

**PTT Global Chemical (PTTGC TB) - SELL, Price Bt26.25, TP Bt23****Results Comment**

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**3Q24 – Hit by huge impairment**

- PTTGC reported 3Q24 loss of Bt19bn vs profit of Bt1.8bn in 2Q24. The results are in-line with our and market expectation. Operating EBITDA dropped 13% q-q to Bt8.3bn due to weaker Allnex contribution.
- Refinery.** Refinery adjusted EBITDA up by 4% q-q to Bt1.45bn in 3Q24. Despite lower diesel spread, it was offset by higher LSFO spread. Consequently, market GRM came in at 3.5/bbl vs US\$3.2/bbl in 2Q24. The company booked stock loss of Bt3.9bn vs a gain of Bt154m in 2Q24.
- Aromatics adjusted EBITDA** up by 19% q-q to Bt1.7bn driven by higher by-product spread which was more than offset with lower Px and Bz spread. Utilization rate improved to 90% from 89% in 2Q24.
- Polymer.** Polymers and olefin business's adjusted EBITDA was flat q-q at Bt3bn. However, polymer sales volume drops by 3% due to shutdown of the LDPE plant.
- Performance Chemicals** Business's adjusted EBITDA decrease 28% q-q to Bt1.8bn mainly due to the drop in sales volume of Allnex by 5% from the previous quarter due to seasonality.
- One-off.** The company booked non-recurring loss of Bt18bn in 3Q24 vs gain of Bt3.9bn vs loss of Bt1bn in 2Q24. This include Bt3m stock loss, Bt280m hedging gain, and Bt17bn impairment from PTTAC and Vencorex.
- Outlook.** We expect core profit to remain weak with limited improvement in product spreads. Maintain SELL on PTTGC.

| Income Statement         |               |                |              |                |                 | Income Statement         |             |             |           |                 |               |
|--------------------------|---------------|----------------|--------------|----------------|-----------------|--------------------------|-------------|-------------|-----------|-----------------|---------------|
| (consolidated)           |               |                |              |                |                 | 9M as                    |             |             |           |                 |               |
| Yr-end Dec (Bt m)        | 3Q23          | 4Q23           | 1Q24         | 2Q24           | 3Q24            | (Bt m)                   | q-q%        | y-y%        | % 2024F   | 2024F           | 2025F         |
| Revenue                  | 160,392       | 162,264        | 155,187      | 167,054        | 149,431         | Revenue                  | (11)        | (7)         | 75        | 629,194         | 620,183       |
| <b>Gross profit</b>      | <b>9,521</b>  | <b>7,027</b>   | <b>9,244</b> | <b>7,200</b>   | <b>6,500</b>    | <b>Gross profit</b>      | <b>(10)</b> | <b>(32)</b> | <b>83</b> | <b>27,770</b>   | <b>35,045</b> |
| SG&A                     | 6,372         | 7,234          | 6,965        | 7,357          | 7,203           | SG&A                     | (2)         | 13          | 79        | 27,370          | 26,978        |
| Operating profit         | 3,149         | (207)          | 2,279        | (157)          | (703)           | Operating profit         | na          | na          | 355       | 400             | 8,067         |
| <b>EBITDA</b>            | <b>10,374</b> | <b>6,326</b>   | <b>9,559</b> | <b>7,989</b>   | <b>6,895</b>    | <b>EBITDA</b>            | <b>(14)</b> | <b>(34)</b> | <b>85</b> | <b>28,804</b>   | <b>34,037</b> |
| Other income             | 2,434         | 2,402          | 1,404        | 1,880          | 1,492           | Other income             | (21)        | (39)        | 73        | 6,500           | 6,500         |
| Other expense            | 0             | 0              | 0            | 0              | 0               | Other expense            |             |             |           |                 |               |
| Interest expense         | 2,714         | 2,683          | 2,554        | 2,815          | 2,814           | Interest expense         | (0)         | 4           | 82        | 10,035          | 9,671         |
| <b>Profit before tax</b> | <b>2,869</b>  | <b>(488)</b>   | <b>1,129</b> | <b>(1,092)</b> | <b>(2,025)</b>  | <b>Profit before tax</b> | <b>na</b>   | <b>na</b>   | <b>na</b> | <b>(3,135)</b>  | <b>4,896</b>  |
| Income tax               | 467           | 1,199          | 291          | 903            | (1,000)         | Income tax               | na          | na          | 27        | 723             | 880           |
| Equity & invest. income  | (179)         | (489)          | (323)        | (135)          | (279)           | Equity & invest. income  | na          | na          | na        | 0               | 800           |
| Minority interests       | 30            | 65             | (10)         | 8              | 194             | Minority interests       | 2,325       | 547         | 140       | 137             | 135           |
| Extraordinary items      | (826)         | 7,192          | (1,111)      | 3,968          | (18,202)        | Extraordinary items      | na          | na          | na        | (16,480)        | (497)         |
| <b>Net profit</b>        | <b>1,427</b>  | <b>5,081</b>   | <b>(606)</b> | <b>1,846</b>   | <b>(19,312)</b> | <b>Net profit</b>        | <b>na</b>   | <b>na</b>   | <b>na</b> | <b>(20,202)</b> | <b>4,454</b>  |
| <b>Normalized profit</b> | <b>2,253</b>  | <b>(2,111)</b> | <b>505</b>   | <b>(2,122)</b> | <b>(1,110)</b>  | <b>Normalized profit</b> | <b>na</b>   | <b>na</b>   | <b>na</b> | <b>(3,722)</b>  | <b>4,951</b>  |
| EPS (Bt)                 | 0.32          | 1.13           | (0.13)       | 0.41           | (4.28)          | EPS (Bt)                 | na          | na          | na        | (4.48)          | 0.99          |
| Normalized EPS (Bt)      | 0.50          | (0.47)         | 0.11         | (0.47)         | (0.25)          | Normalized EPS (Bt)      | na          | na          | na        | (0.83)          | 1.10          |

