PTT Global Chemical (PTTGC TB)

2Q26 Net Profit Expected To Improve qoq And yoy

BUY (Maintained)

Share Price	Bt37.50
Target Price	Bt46.00
Upside	+22.67%

Analyst(s)
Tanaporn Visaruthaphong
tanaporn@uobkh.co.th
+662 0903350

Benjaphol Suthwanish
benjaphol@uobkh.co.th
+662 0903361

Highlights

- We forecast 2Q26 net profit at Bt9.0b, up 179% qoq, driven by a significant improvement in the olefins business.
- The impact from the second round of diesel ex-refinery price cuts is expected to be relatively limited in 3Q26.
- Maintain BUY with a target price of Bt46.00.

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26F	%yoy	%qoq	6M25	6M26F	%yoy
Revenue	133,859	147,755	155,155	16%	5%	267,039	302,910	13%
EBITDA	6,082	15,098	23,095	280%	53%	11,459	38,193	233%
Operating Profit	-1,041	13,461	15,751	n.a.	17%	-4,579	29,211	n.a.
Interest expenses	2,541	1,328	1,306	-49%	-2%	5,080	2,635	-48%
Core Profit	-3,404	6,291	11,092	n.a.	76%	-7,384	17,384	n.a.
Extraordinary items	-213	-3,059	-2,085	n.a.	n.a.	1,200	-5,144	n.a.
Net Profit	-3,616	3,232	9,007	n.a.	179%	-6,184	12,240	n.a.
EPS	-0.80	0.79	2.00			-1.37	2.79	
Gross Profit Margin	5.7%	15.6%	16.0%			4.7%	15.8%	
EBITDA Margin	4.5%	10.2%	14.9%			4.3%	12.6%	
Net profit margin	-2.7%	2.2%	5.8%			-2.3%	4.0%	

Source: PTTGC, UOB Kay Hian

Analysis

- **Expect 2Q26 net profit to improve.** We forecast PTT Global Chemical's (PTTGC) 2Q26 net profit at Bt9.0b, up 179% qoq and turning around from a net loss in 2Q25. The strong earnings recovery is mainly driven by a significant improvement in the olefins and polymers businesses, supported by stronger product prices and margins.
- **Strong HDPE prices and spreads.** We expect EBITDA from the olefins and polymer segments to increase both qoq and yoy, driven by price and spread of high-density polyethylene (HDPE) rising 36% qoq and 62% qoq respectively. In addition, sales volume should recover qoq following the restart of the OLE4 cracker after the scheduled maintenance in 1Q26, resulting in higher operating rates of 95% and 110% for olefins and polymers respectively.
- **BTX spread remains supportive.** The aromatics business is expected to improve qoq, supported by a recovery in by-product spreads, particularly condensate residue (accounting for approximately 20% of total production). This should more than offset the decline in paraxylene spread, which was pressured by higher condensate costs following the rise in crude oil prices. We estimate benzene–toluene–xylene (BTX) spread at US$306/tonne in 2Q26, up 11% qoq. With the operating rate improving to 90% (vs 87% in 1Q26), we expect aromatics EBITDA to reach Bt2.0b, up 26% qoq.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	608,550	487,585	616,817	677,407	685,197
EBITDA	32,562	20,583	58,054	41,981	41,036
Operating profit	3,086	-5,799	30,129	15,385	15,633
Net profit (rep./act.)	-29,811	-14,600	19,240	9,552	9,836
Net profit (adj.)	-9,431	-15,750	24,384	9,552	9,836
EPS	-2.1	-3.5	5.4	2.1	2.2
PE	-17.9	-10.7	6.9	17.7	17.2
P/B	0.55	0.50	0.48	0.47	0.46
EV/EBITDA	11.2	14.3	5.2	7.1	6.8
Dividend yield	1.3	1.3	1.3	1.3	1.3
Net margin	-4.9	-3.0	3.1	1.4	1.4
Net debt/(cash) to equity	63.8	37.4	37.4	35.5	30.3
Interest cover	2.7	2.3	13.4	8.9	8.8
Consensus net profit		-	11,300	11,256	13,261
UOBKH/Consensus (x)		-	1.70	0.85	0.74

Source: Bloomberg, PTTGC, UOB Kay Hian

Stock Data

GICS Sector	Petrochemical
Bloomberg ticker	PTTGC TB
Shares issued (m)	4,508.85
Market cap (Btm)	108,663.26
Market cap (US$m)	3,329.61
3-mth avg daily t'over (US$m)	14.0

Price Performance (%)

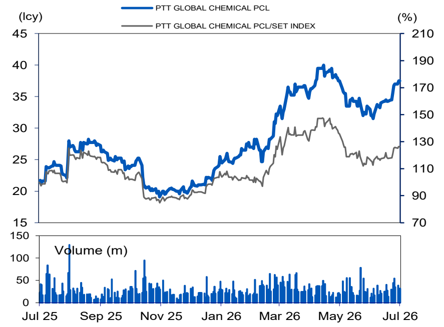
52-week high/low: Bt28.75/Bt14.20

1mth	3mth	6mth	1yr	YTD
(11.4)	15.4	45.4	12.2	1.6

Major Shareholders

PTT	45.18%
Thai NDVR	3.72%
Siam manager holdings	3.00%

Price Chart



Source: Bloomberg

Company Description

PTT Global Chemical is a fully integrated petrochemical and chemical company. The company's products are mainly derived from olefins, particularly ethylene and propylene.

