

12 JULY 2021

THAILAND / PETROCHEM & CHEMICALS

PTT GLOBAL CHEMICAL

PTTGC TB

BUY
UNCHANGED

TARGET PRICE	THB86.00
CLOSE	THB58.50
UP/DOWNSIDE	+47.0%
PRIOR TP	THB86.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+12.1%

สรุปก่อนโต

ซื้อธุรกิจเคมีพิเศษปลายน้ำ

เมื่อวันที่ 12 ก.ค. 2021 PTTGC ประกาศซื้อหุ้นทั้งหมดใน Allnex ผู้ผลิตเคมีเคลือบชนิดพิเศษ และสารเพิ่มสมรรถนะสำหรับโรงงานอุตสาหกรรมและอุตสาหกรรมก่อสร้างสัญชาติเยอรมันในราคา €3.576 พันล้าน โดยบริษัท จะทำ 2 รายการประกอบด้วย: 1) €3.576 พันล้านสำหรับหุ้น 100% ใน Allnex Holding GmbH (132.6 พัน ลบ.) และสินเชื่อกจากผู้ถือหุ้นรวมมูลค่า €426.3 ล้าน (15.8 พัน ลบ.) ซึ่ง PTTGC จะได้รับคืนในภายหลัง; และ 2) €1,744 (64,674 บาท) สำหรับหุ้นบริษัที่มีอัตราดอกเบี้ย 6% ใน Allnex Holding Germany II GmbH บริษัท คาดว่ารายการดังกล่าวจะสำเร็จเสร็จสิ้นในเดือน ธ.ค. 2021 ในเวลาเดียวกัน PTTGC ประกาศทำสัญญาเงินกู้ระยะยาว 2 ปีจำนวน 73.9 พัน ลบ. กับ PTT ที่อัตราดอกเบี้ย 2.5% ต่อปี (ดอกเบี้ย 3.7 พัน ลบ. ต่อปี) เพื่อใช้เป็นเงินทุนสนับสนุนการซื้อ Allnex

การซื้อขนาดใหญ่ นอกแผน

การซื้อดังกล่าวสร้างความประหลาดใจให้แก่เราและตลาดเมื่อพิจารณาถึงขนาดการซื้อที่สูงกว่า 132.6 พัน ลบ. (€3.576 พันล้าน) เรามองว่าการซื้อดังกล่าวเป็นยุทธศาสตร์ระยะยาวเพื่อเสริมสร้างความสามารถในด้านผลิตภัณฑ์พิเศษด้วยเงินทุนที่มีเพียงพอสำหรับการซื้อ 2 รายการประกอบด้วย Allnex และ VNT ซึ่งมุ่งเน้นในด้านผลิตภัณฑ์เคลือบสำหรับโรงงานอุตสาหกรรม อุตสาหกรรมรถยนต์และก่อสร้าง รวมถึง PVC อย่างไรก็ตาม การซื้อ Allnex และค่าเสนอซื้อที่กำลังดำเนินการอยู่สำหรับ VNT มูลค่า 7.5 พัน ลบ. อาจทำให้สัดส่วนหนี้สินต่อทุนของ PTTGC เพิ่มขึ้นเป็น 0.8x ภายในสิ้นปี 2021 เมื่อพิจารณาจากทุนของ PTTGC ที่ 289 พัน ลบ., เงินสดที่ 44 พัน ลบ., และหนี้สินที่ 130 พัน ลบ. ณ สิ้นปี 2020

ระดับการประเมินมูลค่าของการซื้อสมเหตุสมผลหรือไม่? (EV/EBITDA เทียบกับ P/E)

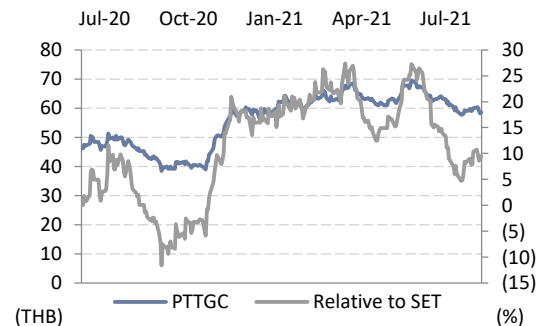
จากประมาณการของเรา ระดับการประเมินมูลค่าสำหรับการซื้อ Allnex ดูสูงไปเล็กน้อยที่ 11.3x ของค่า 2020 EV/EBITDA กับ 49.7x ของค่า 2020 P/E และ 10.9x ของค่า LTM 2021E EV/EBITDA (2Q20-1Q21) กับ 40.7x ของค่า LTM 2021E P/E เราเห็นว่าการประเมินมูลค่าโดยเทียบกับ EV/EBITDA อยู่ในระดับสมเหตุสมผลโดยอยู่ระหว่าง 10-12x ของระดับการประเมินมูลค่าของบริษัทเคมีพิเศษ แต่ค่อนข้างสูงเมื่อคิดจากช่วง Forward P/E ที่ 40-50x ค่า PE ที่สูงดังกล่าวสะท้อนค่าเสื่อมที่อยู่ในระดับสูงของ Allnex ซึ่งทำให้ EBITDA (€327.9m) สูงกว่ากำไรสุทธิ (€87.9m) ถึง 4x แม้ว่าเราจะคิดจากผลประกอบการที่ดีที่สุดใน 4 ไตรมาสสุดท้าย (2Q20-1Q21) เทียบกับระดับปกติที่ 2-3x ของบริษัทปิโตรเคมีส่วนมาก

