UOBKayHian

Company – Update | Thailand

Tuesday, 11 August 2026

PTT Global Chemical (PTTGC TB)

Olefins Outlook: Tight Supply Set To Drive Stronger Spreads

Highlights

- Strong balance sheet provides sufficient financial flexibility to navigate continued market volatility.
- Polyolefins should continue to benefit from tight supply, while the SCGC JV is expected to reach a conclusion by Sep 26.
- Maintain BUY with a target price of Bt48.00 (previously Bt46.00).

Analysis

- **The tone during our meeting with PTT Global Chemical (PTTGC) was positive.**
- **Portfolio transformation toward specialty businesses.** PTTGC is accelerating its portfolio transformation by exiting or restructuring non-competitive assets, including the transfer of its stake in Vencorex and plans to shut down GC Polyols (GCP), which are expected to improve earnings by around Bt5.00b. At the same time, PTTGC is implementing enhancement initiatives, focusing on cost reduction and alternative feedstock sourcing, targeting total benefits of more than Bt4.00b in 2026. The company has already achieved over 50% of the target in 1H26. PTTGC is also positioning its Map Ta Phut complex as a specialty-led platform through an MOU with SCG Chemical (SCGC) to study a JV in the polyolefins business, with a conclusion expected by Sep 26. Meanwhile, the company aims to increase the share of specialty products to 30% of its product portfolio in the future.
- **Strong financial position.** PTTGC has significantly strengthened its balance sheet through deleveraging, with interest-bearing debt falling to Bt149b at end-2Q26, the lowest level since 2021. Total debt has been reduced by Bt116b, supported by extended trade credit and asset monetisation. As a result, net IBD/equity improved to 0.38x, while net IBD/adjusted EBITDA stood at 2.31x in 2Q26. PTTGC also plans to issue new baht-denominated bonds, including 7-year bonds at 2.65-2.80% and 10-year bonds at 3.00-3.15%, to extend its debt maturity profile and maintain an investment-grade credit rating.
- **Tight Middle East supply to support Dubai crude.** For 2026, PTTGC expects Dubai crude prices to range between US$75-90/bbl, supported mainly by geopolitical tensions in the Middle East, particularly the risk of disruptions to shipments through the Strait of Hormuz and Bab el-Mandeb. However, rising inflation could limit the upside for crude prices. Crack spreads remain under pressure from higher crude premiums, although global diesel inventories remain below the five-year average, supporting PTTGC's expectations for gasoil 10 ppm spread at US$46-50/bbl and gasoline spread at US$18-22/bbl.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	608,550	487,585	616,817	688,646	696,566
EBITDA	32,562	20,583	67,509	45,486	44,307
Operating profit	3,086	-5,799	39,584	18,890	18,903
Net profit (rep./act.)	-29,811	-14,600	26,166	12,952	13,008
Net profit (adj.)	-9,431	-15,750	33,624	12,952	13,008
EPS (x)	-2.1	-3.5	7.5	2.9	2.9
PE (x)	-17.6	-10.5	4.9	12.8	12.7
P/B (x)	0.54	0.49	0.46	0.46	0.45
EV/EBITDA (x)	11.1	14.1	4.3	6.5	6.3
Dividend yield (%)	1.4	1.4	8.1	3.1	3.1
Net margin (%)	-4.9	-3.0	4.2	1.9	1.9
Net debt/(cash) to equity (%)	63.8	37.4	34.8	36.6	31.3
Consensus net profit		-	18,260	12,612	14,062
UOBKH/Consensus (x)		-	1.43	1.03	0.93

Source: PTTGC, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt37.50
Target Price	Bt48.00
Upside	+30.60%
Previous TP	Bt46.00

Stock Data

Sector	Petrochemical
Bloomberg ticker	PTTGC TB
Shares issued (m)	4,508.85
Market cap ({{Curr}}m)	169,081.84
Market cap (US$m)	5,202.52
3-mth avg daily t'over (US$m)	16.8

Price Performance (%)

52-week high/low				Bt41.75 / Bt19.00
1mth	3mth	6mth	1yr	YTD
-2.61	+15.52	+47.52	+38.52	+77.38

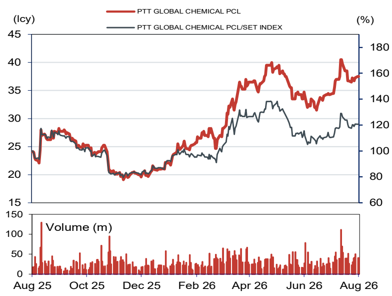
Major Shareholders (%)

PTT	45.18%
Thai NVDR	5.28%
Vayupak Fund 1	3.36%

Balance Sheet Metrics

FY26 NAV/Share (Bt)	Bt67.80
FY26 Net Debt/Share (Bt)	Bt76.31

Price Chart



Source: Bloomberg

Company Description

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.