- **Refinery utilisation rate cuts weigh on earnings.** We estimate the refinery business's market GRM at US$16.80/bbl, broadly stable qoq. The recovery in petroleum product spreads was offset by higher crude premiums and a lower operating rate of 96% (vs 103% in 1Q26) due to government export restrictions on petroleum products. As a result, we expect refinery EBITDA to decline 29% qoq to Bt6.35b.
- **Strong demand supports Allnex EBITDA margin expansion.** We expect Allnex EBITDA at Bt2.40b, up 3% qoq, driven by resilient demand in specialty coatings, which should keep sales volume at a high level. In addition, ongoing cost optimisation initiatives should further support profitability, with EBITDA margin expected to improve to 12.4% in 2Q26 (vs 12.0% in 1Q26).
- **Extra items.** We expect PTTGC to recognise: a) a stock loss of Bt235m, b) hedging loss of Bt250m, c) one-time loss of Bt1.80b related to the announced GC Polyols (GCP) mothball plan, and d) the impact from the three diesel ex-refinery price reductions implemented during April–May, totalling 41 days (average Bt3.30/litre), and estimated at Bt2.33b.
- **Second ex-refinery diesel price cut to have only a limited impact.** The Ministry of Energy has announced a second reduction in the ex-refinery price for diesel by Bt1.40/litre, requiring refiners to contribute excess margins to subsidise retail prices and help ease the cost of living. The measure is effective from 9–29 Jul 26. We expect only a limited impact on PTTGC. Currently, PTTGC sells approximately 500m litres of diesel per month, implying an estimated impact of only Bt470m from the latest diesel price reduction measure. This impact is considered relatively limited compared with the first round of diesel ex-refinery price cuts.
- **Geopolitical risks support prices, but high costs cap margin recovery.** HDPE spread declined sharply to US$250-300/tonne in July, mainly due to a 24% increase in naphtha prices from end-June, following higher crude oil prices amid renewed tensions in Iran. Rising concerns over potential supply disruptions, particularly around the Strait of Hormuz, together with higher freight costs, pushed feedstock costs higher than HDPE price increases, resulting in significant margin compression. For the rest of 3Q26, we expect olefins prices to remain elevated, supported by high crude oil prices and Middle East supply risks. However, upside to olefins spreads remains limited due to persistently high naphtha costs and a gradual recovery in downstream polymer demand. A meaningful recovery in olefins spreads in 2H26 will depend on further cracker operating rate cuts in Southeast Asia, which should help reduce excess supply and accelerate market rebalancing.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt46.00,** based on forward P/B at mean of 0.70x. In the oil and gas sector, we prefer Indorama Ventures (IVL TB/BUY/Target: Bt27.00), PTT Global Chemical (PTTGCTB/BUY/Target Bt46.00) and Siam Cement (SCC TB/BUY/Target: Bt290.00)

Earnings Revision/Risk

- **Earnings estimate revision.** We raise our 2026 net profit forecast by 84% to reflect upward revisions to our assumptions for market GRM and olefins spreads. We now forecast 2026 net profit at Bt19.24b (vs 2025 net loss of Bt14.6b).

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 Assumption

	2026F		
	Old	New	%Diff
Market GRM (US$/bbl)	8.00	11.00	38%
Crude run	103%	103%	0%
Petrochemical spread (US$/tonne)			
Px-Condensate	350	300	-14%
Bz-Condensate	160	160	0%
HDPE Price	1,150	1,200	4%
HDPE Spread	380	420	11%
LLDPE	350	380	9%
LDPE	540	550	2%
Earnings revision (Btm)			
Core profit	12,554	24,384	94%
Net Profit	9,201	19,240	109%