เป็นลระยะสั้นจากประโยชน์ที่ไม่ชัดเจนและราคาซื้อที่คิดเป็นค่า P/E ในระดับสูง

เราคงราคาเป้าหมายที่ 86 บาท ราคาดังกล่าวคิดเป็น 12.1x ของค่า 2021E EV/EBITDA ซึ่งสูงกว่าค่าเฉลี่ย 8 ปีย้อนหลังที่ 7.9x เราเห็นว่าการซื้อ Allnex จะต้องคิดจากค่า P/E โดยพิจารณาจากประโยชน์ที่ PTTGC น่าจะได้ในอนาคต

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	329,291	364,179	373,457	373,582
Net profit	200	19,390	25,041	25,380
EPS (THB)	0.04	4.30	5.55	5.63
vs Consensus (%)	-	(29.6)	7.1	5.8
EBITDA	19,813	42,790	50,361	51,340
Core net profit	(969)	19,390	25,041	25,380
Core EPS (THB)	(0.22)	4.30	5.55	5.63
Chg. In EPS est. (%)	nm	-	-	-
EPS growth (%)	nm	nm	29.1	1.4
Core P/E (x)	(272.1)	13.6	10.5	10.4
Dividend yield (%)	7.3	6.9	12.1	13.1
EV/EBITDA (x)	18.2	9.2	8.0	8.0
Price/book (x)	0.9	0.9	1.0	1.0
Net debt/Equity (%)	30.8	44.0	47.7	52.2
ROE (%)	(0.3)	6.9	9.0	9.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.0)	(5.6)	22.5
Relative to country (%)	(1.5)	(4.8)	7.8
Mkt cap (USD m)	8,056		
3m avg. daily turnover (USD m)	40.9		
Free float (%)	51		
Major shareholder	PTT Plc. (48%)		
12m high/low (THB)	70.00/37.25		
Issued shares (m)	4,508.85		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 12 กรกฎาคม 2021

Investment thesis

After suffering an earnings slowdown from its weak refinery and PE margin, we expect PTTGC to post strong earnings starting in 1Q21 into 4Q21, backed by rising product margins and volume growth, mainly from the start-up of its 0.75mtpa Olefins Reconfiguration Project (ORP) in Mar-21. The COD of its PO and polyol plants in 2H20 should further add net profits of THB1b-2b annually to PTTGC after their operational start-ups in 2020.

PTTGC is attractive as a winner of the strong projected GRM, PP, PE, PVC, MEG, and benzene margin recoveries, thanks to its cost competitiveness and timely capacity growth. While a rising oil price would negatively impact PTTGC's olefins earnings, we think the impact would be more muted than for its naphtha-based peers, as we estimate that PTTGC's gas feedstock cost advantage accounts for two-thirds of its EBITDA.

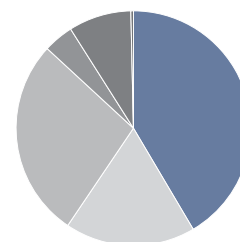
Company profile

PTTGC was a merger between two previously listed petrochemical companies - PTTCH and PTTAR. PTTGC was listed on 21 October 2011. PTTCH and PTTAR shares were delisted on 11 October 2011 and their shareholders became shareholders of PTTGC based on an agreed swap ratio.

www.pttgcgroup.com

Principal activities (revenue, 2020)

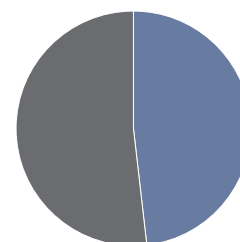
- Refinery and shared facilities - 41.5 %
- Aromatics - 18.0 %
- Olefins and derivatives - 27.4 %
- Green Chemicals - 4.1 %
- Performance materials and chemical - 8.6 %



Source: PTT Global Chemical

Major shareholders

- PTT Plc. - 48.2 %
- Others - 51.8 %



Source: PTT Global Chemical

Catalysts

Potential key drivers are a rising HDPE price, a higher market gross refining margin (GRM) and the continued strong margins of AN, PP and PVC.

Risks to our call

The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin

Event calendar

Date	Event
Aug 2021	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Olefins utilisation rate (%)	94.0	95.0	95.0
Refinery utilisation rate (%)	93.0	95.0	95.0
HDPE-naphtha (USD/t)	600	700	750
HDPE price (USD/t)	1,100	1,200	1,250
LDPE-naphtha (USD/t)	700	800	850
LDPE price (USD/t)	1,200	1,300	1,350
LLDPE-naphtha (USD/t)	650	750	800
LLDPE price (USD/t)	1,150	1,250	1,300
MEG-naphtha (USD/t)	350	400	400
MEG price (USD/t)	850	900	900
Market GRM (USD/bbl)	6.0	6.8	7.3
Dubai crude oil price (USD/bbl)	50.0	50.0	50.0
Gasoline-Dubai (USD/bbl)	12	13	13

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in average Dubai oil price, we project 2021 earnings to rise by 1.2%, and vice versa.
- For every 1% increase in market GRM, we estimate 2021 earnings will rise by 0.5%, and vice versa.
- For every 1% increase in HDPE price, we estimate 2021 earnings will rise by 1.8%, and vice versa.

