

# PTT Global Chemical

(PTTGC.BK/PTTGC TB)\*

**Neutral · Maintained**

Price as of 10 July 2019	62.00
12M target price (Bt/shr)	65.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	4.8

**Key messages**

เราคาดว่ากำไรสุทธิของ PTTGC ใน 2Q62 จะอยู่ที่ 3.1 พันล้านบาท (-71% YoY, -52% QoQ) โดยกำไรที่ลดลง YoY และ QoQ มีสาเหตุสำคัญมาจาก i) ผลขาดทุนจากสต็อกน้ำมันสุทธิ (รวม LCM) และ ii) ธุรกิจ olefins ส่งกำไรมาลดลง โดยเราคาดว่าผลขาดทุนจากสต็อกน้ำมันสุทธิจะอยู่ที่ 112 ล้านบาทในไตรมาสที่ 2 ซึ่งลดลงจากกำไรจากสต็อกน้ำมัน 2.7 พันล้านบาทใน 2Q61 และ 1.4 พันล้านบาทใน 1Q62 และ 1.4 พันล้านบาทใน 1Q62 และ ii) ธุรกิจ olefins ส่งกำไรมาลดลงเนื่องจาก spread ของ HDPE ลดลง 28% YoY และ 6% QoQ เหลือเพียง US\$539/ton และ spread ของ LLDPE ลดลง 17% YoY และ 6% QoQ เหลือ US\$476/ton จากอุปทานใหม่ในสหรัฐปี 2561-62 ในขณะที่เดียวกันเรายังคงคำแนะนำถือ และให้ราคาเป้าหมาย 1H63 ที่ 65.00 บาท อิงจาก EV/EBITDA ที่ 7.0x ทั้งนี้เราจึงเชื่อว่า spread ของ PE ที่คาดว่าจะลดลงใน 2H62 จะกดดันราคาหุ้นของ PTTGC เนื่องจาก EBITDA ของบริษัทมากกว่า 50% มาจากธุรกิจ olefins ดังนั้นเราจึงแนะนำให้หลีกเลี่ยงหุ้น PTTGC ตลอดทั้งปีนี้

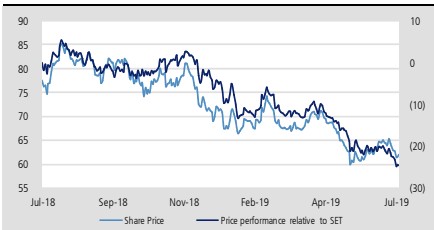
**Trading data**

Mkt cap (Btbn/US\$m)	280/8,736		
Outstanding shares (mn)	4,509		
Foreign ownership (mn)	708		
3M avg. daily trading (mn)	22.3		
52-week trading range (Bt)	60.00 – 85.00		
Performance (%)	3M	6M	12M
Absolute	(12.7)	(12.4)	(20.0)
Relative	(16.7)	(19.6)	(24.7)

**Quarterly EPS**

Bt	1Q	2Q	3Q	4Q
2017	2.92	1.46	2.21	2.12
2018	2.75	2.40	2.84	0.90
2019	1.43			

**Share price chart**



Source: SET

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**ประมาณการ 2Q62: ฟื้นรัยมาเยือน**