- **Tight Middle East supply to support olefins in 2H26.** The aromatics chain is expected to recover strongly, with PTTGC expecting paraxylene (PX) spread at US$275/tonne and benzene (BZ) spread at US$145/tonne in 2H26. The key support comes from tighter supply, with China's benzene inventories falling to a five-year low, together with seasonal demand for BZ and PX in gasoline blending. Meanwhile, the olefins and polymers chains remain pressured by weaker demand amid slower economic growth, but tighter Middle East supply should provide support. PTTGC expects high-density polyethylene (HDPE) prices to range between US$1,120–1,150/tonne, with a HDPE spread of US$370/tonne and polypyrene (PP) spread of US$390/tonne in 2H26.

2Q26 Results

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26	%yoy	%qoq	6M25	6M26	%yoy
Revenue	133,859	147,755	173,869	30%	18%	267,039	321,623	20%
EBITDA	6,082	15,098	26,932	343%	78%	11,459	42,030	267%
Operating Profit	-1,041	13,461	15,394	n.a.	14%	-4,579	28,855	n.a.
Interest expenses	2,541	1,328	1,442	-43%	9%	5,080	2,770	-45%
Core Profit	-3,404	6,531	14,151	n.a.	117%	-7,384	20,682	n.a.
Extraordinary items	-213	-3,059	-4,399	n.a.	n.a.	1,200	-7,458	n.a.
Net Profit	-3,616	3,232	12,208	n.a.	278%	-6,184	15,440	n.a.
EPS	-0.80	0.79	2.98			-1.37	3.77	
Gross Profit Margin	5.7%	15.6%	15.0%			4.7%	15.2%	
EBITDA Margin	4.5%	10.2%	15.5%			4.3%	13.1%	
Net profit margin	-2.7%	2.2%	7.0%			-2.3%	4.8%	

Source: PTTGC, UOB Kay Hian

- **2Q26 net profit beat expectations.** PTTGC reported 2Q26 net profit of Bt12.21b, up both qoq and yoy, beating our estimate and consensus by 36% and 48%, respectively. The beat was mainly driven by stronger-than-expected EBITDA from the polyolefins and performance chemicals businesses. Excluding special items, including GCP impairment, forex gain, stock gain and hedging loss, core profit was Bt14.15b, also increasing strongly both qoq and yoy. The strong core earnings were supported by sufficient gas and naphtha feedstock, allowing PTTGC to maintain production despite the Hormuz disruption. The company also benefitted directly from stronger BTX and polyolefins spreads, which improved significantly both qoq and yoy, together with higher total production following the restart of the OLE4 plant.

Valuation/Recommendation

- **Maintain BUY with a 2027 target price of Bt48.00 (previously Bt46.00).** We have rolled over our target price to 2027, based on forward P/B at mean of 0.70x. In the oil and gas sector, we prefer Indorama Ventures (IVL TB/BUY/Target: Bt25.00), PTT Global Chemical (PTTGCTB/BUY/Target Bt46.00) and Siam Cement (SCC TB/BUY/Target: Bt330.00).

Earnings Revision/Risk

- **Earnings estimate revision.** We raise our 2026–27 net profit forecasts by 27% for both years, reflecting stronger-than-expected EBITDA from the polyolefins and performance chemicals businesses in 2Q26, together with higher petrochemical spread assumptions for 2027. We now forecast 2026 net profit at Bt26.17b, vs a net loss of Bt14.6b in 2025, with 1H26 net profit already accounting for 59% of our full-year forecast. For 2027, we expect net profit of Bt12.95b, down 50% yoy, mainly due to the normalisation of petrochemical spreads from the strong recovery expected in 2026.