Source: FSSIA estimates

Acquisition of a specialty chemical coating producer in Europe

On 12 July 2021, PTTGC announced the €3.576b acquisition of a 100% stake in Allnex, a German producer of specialty chemical coating resins and additives for the industrial and construction industries via two transactions:

1) €3.576b for a 100% stake in Allnex Holding GmbH (THB132.6b) and a shareholder loan worth €426.3m (THB15.8b) that PTTGC will recoup later, according to management.

2) €1,744 (THB64,674) for 6% preferred shares in Allnex Holding Germany II GmbH. The transactions are expected to be completed in Dec 2021.

Simultaneously, PTTGC announced a 2-year THB73.9b loan agreement with PTT (PTT TB, BUY, TP THB60) with an interest rate of 2.5% p.a. (THB3.7b annual interest expense) to help fund the acquisition of Allnex.

Long term should be strategically positive. This is surprising to us and the market given the acquisition size of over THB132.6b (€3.576b). In the long term, we see the acquisition as a strategically positive move for PTTGC to strengthen the company's downstream specialty production capability with sufficient funding for two acquisitions, Allnex and Vinythai (VNT, NR), focusing on coatings for industrial, automobile, and construction (for Allnex) applications, and PVC (for VNT).

But short term, it could be an EPS-dilutive acquisition. However, in the short term, we think the acquisition of Allnex and the ongoing tender offer for VNT worth THB7.5b could bring PTTGC's D/E up to 0.8x by end-2021, given PTTGC's THB289b equity, THB44b cash, and THB130b debt at end-2020.

Including the additional interest expense of over THB3b-4b annually, and the amortisation expense related to the acquisition premium, we believe it is likely that PTTGC's EPS could be slightly accretive or even dilutive, as the estimated net profit contribution from Allnex would be THB3.3b (€87.9m) vs the expected higher interest expense of THB3b-4b based on a 2.5-3.0% interest rate on the THB132.6b debt raised to fully fund the acquisition of Allnex.

Exhibit 1: PTTGC's financial and operational performance

	2019	2020	1Q21	Unit
EBITDA	25,972	19,813	16,404	THB m
Adjusted EBITDA*	28,900	28,579	14,108	THB m
Net profit	11,682	200	9,695	THB m
Cash	25,560	44,313	49,049	THB m
Debt	107,047	128,254	170,213	THB m
Equity	293,595	288,994	299,764	THB m
Net debt	81,487	83,941	121,164	THB m
Debt to Equity	0.36	0.44	0.57	X
Net debt to Equity	0.28	0.29	0.40	X
Net debt to EBITDA	2.93	4.14	7.39	X
Adjusted EBITDA margin breakdown by business				
EBITDA Margin	7	6	16	%
Adjusted EBITDA Margin	7	9	14	%
- Refinery and Shared Facilities	2	2	2	%
- Aromatics	3	11	7	%
- Olefins and Derivatives	15	16	26	%
- Green Chemicals	5	7	7	%
- Performance Materials and Chemicals	10	18	28	%

*Adjusted EBITDA refers to EBITDA excluding stock gain/(loss), NRV and extra items
Source: PTTGC

Based on our estimates, the valuation for Allnex's acquisition looks a bit high at 11.3x 2020 EV/EBITDA, 49.7x 2020 P/E and 10.9x LTM 2021E EV/EBITDA (2Q20-1Q21), 40.7x LTM 2021E P/E. We think the EV/EBITDA valuations are reasonable within the 10-12x range of specialty chemical companies' valuations but are on the high side for the forward P/E valuation range of 40-50x.

This reflects the high depreciation expense for Allnex that resulted in EBITDA (€327.9m) that is 4x larger than its net profit (€87.9m), even based on the best performance of the last four quarters (2Q20-1Q21) vs the normal 2-3x EBITDA-to-net profit ratio for most petrochemical companies.

Exhibit 2: Allnex's financial performance and implied valuations for PTTGC's acquisition

	Acquisition cost	Revenue	EBITDA	Net profit	EBITDA margin	Net margin	EV/EBITDA	P/E
	(€ m)	(€ m)	(€ m)	(€ m)	(%)	(%)	(x)	(x)
2019	3,575.9	2,035.0	270.3	39.1	13.3	1.92	13.2	91.5
2020	3,575.9	1,831.2	315.9	71.9	17.3	3.93	11.3	49.7
LTM (2Q20-1Q21)	3,575.9	1,897.1	327.9	87.9	17.3	4.63	10.9	40.7