**Event**

ประมาณการ 2Q62

**Impact**

คาดว่ากำไรสุทธิใน 2Q62 จะลดลง 71% YoY และ 52% QoQ

เราคาดว่ากำไรสุทธิของ PTTGC ใน 2Q62 จะอยู่ที่ 3.1 พันล้านบาท (-71% YoY, -52% QoQ) โดยกำไรที่ลดลง YoY และ QoQ มีสาเหตุสำคัญมาจาก i) ผลขาดทุนจากสต็อกน้ำมันสุทธิ (รวม LCM) และ ii) ธุรกิจ olefins ส่งกำไรมาลดลง โดยเราคาดว่าผลขาดทุนจากสต็อกน้ำมันสุทธิจะอยู่ที่ 112 ล้านบาทในไตรมาสที่ 2 ซึ่งลดลงจากกำไรจากสต็อกน้ำมัน 2.7 พันล้านบาทใน 2Q61 และ 1.4 พันล้านบาทใน 1Q62 หลังจากราคาน้ำมันดิบดูไบลดลงจาก US\$67/bbl ในเดือนมีนาคม เหลือแค่ US\$62/bbl ในเดือนมิถุนายน นอกจากนี้ เราคาดว่ากำไรจากธุรกิจ olefins จะลดลงเนื่องจาก spread ของ HDPE ลดลง 28% YoY และ 6% QoQ เหลือ US\$539/ton และ spread ของ LLDPE ลดลง 17% YoY และ 6% QoQ เหลือ US\$476/ton จากอุปทานใหม่ในสหรัฐในปี 2561-62 นอกจากนี้ เรายังคาดว่ากำไรจากธุรกิจ aromatics จะลดลงจาก spread ของ PX ดิ่งลง 30% QoQ เหลือ US\$361/ton หลังจากที่โรงงาน aromatics ของ Hengli I กำลังการผลิต PX ที่ 2.25MTA ได้เริ่มดำเนินการเชิงพาณิชย์แล้วใน 2Q62 และอัตราการใช้กำลังการผลิตของธุรกิจ aromatics ของ PTTGC จะลดลง 15% QoQ เหลือเพียง 80% เนื่องจากมีการปิดซ่อมบำรุงโรงงาน Aromatics I เป็นเวลา 53 วันในไตรมาสนี้ แต่อย่างไรก็ตาม เราคาดว่า base GRM จะปรับตัวขึ้น 3% QoQ เป็น US\$3.3/bbl และอัตราการกลั่นจะทรงตัว QoQ อยู่ที่ 149KBD สำหรับรายการพิเศษ เราคาดว่า PTTGC จะตั้งสำรอง 954 ล้านบาทจากกฎหมายแรงงานใหม่ของไทย

**เรายังคงมุมมองลบต่อตลาด olefins ใน 2H62**

เรายังคงเชื่อว่า spread ของ PE จะค่อยๆ ลดลงทุกไตรมาสในปีนี้ ซึ่งอาจจะลดลงจนถึงจุดต่ำสุดที่ US\$440/ton ในปี 2555 เนื่องจากตลาด PE ถูกกดดันจากการเปิดโรงงาน PE ขนาดใหญ่ซึ่งมีกำลังการผลิตรวมถึง 4.3MTA ในปี 2562 (+4% YoY) และ 6.8MTA ในปี 2563 (+6% YoY) นอกจากนี้ spread ของ HDPE ในต้นเดือนกรกฎาคมยังคงลดลงอย่างต่อเนื่องมาอยู่ที่ US\$490/ton ซึ่งเป็นเดือนแรกตั้งแต่ปี 2556 ที่ต่ำกว่า US\$500/ton และต่ำกว่าค่าเฉลี่ยใน 2Q62 ถึง 9% ดังนั้นเราจึงยังคงสมมุติฐาน spread ของ HDPE/LLDPE/LDPE ที่ US\$530/500/500/ton ในปี 2562 และ US\$504/475/475/ton ในปี 2563

**Valuation & Action**

เรายังคงคำแนะนำถือ และให้ราคาเป้าหมาย 1H63 ที่ 65.00 บาท อิงจาก EV/EBITDA ที่ 7.0x ทั้งนี้เราจึงเชื่อว่า spread ของ PE ที่คาดว่าจะลดลงใน 2H62 จะกดดันราคาหุ้นของ PTTGC เนื่องจาก EBITDA ของบริษัทมากกว่า 50% มาจากธุรกิจ olefins ดังนั้นเราจึงแนะนำให้หลีกเลี่ยงหุ้น PTTGC ตลอดทั้งปีนี้

**Risks**

การลดลงของราคาน้ำมันดิบ, GRM, spread ปีโครเคมี, และการปิดซ่อมบำรุงโรงกลั่นเป็นเวลา 54 วัน ใน 4Q62

