

**PTT Global Chemical (PTTGC TB) - BUY, Price Bt50.5, TP Bt52.0****Results Comment**

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**4Q22 – Weak as expected**

- PTTGC reported 4Q22 net loss of Bt968mn vs loss of Bt13.4bn in 3Q22. This is in-line with our and consensus expectation. We estimate core loss of Bt3.5bn vs profit of Bt984m in 3Q22 due to major refinery turnaround and continue weakness in chemical demand and prices.
- Major refinery turnaround.** Refinery EBITDA contracted 51% q-q due to planed refinery turnaround which cause utilization rate to drop to 56% from 100% in 3Q22. However, market GRM was steady at US\$9.7/bbl as lower gasoline spread was offset by higher diesel spread.
- Substantial drop in chemical contribution.** EBITDA for all chemical businesses are near breakeven or making a loss in 4Q22 amid weaker product spread and demand. Polymer sale up by 5% q-q but lower by 9% y-y. Meanwhile, intermediate sale volume dropped by 5% q-q and 15% y-y.
- Allnex hit by extra expense and weak demand.** Performance chemical sale volume drop by 10% q-q due to weak demand while EBITDA plummeted by 80% q-q to Bt465m. Allnex also book one-time cost of inventory uplift from final PPA amounting to Bt1,779m.
- Book non-recurring gain** in total of Bt662bn vs loss of Bt13.5bn in 3Q22. This is mainly consisted of Bt3.5bn stock loss, Bt356m hedging gain, Bt939m gain from acquisition of shares in AGC Vinithai Public Company Limited (AVT), and Bt848m gain from reclassification of Thai Tank Terminal company.
- Outlook.** We expect 1Q23F to improve q-q as refinery resume from turnaround. Maintain BUY.

| Income Statement         |               |               |               |                 |                | Income Statement         |             |             |            |                |               |
|--------------------------|---------------|---------------|---------------|-----------------|----------------|--------------------------|-------------|-------------|------------|----------------|---------------|
| (consolidated)           |               |               |               |                 |                | 12M as                   |             |             |            |                |               |
| Yr-end Dec (Bt m)        | 4Q21          | 1Q22          | 2Q22          | 3Q22            | 4Q22           | (Bt m)                   | q-q%        | y-y%        | % 2022F    | 2022A          | 2023F         |
| Revenue                  | 139,298       | 175,554       | 196,397       | 181,536         | 124,780        | Revenue                  | (31)        | (10)        | 90         | 678,267        | 633,371       |
| <b>Gross profit</b>      | <b>10,775</b> | <b>14,065</b> | <b>20,412</b> | <b>9,200</b>    | <b>2,742</b>   | <b>Gross profit</b>      | <b>(70)</b> | <b>(75)</b> | <b>86</b>  | <b>46,419</b>  | <b>48,118</b> |
| SG&A                     | 6,975         | 7,842         | 7,738         | 7,824           | 8,053          | SG&A                     | 3           | 15          | 99         | 31,457         | 26,726        |
| Operating profit         | 3,800         | 6,223         | 12,674        | 1,376           | (5,311)        | Operating profit         | na          | na          | 67         | 14,962         | 21,392        |
| <b>EBITDA</b>            | <b>9,708</b>  | <b>12,743</b> | <b>19,442</b> | <b>8,499</b>    | <b>924</b>     | <b>EBITDA</b>            | <b>(89)</b> | <b>(90)</b> | <b>89</b>  | <b>41,608</b>  | <b>47,219</b> |
| Other income             | 1,465         | 1,529         | 1,587         | 1,875           | 2,535          | Other income             | 35          | 73          | 124        | 7,526          | 6,087         |
| Other expense            | 0             | 0             | 0             | 0               | 0              | Other expense            |             |             | na         | 0              | 0             |
| Interest expense         | 1,400         | 2,014         | 2,277         | 2,474           | 2,405          | Interest expense         | (3)         | 72          | 89         | 9,170          | 10,354        |
| <b>Profit before tax</b> | <b>3,865</b>  | <b>5,738</b>  | <b>11,984</b> | <b>777</b>      | <b>(5,181)</b> | <b>Profit before tax</b> | <b>na</b>   | <b>na</b>   | <b>74</b>  | <b>13,318</b>  | <b>17,125</b> |
| Income tax               | 190           | 184           | (324)         | (101)           | (2,031)        | Income tax               | na          | na          | 722        | (2,272)        | 4,504         |
| Equity & invest. income  | 1,472         | 1,150         | 1,833         | 306             | (381)          | Equity & invest. income  | na          | na          | 78         | 2,908          | 5,583         |
| Minority interests       | (60)          | (470)         | (438)         | (200)           | (9)            | Minority interests       | na          | na          | 122        | (1,117)        | (773)         |
| Extraordinary items      | (1,839)       | (2,023)       | (12,315)      | (14,368)        | 2,572          | Extraordinary items      | na          | na          | 88         | (26,134)       | 893           |
| <b>Net profit</b>        | <b>3,248</b>  | <b>4,211</b>  | <b>1,388</b>  | <b>(13,384)</b> | <b>(968)</b>   | <b>Net profit</b>        | <b>na</b>   | <b>na</b>   | <b>103</b> | <b>(8,753)</b> | <b>18,323</b> |
| <b>Normalized profit</b> | <b>5,087</b>  | <b>6,234</b>  | <b>13,703</b> | <b>984</b>      | <b>(3,540)</b> | <b>Normalized profit</b> | <b>na</b>   | <b>na</b>   | <b>82</b>  | <b>17,381</b>  | <b>17,430</b> |
| EPS (Bt)                 | 0.72          | 0.93          | 0.31          | (2.97)          | (0.21)         | EPS (Bt)                 | na          | na          | 103        | (1.94)         | 4.06          |
| Normalized EPS (Bt)      | 1.13          | 1.38          | 3.04          | 0.22            | (0.79)         | Normalized EPS (Bt)      | na          | na          | 82         | 3.85           | 3.87          |

