS	63.36	55.75	56.40	59.31	61.98
Sales/share	137.87	134.97	116.32	120.52	121.00
EBITDA/share	6.21	10.80	9.39	12.26	12.67
DPS	1.00	1.00	0.32	1.08	1.14
Valuation					
P/E (x)	173.7	(3.7)	26.3	7.7	7.3
P/BV (x)	0.61	0.44	0.49	0.47	0.45
Dividend yield (%)	2.60	4.12	1.14	3.90	4.09
Dividend payout ratio (%)	451.28	(15.13)	30.00	30.00	30.00

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

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

- 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.