**Key financials and valuations**

	Dec-16A	Dec-17A	Dec-18A	Dec-19F	Dec-20F
Revenue (Bt mn)	355,524	439,921	518,655	462,966	500,875
Gross profit (Bt mn)	43,551	57,650	52,629	39,166	48,677
EBIT (Bt mn)	30,873	43,453	37,775	23,569	32,300
Net profit (Bt mn)	25,602	39,298	40,069	24,390	32,645
EPS (Bt)	5.68	8.72	8.89	5.41	7.24
DPS (Bt)	2.85	4.25	4.25	2.70	3.62
EPS growth (%)	24.9	53.5	2.0	(39.1)	33.8
P/E (x)	10.9	7.1	7.0	11.5	8.6
P/B (x)	1.1	1.0	0.9	0.9	0.9
EV/EBITDA (x)	6.4	4.9	5.4	7.0	5.6
Net debt to equity (x)	0.2	0.2	0.1	0.1	0.1
Dividend yield (%)	4.6	6.9	6.9	4.4	5.8
Return on avg. equity (%)	9.8	14.4	13.7	7.9	10.1

Source: Company data, KGI Research

\*The Company may be issuer of Derivative Warrants on these securities.

**Figure 1: Expect 2Q19F earnings of Bt3.1bn, down 71% YoY and 52% QoQ**

Bt mn	2Q19F	2Q18	YoY (%)	1Q19	QoQ (%)
Revenue	107,560	129,698	(17.1)	113,577	(5.3)
Cost of goods sold	(101,070)	(112,997)	(10.6)	(103,838)	(2.7)
Gross profit	6,490	16,702	(61.1)	9,739	(33.4)
Operating expenses	(3,799)	(3,353)	13.3	(3,622)	4.9
Other incomes	743	541	37.5	620	19.9
Operating profit	3,434	13,889	(75.3)	6,738	(49.0)
Depreciation of fixed assets	5,010	4,712	6.3	5,015	(0.1)
Operating EBITDA	8,444	18,601	(54.6)	11,753	(28.2)
Non-operating income	-	100	N.A.	-	N.A.
Non-operating expenses	(806)	(1,182)	(31.8)	(977)	(17.5)
Net Investment income/(loss)	1,385	1,514	(8.5)	1,178	17.6
Pre-tax profit	4,013	14,321	(72.0)	6,939	(42.2)
Current taxation	(407)	(1,340)	(69.6)	(719)	(43.3)
Minorities	200	(395)	N.A.	151	32.4
Extraordinary items	(309)	(2,549)	N.A.	374	N.A.
Net profit	3,097	10,828	(71.4)	6,443	(51.9)
EPS (Bt)	0.69	2.40	(71.4)	1.43	(51.9)
Percent	2Q19F	2Q18	YoY (ppts)	1Q19	QoQ (ppts)
Gross profit margin	6.0	12.9	(6.8)	8.6	(2.5)
EBITDA margin	7.9	14.3	(6.5)	10.3	(2.5)
Net margin	2.9	8.3	(5.5)	5.7	(2.8)

Source: Company data, KGI Research estimates

**Figure 2: Key assumptions for 2Q19F earnings**

	2Q19F	2Q18	YoY (%)	1Q19	QoQ (%)
<b>Refinery</b>					
Dubai crude (US\$/bbl)	67	72	(6.6)	64	6.0
Base GRM (US\$/bbl)	3.3	6.2	(46.3)	3.2	3.3
Stock gain/loss (Bt mn)	(112)	2,672	N.A.	1,426	N.A.
Crude run (KBD)	149	147	1.5	149	0.3
<b>Olefins</b>					
HDPE-naphtha (US\$/ton)	539	743	(27.5)	573	(5.9)
LLDPE-naphtha (US\$/ton)	476	573	(16.9)	518	(8.1)
LDPE-naphtha (US\$/ton)	526	611	(13.9)	526	0.1
PP-naphtha (US\$/ton)	602	660	(8.8)	608	(1.0)
MEG-0.65*ethylene (US\$/ton)	238	353	(32.6)	230	3.5
Utilization rate (%)	102	104	(1.9)	101	1.0
<b>Aromatics</b>					
PX-condensate (US\$/ton)	361	354	2.0	519	(30.4)
BZ-condensate (US\$/ton)	72	212	(66.0)	55	30.9
Utilization rate (%)	80	94	(14.9)	94	(14.9)