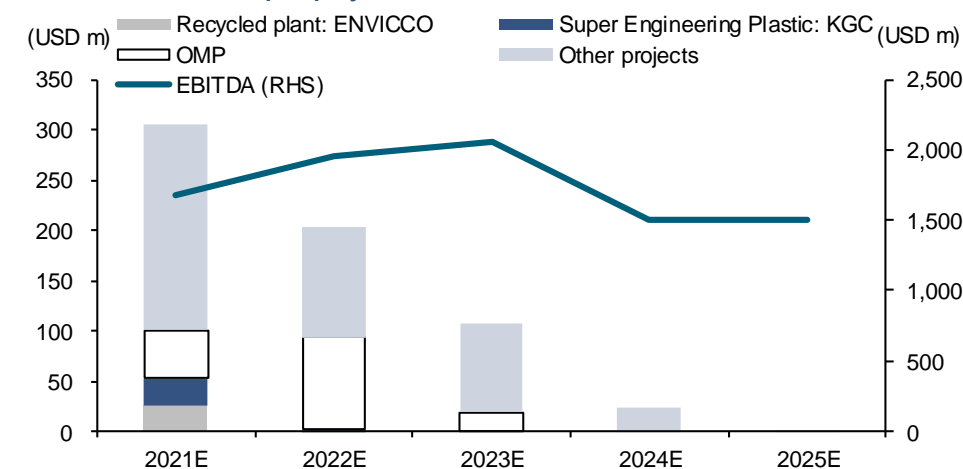
Sources: PTTGC; FSSIA estimates

Allnex acquisition fits with PTTGC's strategic growth roadmap

According to management, PTTGC is seeking a new trajectory to further strengthen its growth, not only in terms of capacity but also to enhance the value of its portfolio.

Two goals have been clearly set by management. First, PTTGC plans to increase its high value products (HVP) – defined as products with a 20-25% gross margin vs a 5-10% gross margin for its existing commodity products – from 28% of its total product capacity in 2020 to 35% in 2021 and 64% in 2025.

Exhibit 3: PTTGC's capex projections

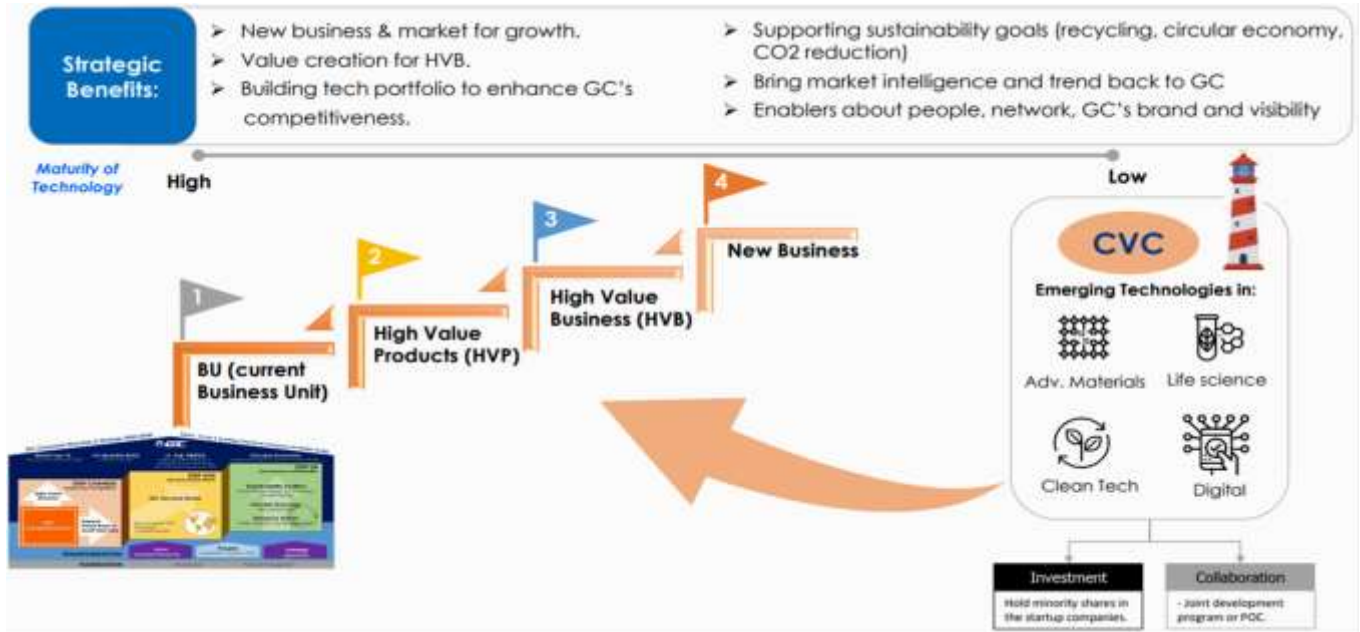


Source: PTTGC

The company plans to achieve its 64% HVP goal by 2025 via an M&A strategy, focusing on the acquisition of assets with strong and proven financial and operational track records and performance, and strategic product applications with mega-trends. The acquired assets will support the operating assets to immediately increase the net profits contributed to PTTGC.

Second, PTTGC is targeting 30% EBITDA from its overseas operations vs less than 10% currently, aiming to invest in greenfield projects, including a potential 1mtpa ethane cracker in the US.