  

| Balance Sheet               |                |                |                |                |                | Financial Ratios         |        |        |       |        |        |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|--------|--------|-------|--------|--------|
| (consolidated)              |                |                |                |                |                | 12M as                   |        |        |       |        |        |
| Yr-end Dec (Bt m)           | 4Q21           | 1Q22           | 2Q22           | 3Q22           | 4Q22           | (%)                      | 4Q21   | 1Q22   | 2Q22  | 3Q22   | 4Q22   |
| Cash & ST investment        | 74,994         | 86,154         | 86,145         | 36,682         | 31,963         | Sales grow th            | 57.6   | 72.3   | 75.7  | 61.8   | (10.4) |
| A/C receivable              | 50,540         | 62,249         | 64,236         | 55,146         | 45,254         | Operating profit grow th | (35.1) | (19.1) | 33.0  | (84.0) | na     |
| Inventory                   | 71,553         | 76,534         | 86,257         | 88,252         | 76,619         | EBITDA grow th           | (12.8) | (3.5)  | 27.1  | (41.3) | (90.5) |
| Other current assets        | 12,004         | 13,739         | 15,798         | 18,734         | 18,173         | Norm profit grow th      | (19.4) | (28.9) | 137.0 | (88.6) | na     |
| Investment                  | 44,840         | 51,422         | 50,897         | 50,996         | 56,571         | Norm EPS grow th         | (19.4) | (28.9) | 137.0 | (88.6) | na     |
| Fixed assets                | 301,042        | 287,535        | 287,871        | 288,836        | 296,321        | Gross margin             | 7.7    | 8.0    | 10.4  | 5.1    | 2.2    |
| Other assets                | 192,506        | 203,704        | 201,452        | 203,818        | 195,064        | Operating margin         | 2.7    | 3.5    | 6.5   | 0.8    | (4.3)  |
| <b>Total assets</b>         | <b>747,481</b> | <b>781,338</b> | <b>792,656</b> | <b>742,464</b> | <b>719,965</b> | EBITDA margin            | 7.0    | 7.3    | 9.9   | 4.7    | 0.7    |
| S-T debt                    | 40,259         | 44,913         | 44,706         | 11,791         | 13,659         | Norm net margin          | 3.7    | 3.6    | 7.0   | 0.5    | (2.8)  |
| A/C payable                 | 70,111         | 81,057         | 77,317         | 78,125         | 57,613         | D/E (x)                  | 0.8    | 0.9    | 1.0   | 0.9    | 0.9    |
| Other current liabilities   | 36,634         | 39,275         | 43,534         | 34,069         | 32,704         | Net D/E (x)              | 0.6    | 0.6    | 0.7   | 0.8    | 0.8    |
| L-T debt                    | 224,760        | 238,128        | 259,988        | 265,579        | 263,890        | Interest coverage (x)    | 6.9    | 6.3    | 8.5   | 3.4    | 0.4    |
| Other liabilities           | 48,115         | 51,811         | 50,259         | 50,795         | 53,272         | Interest rate            | 2.5    | 2.9    | 3.1   | 3.4    | 3.5    |
| Minority interest           | 9,361          | 9,796          | 9,307          | 9,427          | 7,528          | Effective tax rate       | 4.9    | 3.2    | (2.7) | (13.0) | 39.2   |
| <b>Shareholders' equity</b> | <b>318,242</b> | <b>316,358</b> | <b>307,546</b> | <b>292,679</b> | <b>291,300</b> | ROA                      | 3.1    | 3.3    | 7.0   | 0.5    | (1.9)  |
| Working capital             | 51,983         | 57,726         | 73,176         | 65,273         | 64,259         | ROE                      | 6.4    | 7.9    | 17.6  | 1.3    | (4.8)  |
| Total debt                  | 265,019        | 283,041        | 304,694        | 277,370        | 277,549        |                          |        |        |       |        |        |
| <b>Net debt</b>             | <b>190,025</b> | <b>196,887</b> | <b>218,549</b> | <b>240,687</b> | <b>245,586</b> |                          |        |        |       |        |        |

Sources: Company data, Thanachart estimates

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