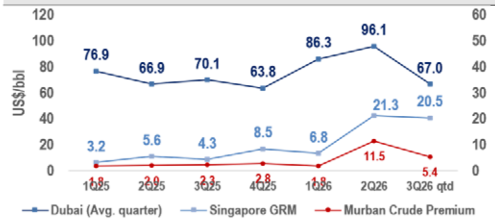
Source: UOB Kay Hian

2Q26: Key statistic

	2Q25	1Q26	2Q26F	%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$/bbl)	5.3	16.7	16.8	217%	1%
Hedging Gain / (Loss) (Bt m)	-32	-7,991	-250	n.a.	n.a.
Stock Gain / (Loss) net NRV (Bt m)	-1,891	7,182	-235	n.a.	n.a.
BTX P2F (US$/Ton)	177	276	306	73%	11%
Adj. EBITDA from Olefins (Bt m)	1,315	2,541	6,181	370%	143%
HDPE price (US$/tonne)	937	871	1,419	51%	63%
HDPE - Naphtha (US$/tonne)	361	307	526	46%	71%
LLDPE - Naphtha (US$/tonne)	384	304	465	21%	53%
LDPE - Naphtha (US$/tonne)	550	484	741	35%	53%

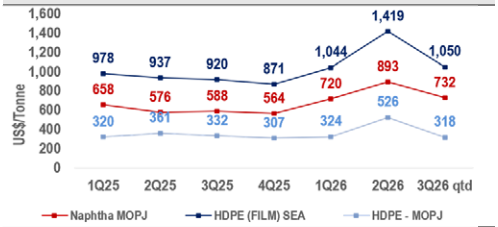
Source: UOB Kay Hian

Dubai, SG GRM and Crude Premium



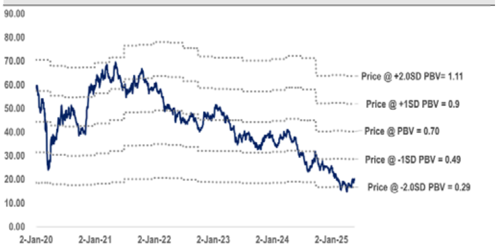
Source: Allnex

Olefins business



Source: Allnex

FORWARD P/B



Source: Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	487,585	616,817	677,407	685,197
EBITDA	20,583	58,054	41,981	41,036
Deprec. & amort.	26,383	27,925	26,596	25,404
EBIT	-5,799	30,129	15,385	15,633
Associate contributions	-1,547	-500	-500	-500
Net interest income/(expense)	-8,798	-4,341	-4,728	-4,683
Pre-tax profit	-16,145	25,288	10,156	10,449
Tax	-577	-604	-305	-313
Minorities	972	-300	-300	-300
Net profit	-14,600	19,240	9,552	9,836
Net profit (adj.)	-15,750	24,384	9,552	9,836

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	256,541	243,615	232,019	221,616
Other LT assets	214,580	261,262	283,148	285,962
Cash/ST investment	21,271	11,821	21,028	29,325
Other current assets	113,981	139,201	155,218	156,733
Total assets	606,373	655,899	691,413	693,636
ST debt	3,565	1,383	7,883	1,383
Other current liabilities	110,378	133,153	149,275	150,642
LT debt	142,926	141,543	140,160	138,776
Other LT liabilities	53,734	67,976	74,653	75,512
Shareholders' equity	334,949	350,724	358,021	365,602
Total liabilities & equity	606,375	655,902	691,417	693,641

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	40,830	46,155	36,553	35,391
Pre-tax profit	-16,145	25,288	10,156	10,449
Tax	-577	-604	-305	-313
Deprec. & amort.	26,383	27,925	26,596	25,404
Working capital changes	1,975	-20,099	-19,895	-20,149
Other operating cashflows	29,195	13,645	20,000	20,000
Investing	-11,678	-47,440	-30,209	-16,955
Investments	-14,025	-15,000	-15,000	-15,000
Others	2,347	-32,440	-15,209	-1,955
Financing	-41,842	-5,820	2,862	-10,138
Dividend payments	-2,517	-2,254	-2,254	-2,254
Issue of shares	-39,325	-3,565	5,117	-7,883
Proceeds from borrowings	-12,689	-7,104	9,206	8,298
Net cash inflow (outflow)	35,091	18,925	11,821	21,028
Beginning cash & cash equivalent	-1,131	0	0	0
Changes due to forex impact	21,271	11,821	21,028	29,325
Ending cash & cash equivalent	40,830	46,155	36,553	35,391

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	4.2	9.4	6.2	6.0
Pre-tax margin	-3.3	4.1	1.5	1.5
Net margin	-3.0	3.1	1.4	1.4
ROA	-2.9	3.7	1.8	1.8
ROE	-4.7	6.0	2.9	3.0
Growth				
Turnover	-19.9	26.5	9.8	1.2
EBITDA	-36.8	182.0	-27.7	-2.2
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	45.8	46.3	42.8
Debt to equity	43.7	40.8	41.4	38.3
Net debt/(cash) to equity	37.4	37.4	35.5	30.3
Interest cover (x)	2.3	13.4	8.9	8.8

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