Source: Company data, KGI Research estimates

**Figure 3: Key assumptions for PTTGC**

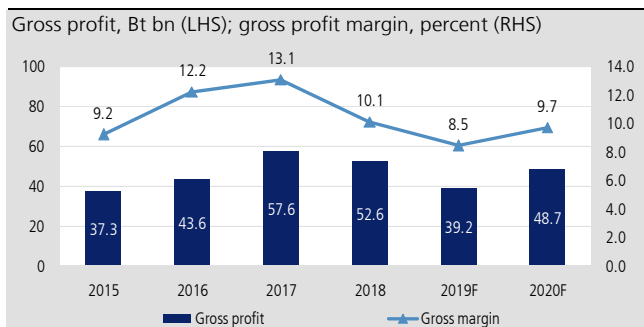
	2016	2017	2018	2019F	2020F
<b>Benchmark</b>					
Dubai crude (US\$/bbl)	41	53	69	67	65
Gasoline spread (US\$/bbl)	14.9	14.9	10.5	8.0	11.0
Jet oil spread (US\$/bbl)	11.6	12.1	15.4	15.0	18.0
Diesel spread (US\$/bbl)	10.8	12.5	14.6	14.5	20.0
Fuel oil spread (US\$/bbl)	(4.9)	(2.4)	(2.7)	(4.0)	(10.0)
<b>Refinery</b>					
Base GRM (US\$/bbl)	5.3	6.7	6.1	5.6	8.8
Crude run (KBD)	121	149	147	123	150
<b>Olefins</b>					
HDPE-naphtha (US\$/ton)	734	672	716	530	504
LLDPE-naphtha (US\$/ton)	772	682	567	500	475
LDPE-naphtha (US\$/ton)	784	781	593	500	475
PP-naphtha (US\$/ton)	648	659	655	590	561
Utilization rate (%)	90	94	101	101	102
<b>Aromatics</b>					
PX-condensate (US\$/ton)	395	380	451	370	352
BZ-condensate (US\$/ton)	261	357	215	50	100
Utilization rate (%)	82	80	93	87	95
<b>Phenol &amp; BPA</b>					
Phenol-BZ (US\$/ton)	180	149	480	400	400
BPA-phenol (US\$/ton)	243	298	376	300	300
<b>PTTAC</b>					
ACN-propylene (US\$/ton)	443	784	985	900	800
MMA-naphtha (US\$/ton)	1,181	1,745	1,977	1,500	1,400
<b>Polyester</b>					
PTA spread (US\$/ton)	97	104	155	160	165
PET spread (US\$/ton)	114	125	186	140	145

Source: Company data, KGI Research estimates

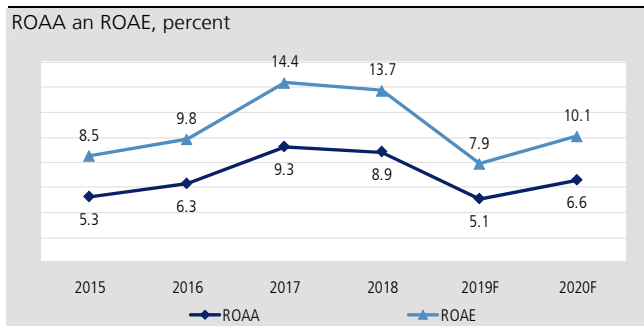
**Figure 4: Company profile**

PTT Global Chemical (PTTGC) was founded on October 19, 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. The integration results in reaching a total Olefins and Aromatics production capacity of 8.75MTA together with 280KBD of crude oil and condensate refining capacity, making it Thailand's largest and Asia's leading integrated petrochemical and refining company.

