

PTT Global Chemical (PTTGC TB) - BUY, Price Bt62.5, TP Bt86.0**Results Comment**

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3Q21 results in line

- PTTGC reported 3Q21 net profit of Bt7.01bn (EPS Bt1.57/sh). Excluding non-operating items, we estimate normalized profit to be Bt8.33bn (norm EPS Bt1.87), -14% q-q and up over 10x y-y. The result was in line with our expectation. BUY.
- Refining:** Market GRM was \$3.20/bbl, increasing from 2.0 and 1.2 in 2Q21 and 3Q20, respectively. Unlike other refiners which were pressured by higher crude premium, PTTGC saw its GRM improve with higher crack spreads. However, utilization rate declined to 77% due to maintenance shutdown for 25 days.
- Aromatics:** Adjusted EBITDA more than doubled q-q to Bt4.06bn due to higher PX-condensate spread. Utilization rate remained high at 100%.
- Olefins:** Adjusted EBITDA fell 22% q-q to Bt6.63bn due to lower gas feedstock while gas separation plant underwent maintenance shutdown. This forced PTTGC to use more naphtha which offered lower margins. Utilization rate was 91% for olefin plant, reflecting lower availability of gas feedstock.
- Others:** Phenol remained strong with adjusted EBITDA of Bt5.4bn, +6% q-q and up more than 4x y-y as BPA spread improved. Equity income contracted 44% q-q likely due to weaker PP and PVC spread.
- Non-operating items:** Bt1.2bn inventory gain, Bt1.7bn hedging loss, Bt1.1m FX loss.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	77,148	88,362	102,676	112,627	113,189	Revenue	0	47	81	405,575	412,951
Gross profit	4,297	10,364	13,376	10,118	18,692	Gross profit	85	335	100	42,093	40,600
SG&A	3,528	4,512	3,955	4,417	4,998	SG&A	13	42	88	15,157	15,379
Operating profit	769	5,853	9,421	5,701	13,694	Operating profit	140	1,681	107	26,936	25,221
EBITDA	5,847	11,134	14,878	11,290	19,531	EBITDA	73	234	94	48,384	48,005
Other income	283	1,182	(323)	8,871	(3,857)	Other income	na	na	178	2,631	2,193
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	909	937	1,184	1,530	1,704	Interest expense	11	87	73	6,051	4,339
Profit before tax	143	6,097	7,914	13,042	8,133	Profit before tax	(38)	5,581	124	23,515	23,075
Income tax	235	546	721	5,591	727	Income tax	(87)	209	299	2,352	2,307
Equity & invest. income	884	1,072	1,893	2,324	1,154	Equity & invest. income	(50)	30	153	3,500	3,605
Minority interests	(74)	(316)	(132)	(141)	(233)	Minority interests	na	na	181	(280)	(275)
Extraordinary items	190	1,806	741	15,401	(1,321)	Extraordinary items	na	na	na	0	0
Net profit	908	8,113	9,695	25,035	7,005	Net profit	(72)	671	171	24,384	24,098
Normalized profit	719	6,308	8,954	9,634	8,327	Normalized profit	(14)	1,058	110	24,384	24,098
EPS (Bt)	0.20	1.80	2.15	5.55	1.55	EPS (Bt)	(72)	671	171	5.41	5.34
Normalized EPS (Bt)	0.16	1.40	1.99	2.14	1.85	Normalized EPS (Bt)	(14)	1,058	110	5.41	5.34

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	36,799	61,196	100,472	130,812	122,702	Sales grow th	(27.2)	3.0	9.5	61.0	46.7
A/C receivable	24,160	29,277	36,015	39,450	33,422	Operating profit grow th	(57.6)	na	na	494.4	1,681.4
Inventory	32,265	33,445	42,892	42,967	53,709	EBITDA grow th	(11.0)	504.5	626.3	88.9	234.0
Other current assets	5,726	5,993	8,865	9,757	11,321	Norm profit grow th	(70.6)	na	na	559.2	1,058.4
Investment	62,880	64,410	66,681	41,138	42,452	Norm EPS grow th	(70.6)	na	na	559.2	1,058.4
Fixed assets	268,601	269,177	268,957	267,489	265,883	Gross margin	5.6	11.7	13.0	9.0	16.5
Other assets	23,817	25,885	28,810	49,503	50,975	Operating margin	1.0	6.6	9.2	5.1	12.1
Total assets	454,249	489,383	552,692	581,115	580,464	EBITDA margin	7.6	12.6	14.5	10.0	17.3
S-T debt	24,183	22,036	23,231	24,339	39,325	Norm net margin	0.9	7.1	8.7	8.6	7.4
A/C payable	15,782	20,114	28,297	23,565	34,125	D/E (x)	0.5	0.5	0.7	0.6	0.6
Other current liabilities	13,815	16,892	17,383	25,372	27,592	Net D/E (x)	0.3	0.3	0.3	0.2	0.2
L-T debt	105,948	126,261	167,025	168,412	138,368	Interest coverage (x)	6.4	11.9	12.6	7.4	11.5
Other liabilities	12,426	15,086	16,993	19,214	19,615	Interest rate	2.8	2.7	2.8	3.2	3.7
Minority interest	7,643	7,979	8,280	8,079	8,178	Effective tax rate	164.1	8.9	9.1	42.9	8.9
Shareholders' equity	274,452	281,015	291,483	312,133	313,262	ROA	0.6	5.3	6.9	6.8	5.7
Working capital	40,644	42,608	50,610	58,851	53,006	ROE	1.0	9.1	12.5	12.8	10.7
Total debt	130,130	148,296	190,256	192,751	177,693						
Net debt	93,331	87,101	89,784	61,939	54,991						

Sources: Company data, Thanachart estimates

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