Environment, Social, Governance (ESG) Updates

Environmental

- Conducts business operations with efficient use of resources in accordance with the circular economy approach, through good cooperation with partners and a continued focus on decarbonisation to achieve its goal of cutting greenhouse gas emissions to net zero by 2050.

Social

- Creates value for society, promotes social enterprises to generate revenue that will improve the nation's economy, reduce inequality as well as supports the safety, good education, health and wellbeing of communities and society as a whole.

Governance

- Be a transparent, verifiable organisation with a focus on the creation of innovative, environmentally friendly chemicals for a low-carbon business.

Key Statistics

	2Q25	1Q26	2Q26	%yoy	%qoq
Avg. Fx (Bt/US$)	33.3	31.8	32.8	-2%	3%
Dubai Crude oil price (US$/bbl)	66.9	86.3	96.1	44%	11%
Market GRM (US$/bbl)	5.3	16.7	15.6	194%	-7%
Hedging Gain / (Loss) (Bt m)	-32	-7,991	-791	n.a.	n.a.
Stock Gain / (Loss) net NRV (Bt m)	-1,891	7,182	-1,942	n.a.	n.a.
BTX P2F (US$/Ton)	177	276	329	86%	19%
Adj. EBITDA from Olefins chain (Bt m)	1,315	2,541	8,901	577%	250%
HDPE price (US$/tonne)	937	871	1,419	51%	36%
HDPE - Naphtha (US$/tonne)	361	307	526	46%	62%
LLDPE - Naphtha (US$/tonne)	384	304	465	21%	51%
LDPE - Naphtha (US$/tonne)	550	484	741	35%	55%

Source: UOB Kay Hian

EBITDA Breakdown

	2Q25	1Q26	2Q26	%yoy
EBITDA	6,082	15,098	26,932	343%
--- Refinery	2,789	8,926	7,824	181%
--- Aromatics	158	1,597	3,660	2216%
--- Olefins	-266	2,415	3,759	n.a.
--- Intermediates	-232	-671	2,140	n.a.
--- Polymers & Chemicals	1,581	126	5,142	225%
--- Bio & Circularity	115	257	493	329%
--- Performance Chemicals	2,015	2,363	3,998	98%

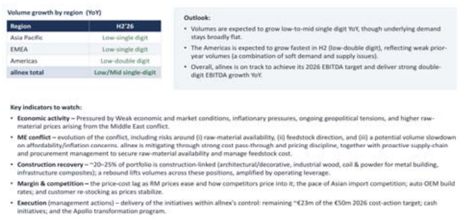
Source: UOB Kay Hian

Key Assumptions

	------------------ 2027F ------------------		
	Old	New	%Diff
Market GRM (US$/bbl)	6.00	6.00	0%
Crude run	103%	103%	0%
Petrochemical spread (US$/tonne)			
Px-Condensate	300	300	0%
Bz-Condensate	100	150	50%
HDPE Price	900	1,100	22%
HDPE Spread	300	350	17%
LLDPE	320	350	9%
LDPE	500	500	0%
Earnings revision (Btm)			
Core profit	9,552	12,157	27%
Net Profit	9,552	12,157	27%

Source: UOB Kay Hian

Allnex: 2H26 Outlook


Volume growth by region (YoY)

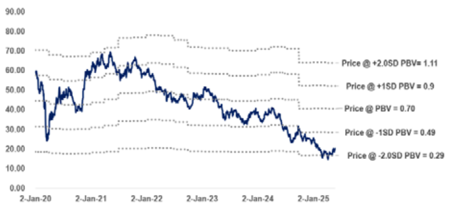
Region	H2'26
Asia Pacific	Low-single digit
EMEA	Low-single digit
Americas	Low-double digit
allnex total	Low/Mid single-digit

Outlook:
- Volumes are expected to grow low-to-mid single digit YoY, though underlying demand stays broadly flat.
- The Americas is expected to grow fastest in H2 (low-double digit), reflecting weak prior-year volumes (a combination of soft demand and supply issues).
- Overall, allnex is on track to achieve its 2026 EBITDA target and deliver strong double-digit EBITDA growth YoY.