Exhibit 4: PTTGC's strategic growth roadmap



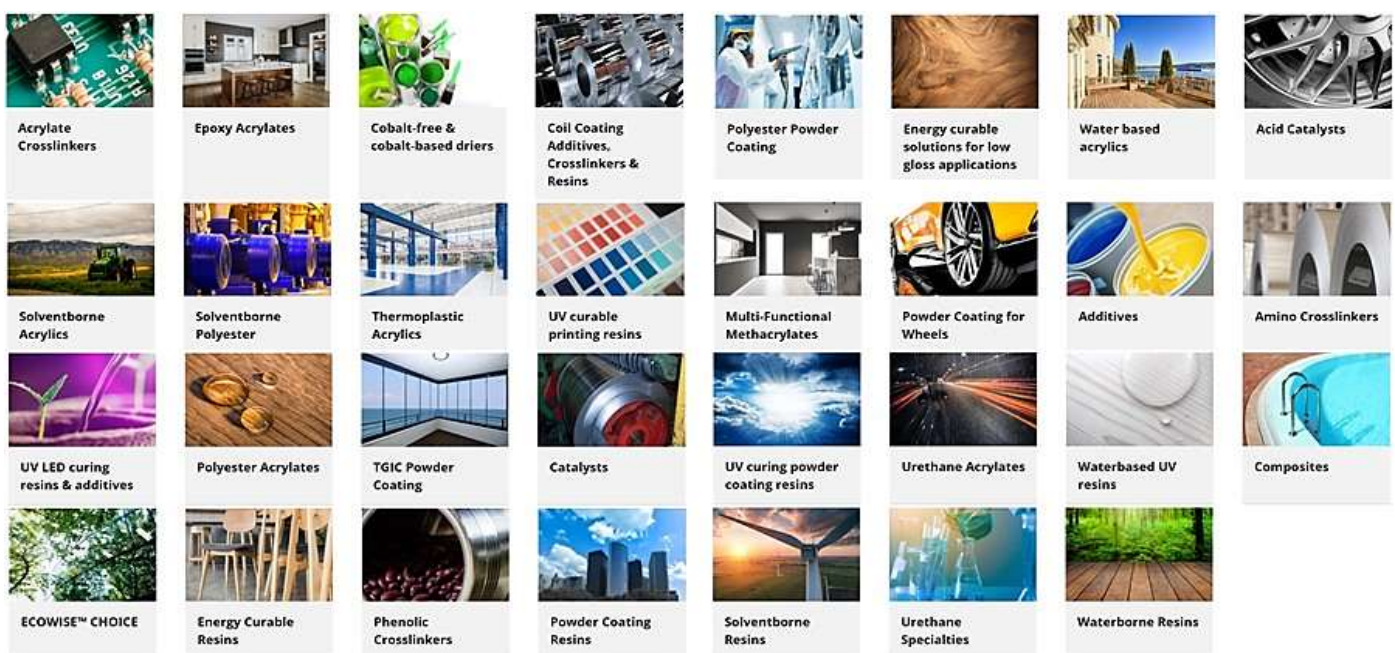
Source: PTTGC

M&A remain key potential growth drivers in 2021-22. Management indicated that PTTGC has a debt capacity to raise up to USD4b-5b to fund M&A that could occur in 2021-22, focusing on the operating assets that should add net profits and cash flows to PTTGC once the M&A are completed.

The M&A targets could be in downstream specialty products to further strengthen PTTGC's downstream capability. Note that PTTGC has already ended its capex cycle in 2020 and now has USD200m annual maintenance capex vs its projected USD1b-1.5b annual EBITDA.

Hence, the acquisition of Allnex strategically fits with PTTGC's previously announced growth roadmap to increase its specialty chemical value chain. This is particularly true for the coating resin chain, whereby PTTGC currently produces the upstream feedstocks of propylene, ethylene, propylene oxide (PO) and polyol as key feedstocks for the industrial coating products in the polyurethane (PU) value chain.

Exhibit 5: Allnex Holding GmbH's products

Source: [Allnex](#)

PTTGC's upstream feedstocks to create synergy for forward integration

Among its nine upstream production plants, PTTGC produces mostly upstream olefins (ethylene and propylene) and aromatics (paraxylene and benzene) as key feedstocks for its downstream commodity products, mainly polyethylene and polypropylene.

However, the recent start-ups of its downstream specialty PO and polyol plants and the new naphtha cracker Olefins Reconfiguration Project (ORP) will produce many by-products compared to its gas-based crackers (I1, Oleflex I, I4-2, and PTTPE) that produce mostly ethylene and propylene with a small number of by-products.

The higher number of by-products using naphtha as a feedstock should allow PTTGC to produce a greater variety of downstream specialty products. Hence, Allnex should fit into PTTGC's long-term strategy to fully integrate and monetise its feedstocks and multiple by-products to produce downstream specialty chemical products.