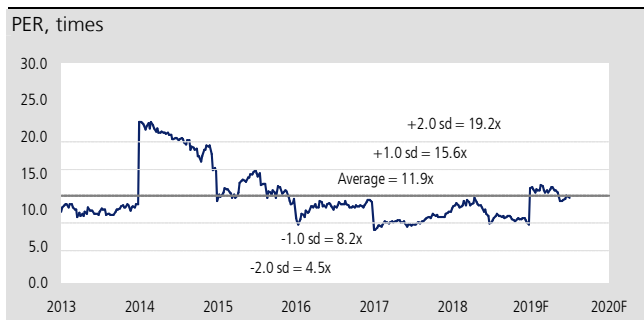
Source: Company data, KGI Research

**Figure 6: Gross profit**


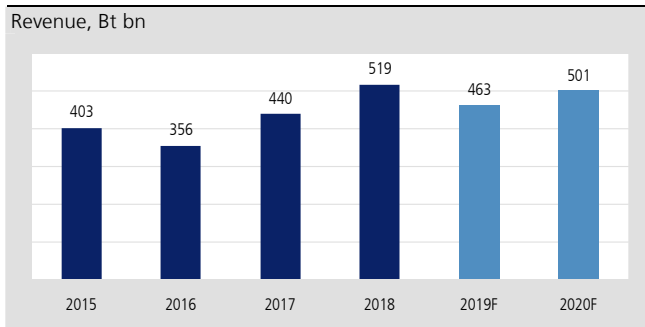
Source: Company data, KGI Research

**Figure 8: Company ROAA and ROAE**


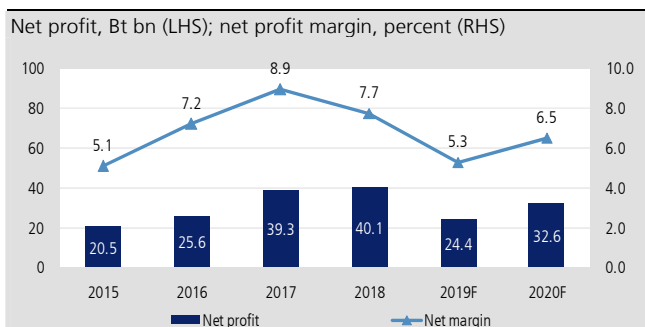
Source: Company data, KGI Research

**Figure 10: Company trading PER**


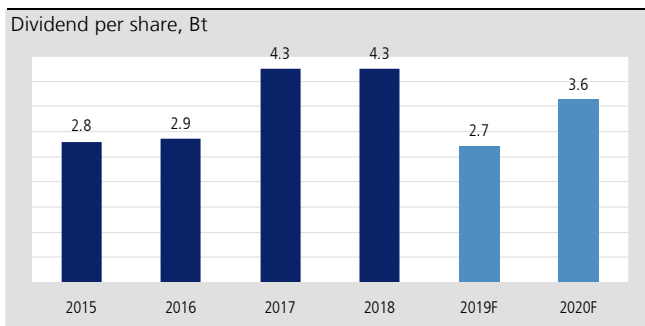
Source: KGI Research

**Figure 5: Revenue**


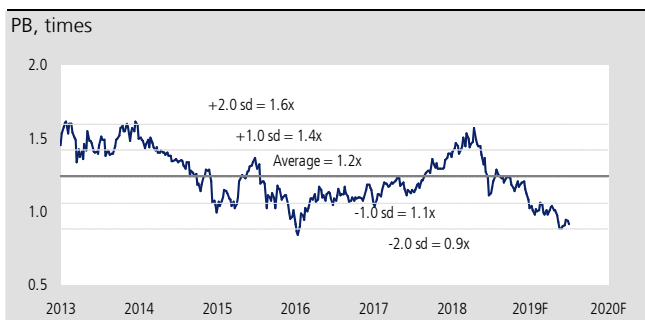
Source: Company data, KGI Research

**Figure 7: Net profit**


Source: Company data, KGI Research

**Figure 9: Dividend**


Source: Company data, KGI Research

**Figure 11: Company trading PB**


Source: KGI Research

**Quarterly Income Statement**

(Bt mn)	Mar-17A	Jun-17A	Sep-17A	Dec-17A	Mar-18A	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19F
Income Statement (Bt mn)										
<b>Revenue</b>	<b>111,630</b>	<b>103,374</b>	<b>105,344</b>	<b>119,572</b>	<b>121,706</b>	<b>129,698</b>	<b>137,533</b>	<b>129,718</b>	<b>113,577</b>	<b>107,560</b>
Cost of Goods Sold	(94,927)	(93,749)	(91,294)	(102,302)	(107,039)	(112,997)	(121,311)	(124,680)	(103,838)	(101,070)
<b>Gross Profit</b>	<b>16,704</b>	<b>9,625</b>	<b>14,051</b>	<b>17,270</b>	<b>14,667</b>	<b>16,702</b>	<b>16,222</b>	<b>5,038</b>	<b>9,739</b>	<b>6,490</b>
Operating Expenses	(3,157)	(3,120)	(3,584)	(4,335)	(3,229)	(3,353)	(3,768)	(4,503)	(3,622)	(3,799)
Other incomes	422	637	712	594	544	541	909	700	620	743
<b>Operating Profit</b>	<b>13,968</b>	<b>7,142</b>	<b>11,178</b>	<b>13,529</b>	<b>11,981</b>	<b>13,889</b>	<b>13,363</b>	<b>1,235</b>	<b>6,738</b>	<b>3,434</b>
Depreciation of fixed assets	5,050	4,889	4,763	4,748	4,663	4,712	4,762	4,917	5,015	5,010