  

| Balance Sheet               |                |                |                |                |                | Financial Ratios        |        |         |      |        |        |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------|--------|---------|------|--------|--------|
| (consolidated)              |                |                |                |                |                | (%)                     |        |         |      |        |        |
| Yr-end Dec (Bt m)           | 3Q23           | 4Q23           | 1Q24           | 2Q24           | 3Q24           |                         | 3Q23   | 4Q23    | 1Q24 | 2Q24   | 3Q24   |
| Cash & ST investment        | 40,704         | 37,319         | 39,799         | 27,503         | 24,704         | Sales growth            | (11.6) | 30.0    | 5.4  | 13.9   | (6.8)  |
| A/C receivable              | 59,699         | 57,761         | 56,495         | 61,002         | 47,498         | Operating profit growth | 128.9  | na      | 91.8 | na     | na     |
| Inventory                   | 76,679         | 68,517         | 74,562         | 78,947         | 73,826         | EBITDA growth           | 22.1   | 584.6   | 17.3 | 58.1   | (33.5) |
| Other current assets        | 18,622         | 23,277         | 37,075         | 18,300         | 16,552         | Norm profit growth      | 129.0  | na      | na   | na     | na     |
| Investment                  | 53,007         | 57,995         | 57,579         | 55,597         | 46,007         | Norm EPS growth         | 129.0  | na      | na   | na     | na     |
| Fixed assets                | 290,773        | 285,860        | 285,939        | 282,655        | 268,911        | Gross margin            | 5.9    | 4.3     | 6.0  | 4.3    | 4.3    |
| Other assets                | 193,421        | 188,277        | 193,598        | 189,284        | 180,630        | Operating margin        | 2.0    | (0.1)   | 1.5  | (0.1)  | (0.5)  |
| <b>Total assets</b>         | <b>732,906</b> | <b>719,005</b> | <b>745,048</b> | <b>713,287</b> | <b>658,128</b> | EBITDA margin           | 6.5    | 3.9     | 6.2  | 4.8    | 4.6    |
| S-T debt                    | 20,876         | 21,118         | 21,989         | 46,199         | 37,067         | Norm net margin         | 1.4    | (1.3)   | 0.3  | (1.3)  | (0.7)  |
| A/C payable                 | 77,172         | 71,163         | 75,616         | 76,253         | 61,366         | D/E (x)                 | 1.0    | 0.9     | 0.9  | 0.9    | 0.4    |
| Other current liabilities   | 30,388         | 33,560         | 41,097         | 33,231         | 30,700         | Net D/E (x)             | 0.8    | 0.8     | 0.8  | 0.8    | 0.4    |
| L-T debt                    | 258,428        | 243,934        | 251,168        | 206,639        | 82,612         | Interest coverage (x)   | 3.8    | 2.4     | 3.7  | 2.8    | 2.5    |
| Other liabilities           | 52,966         | 53,048         | 53,925         | 53,696         | 179,080        | Interest rate           | 4.0    | 3.9     | 3.8  | 4.3    | 6.0    |
| Minority interest           | 7,344          | 7,287          | 7,232          | 7,223          | 7,025          | Effective tax rate      | 16.3   | (245.7) | 25.8 | (82.7) | 49.4   |
| <b>Shareholders' equity</b> | <b>285,731</b> | <b>288,895</b> | <b>294,020</b> | <b>290,046</b> | <b>260,277</b> | ROA                     | 1.2    | (1.2)   | 0.3  | (1.2)  | (0.6)  |
| Working capital             | 59,206         | 55,115         | 55,440         | 63,696         | 59,958         | ROE                     | 3.2    | (2.9)   | 0.7  | (2.9)  | (1.6)  |
| Total debt                  | 279,304        | 265,052        | 273,158        | 252,838        | 119,680        |                         |        |         |      |        |        |
| <b>Net debt</b>             | <b>238,600</b> | <b>227,734</b> | <b>233,359</b> | <b>225,335</b> | <b>94,976</b>  |                         |        |         |      |        |        |

Sources: Company data, Thanachart estimates

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