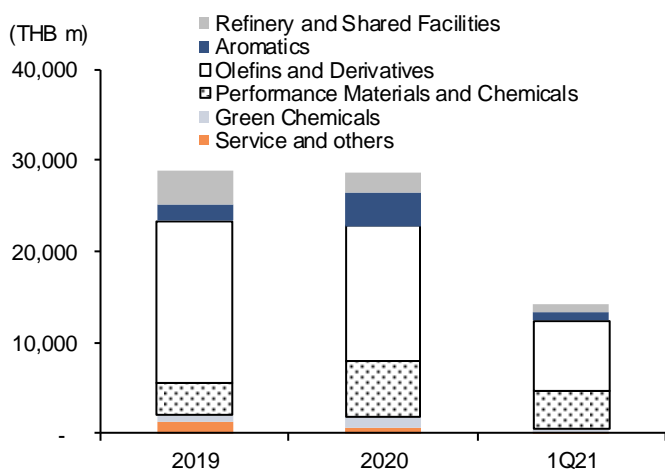
Exhibit 6: Capacity breakdown by plant

Olefins plants	Capacity ('000tpa)	Product	Feedstock type
I1	461	Ethylene	Gas
I1	125	Propylene	Gas
Oleflex I	127	Propylene	Gas
I4-1	515	Ethylene	40% Naphtha/60% Gas
I4-1	310	Propylene	40% Naphtha/60% Gas
I4-2	300	Ethylene	Gas
I4-2 - Debottleneck	150	Ethylene	Gas
Ethane Cracker (PTTPE)	1,000	Ethylene	Gas
Olefins Reconfiguration (ORP)	750	Ethylene/Propylene	Naphtha
Total olefins	3,738		
Aromatics/Refinery		Capacity (bpd)	
AR 1 Refinery (CDU)	145,000	Petroleum	Crude
AR 2 Condensate Splitter	65,000	Petroleum/Aromatics	Condensate
AR 3 Condensate Splitter	70,000	Petroleum/Aromatics	Condensate

Source: PTTGC

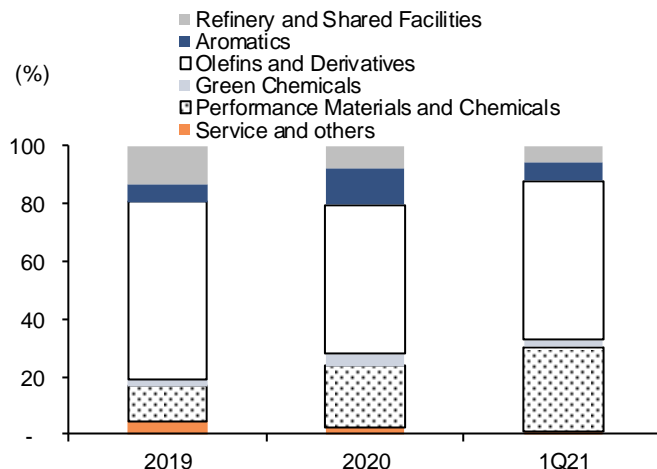
Furthermore, we think the addition of Allnex will enhance PTTGC's earnings and margin sustainability, as Allnex's coating resin product line has a much less volatile product margin and a high EBITDA margin of over 17% during the normal business cycle vs PTTGC's low EBITDA of below 15%, except its gas-based olefins, thanks to the low cost of gas feedstock secured from PTT.

Exhibit 7: Adjusted EBITDA breakdown by business



* Adjusted EBITDA refers to EBITDA excluding Stock gain/(loss), NRV and Extra item
Source: PTTGC

Exhibit 8: Adjusted EBITDA breakdown by business (%)



* Adjusted EBITDA refers to EBITDA excluding Stock gain/(loss), NRV and Extra item
Source: PTTGC