Key indicators to watch:
- **Economic activity** – Pressured by Weak economic and market conditions, inflationary pressures, ongoing geopolitical tensions, and higher raw-material prices arising from the Middle East conflict.
- **ME conflict** – evolution of the conflict, including risks around (i) raw-material availability, (ii) feedstock direction, and (iii) a potential volume slowdown on affordability/inflation concerns. allnex is mitigating through strong cost pass-through and pricing discipline, together with proactive supply-chain and procurement management to secure raw-material availability and manage feedstock cost.
- **Construction recovery** – ~20–25% of portfolio is construction-linked (architectural/decorative, industrial wood, coil & powder for metal building, infrastructure composites); a rebound lifts volumes across these positions, amplified by operating leverage.
- **Margin & competition** – the price-cost lag as RM prices ease and how competitors price into it; the pace of Asian import competition; auto OEM build rates; and customer re-stocking as prices stabilize.
- **Execution** (management actions) – delivery of the initiatives within allnex's control: remaining ~€23m of the €50m 2026 cost-action target; cash initiatives; and the Apollo transformation program.

Source: UOB Kay Hian

Forward P/B



Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	487,585	616,817	688,646	696,566
EBITDA	20,583	67,509	45,486	44,307
Deprec. & amort.	26,383	27,925	26,596	25,404
EBIT	-5,799	39,584	18,890	18,903
Total other non-op. income	1,150	-7,458	0	0
Associate contributions	-1,547	-500	-500	-500
Net interest income/(expense)	-8,798	-4,341	-4,728	-4,683
Pre-tax profit	-16,145	34,742	13,662	13,720
Tax	-577	-819	-410	-412
Minorities	972	-300	-300	-300
Net profit	-14,600	26,166	12,952	13,008
Net profit (adj.)	-15,750	33,624	12,952	13,008

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	256,541	243,615	232,019	221,616
Other LT assets	214,580	261,262	287,208	290,069
Cash/ST investment	21,271	18,573	17,229	25,747
Other current assets	113,981	138,237	157,381	158,952
Total assets	606,373	661,687	693,838	696,384
ST debt	3,565	1,383	7,883	1,383
Other current liabilities	110,378	131,902	151,217	152,646
LT debt	142,926	141,543	140,160	138,776
Other LT liabilities	53,734	67,976	75,892	76,765
Shareholders' equity	334,949	357,763	357,265	365,093
Minority interest	972	-300	-300	-300
Total liabilities & equity	606,375	661,690	693,842	696,389

Cash flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	40,830	52,907	40,019	38,569
Pre-tax profit	-16,145	34,742	13,662	13,720
Tax	-577	-819	-410	-412
Deprec. & amort.	26,383	27,925	26,596	25,404
Working capital changes	1,975	-20,386	-19,829	-20,142
Other operating cashflows	29,195	11,444	20,000	20,000
Investing	-11,678	-47,440	-33,031	-16,988
Investments	-14,025	-15,000	-15,000	-15,000
Others	2,347	-32,440	-18,031	-1,988
Financing	-41,842	-5,820	-8,333	-13,064
Dividend payments	-2,517	-2,254	-13,450	-5,181
Proceeds from borrowings	-39,325	-3,565	5,117	-7,883
Net cash inflow (outflow)	-12,689	-352	-1,344	8,518
Beginning cash & cash equiv.	35,091	18,925	18,573	17,229
Changes due to forex impact	-1,131	0	0	0
Ending cash & cash equiv.	21,271	18,573	17,229	25,747

Key Metric

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	4.2	10.9	6.6	6.4
Pre-tax margin	-3.3	5.6	2.0	2.0
Net margin	-3.0	4.2	1.9	1.9
ROA	-2.9	5.0	2.4	2.4
ROE	-4.7	8.1	4.0	4.0
Growth (% yoy)				
Turnover	-19.9	26.5	11.6	1.2
EBITDA	-36.8	228.0	-32.6	-2.6
Pre-tax profit	n.a.	n.a.	n.a.	n.a.
Net profit	n.a.	n.a.	n.a.	n.a.
Net profit (adj.)	n.a.	n.a.	n.a.	n.a.
EPS	-101.3	-100.3	-99.3	-98.3
Leverage				
Debt to total capital	49.5	44.8	46.5	42.9
Debt to equity	43.7	39.9	41.4	38.4
Net debt/(cash) to equity	37.4	34.8	36.6	31.3
Interest cover (x)	2.3	15.6	9.6	9.5