Financial Statements

PTT Global Chemical

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	412,810	329,291	364,179	373,457	373,582
Cost of goods sold	(370,369)	(294,596)	(305,446)	(306,525)	(305,659)
Gross profit	42,441	34,695	58,733	66,932	67,923
Other operating income	-	-	-	-	-
Operating costs	(16,469)	(14,881)	(15,943)	(16,571)	(16,583)
Operating EBITDA	25,972	19,813	42,790	50,361	51,340
Depreciation	(20,250)	(22,497)	(24,744)	(26,991)	(29,238)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	5,722	(2,683)	18,046	23,371	22,102
Net financing costs	(363)	(3,861)	(3,374)	(3,609)	(4,096)
Associates	4,559	3,323	4,583	5,213	6,489
Recurring non-operating income	5,877	5,918	7,583	8,637	10,760
Non-recurring items	1,763	1,169	0	0	0
Profit before tax	12,999	543	22,256	28,399	28,767
Tax	(649)	109	(2,495)	(2,986)	(3,016)
Profit after tax	12,349	652	19,761	25,412	25,751
Minority interests	(667)	(452)	(371)	(371)	(371)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	11,682	200	19,390	25,041	25,380
Non-recurring items & goodwill (net)	(1,763)	(1,169)	0	0	0
Recurring net profit	9,919	(969)	19,390	25,041	25,380
Per share (THB)					
Recurring EPS *	2.20	(0.22)	4.30	5.55	5.63
Reported EPS	2.59	0.04	4.30	5.55	5.63
DPS	7.77	4.24	4.02	7.06	7.67
Diluted shares (used to calculate per share data)	4,508	4,508	4,508	4,508	4,508
Growth					
Revenue (%)	(20.4)	(20.2)	10.6	2.5	0.0
Operating EBITDA (%)	(54.3)	(23.7)	116.0	17.7	1.9
Operating EBIT (%)	(84.9)	nm	nm	29.5	(5.4)
Recurring EPS (%)	(75.6)	nm	nm	29.1	1.4
Reported EPS (%)	(70.8)	(98.3)	9,614.0	29.1	1.4
Operating performance					
Gross margin inc. depreciation (%)	5.4	3.7	9.3	10.7	10.4
Gross margin of key business (%)	5.4	3.7	9.3	10.7	10.4
Operating EBITDA margin (%)	6.3	6.0	11.7	13.5	13.7
Operating EBIT margin (%)	1.4	(0.8)	5.0	6.3	5.9
Net margin (%)	2.4	(0.3)	5.3	6.7	6.8
Effective tax rate (%)	5.0	-20.1	11.2	10.5	10.5
Dividend payout on recurring profit (%)	353.0	(1,973.8)	93.5	127.2	136.2
Interest cover (X)	31.9	0.8	7.6	8.9	8.0
Inventory days	37.3	43.2	36.5	33.3	33.9
Debtor days	35.3	35.2	30.7	31.7	32.1
Creditor days	44.6	44.7	40.3	42.7	43.3
Operating ROIC (%)	2.1	(0.9)	(0.7)	(0.8)	(0.8)
ROIC (%)	2.8	0.7	(0.7)	(0.8)	(0.8)
ROE (%)	3.4	(0.3)	6.9	9.0	9.4
ROA (%)	2.4	0.6	4.1	5.3	5.3

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Refinery and shared facilities	163,414	136,654	152,595	160,487	160,612
Aromatics	68,525	59,125	79,125	79,125	79,125
Olefins and derivatives	107,407	90,258	81,475	82,861	82,861
Green Chemicals	19,852	13,652	18,652	19,652	19,652

Sources: PTT Global Chemical; FSSIA estimates

Financial Statements

PTT Global Chemical

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	9,919	(969)	19,390	25,041	25,380
Depreciation	20,250	22,497	24,744	26,991	29,238
Associates & minorities	(6,000)	(6,001)	(4,583)	(5,213)	(6,489)
Other non-cash items	(1,931)	(1,584)	(1,584)	(1,584)	(1,584)
Change in working capital	7,728	6,024	(1,956)	(248)	363
Cash flow from operations	29,966	19,966	36,010	44,987	46,907
Capex - maintenance	-	-	-	-	-
Capex - new investment	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Net acquisitions & disposals	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Other investments (net)	(780)	(770)	(770)	(770)	(770)
Cash flow from investing	(41,780)	(41,770)	(41,770)	(41,770)	(41,770)
Dividends paid	(35,011)	(19,131)	(18,128)	(31,847)	(34,560)
Equity finance	0	0	0	0	0
Debt finance	(8,488)	(8,486)	(5,493)	10,000	10,000
Other financing cash flows	27,312	68,174	(13,194)	21,161	21,161
Cash flow from financing	(16,188)	40,556	(36,815)	(686)	(3,399)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(28,002)	18,752	(42,575)	2,531	1,738
Free cash flow to firm (FCFF)	(8,695.04)	(18,292.83)	(815.04)	8,398.33	10,805.55
Free cash flow to equity (FCFE)	7,009.26	37,883.83	(24,446.96)	34,377.87	36,297.94
Per share (THB)					
FCFF per share	(1.93)	(4.06)	(0.18)	1.86	2.40
FCFE per share	1.55	8.40	(5.42)	7.62	8.05
Recurring cash flow per share	4.93	3.09	8.42	10.03	10.32
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	380,497	420,497	460,497	500,497	540,497
Less: Accumulated depreciation	(154,746)	(177,243)	(201,987)	(228,977)	(258,215)
Tangible fixed assets (net)	225,751	243,254	258,511	271,520	282,282
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	44,790	51,791	57,374	63,587	71,076
Cash & equivalents	25,560	44,313	1,738	4,269	6,007
A/C receivable	34,157	29,277	32,030	32,846	32,857
Inventories	36,252	33,445	27,641	28,345	28,355
Other current assets	8,525	22,876	22,876	12,876	12,876
Current assets	104,494	129,911	84,285	78,336	80,094
Other assets	77,478	64,426	64,426	64,426	44,426
Total assets	452,514	489,383	464,595	477,869	477,879
Common equity	285,830	281,015	282,277	275,471	266,292
Minorities etc.	7,765	7,979	4,419	4,790	5,161
Total shareholders' equity	293,595	288,994	286,696	280,262	271,453
Long term debt	96,918	126,261	120,768	130,768	140,768
Other long-term liabilities	8,968	15,086	9,688	18,495	17,301
Long-term liabilities	105,886	141,347	130,456	149,262	158,069
A/C payable	40,102	31,988	35,378	36,279	36,291
Short term debt	9,068	7,066	7,066	7,066	7,066
Other current liabilities	3,864	19,987	5,000	5,000	5,000
Current liabilities	53,033	59,041	47,443	48,345	48,357
Total liabilities and shareholders' equity	452,514	489,383	464,595	477,869	477,879
Net working capital	34,969	33,622	42,169	32,788	32,796
Invested capital	382,989	393,094	422,480	432,321	430,581
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	63.41	62.34	62.62	61.11	59.07
Tangible book value per share	63.41	62.34	62.62	61.11	59.07
Financial strength					
Net debt/equity (%)	27.4	30.8	44.0	47.7	52.2
Net debt/total assets (%)	17.8	18.2	27.1	28.0	29.7
Current ratio (x)	2.0	2.2	1.8	1.6	1.7
CF interest cover (x)	130.5	21.2	5.6	21.6	19.6
Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	26.6	(272.1)	13.6	10.5	10.4
Recurring P/E @ target price (x) *	39.1	(400.0)	20.0	15.5	15.3
Reported P/E (x)	22.6	1,321.2	13.6	10.5	10.4
Dividend yield (%)	13.3	7.3	6.9	12.1	13.1
Price/book (x)	0.9	0.9	0.9	1.0	1.0
Price/tangible book (x)	0.9	0.9	0.9	1.0	1.0
EV/EBITDA (x) **	13.5	18.2	9.2	8.0	8.0
EV/EBITDA @ target price (x) **	18.3	24.5	12.1	10.4	10.4
EV/invested capital (x)	0.9	0.9	0.9	0.9	1.0
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: PTT Global Chemical; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSI	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	HL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

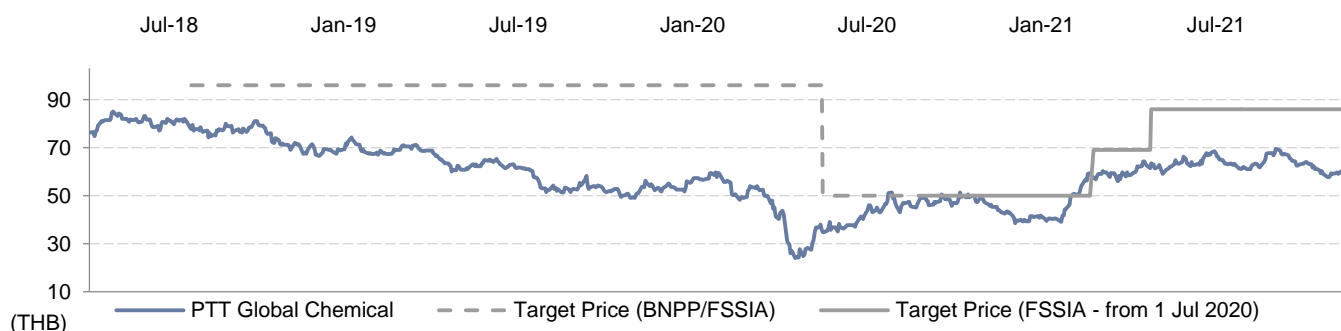
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

PTT Global Chemical (PTTGC TB)



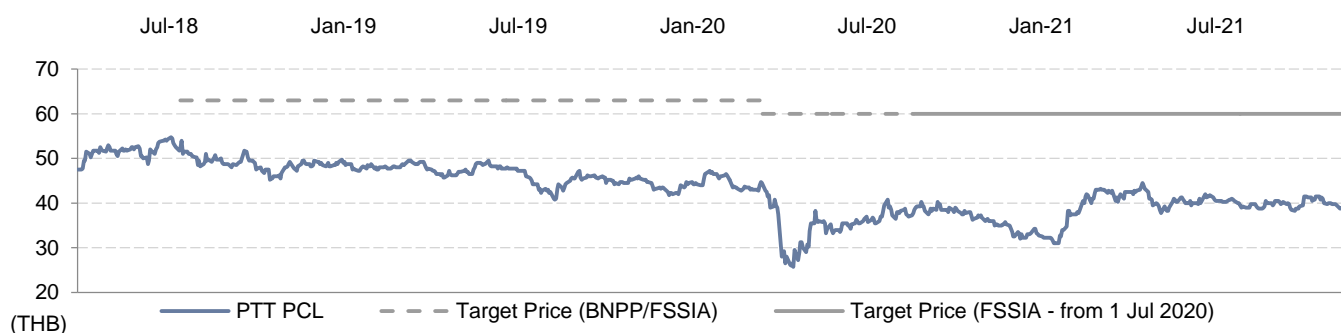
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	96.00	08-May-2020	BUY	50.00	18-Jan-2021	BUY	86.00
09-Apr-2020	BUY	50.00	27-Nov-2020	BUY	69.00			

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

PTT PCL (PTT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	63.00	21-Feb-2020	BUY	60.00	-	-	-

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
PTT Global Chemical	PTTGC TB	THB 58.50	BUY	The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin.
PTT PCL	PTT TB	THB 37.25	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downside from government intervention.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 09-Jul-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE**Stock ratings**

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

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a 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.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). 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 (N). 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 (U). 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.