<b>Operating EBITDA</b>	<b>19,018</b>	<b>12,031</b>	<b>15,941</b>	<b>18,277</b>	<b>16,645</b>	<b>18,601</b>	<b>18,125</b>	<b>6,152</b>	<b>11,753</b>	<b>8,444</b>
<b>Non-Operating Income</b>	<b>885</b>	<b>155</b>	<b>81</b>	<b>0</b>	<b>375</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest Income	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	885	155	81	0	375	100	0	0	0	0
<b>Non-Operating Expenses</b>	<b>(1,015)</b>	<b>(986)</b>	<b>(985)</b>	<b>(2,268)</b>	<b>(791)</b>	<b>(1,182)</b>	<b>(1,009)</b>	<b>(965)</b>	<b>(977)</b>	<b>(806)</b>
Interest Expenses	(1,015)	(986)	(985)	(949)	(791)	(1,182)	(828)	(792)	(797)	(806)
Other Non-op Expenses	0	0	0	(1,319)	0	0	(181)	(172)	(180)	0
Net Investment Income/(Loss)	1,423	1,571	875	1,703	1,996	1,514	1,960	1,424	1,178	1,385
<b>Pre-tax Profit</b>	<b>15,260</b>	<b>7,882</b>	<b>11,149</b>	<b>12,964</b>	<b>13,561</b>	<b>14,321</b>	<b>14,315</b>	<b>1,695</b>	<b>6,939</b>	<b>4,013</b>
Current Taxation	(1,623)	13	(1,233)	(1,020)	(1,237)	(1,340)	(1,471)	1,062	(719)	(407)
Minorities	1,082	1,423	123	193	174	(395)	173	249	151	200
Extraordinary items	626	131	162	(2,191)	237	(2,549)	122	1,554	374	(309)
<b>Net Profit</b>	<b>13,182</b>	<b>6,603</b>	<b>9,955</b>	<b>9,559</b>	<b>12,388</b>	<b>10,828</b>	<b>12,793</b>	<b>4,061</b>	<b>6,443</b>	<b>3,097</b>
EPS (Bt)	2.92	1.46	2.21	2.12	2.75	2.40	2.84	0.90	1.43	0.69
<b>Margins</b>										
Gross profit margin	15.0	9.3	13.3	14.4	12.1	12.9	11.8	3.9	8.6	6.0
Operating EBIT margin	12.5	6.9	10.6	11.3	9.8	10.7	9.7	1.0	5.9	3.2
Operating EBITDA margin	17.0	11.6	15.1	15.3	13.7	14.3	13.2	4.7	10.3	7.9
Net profit margin	11.8	6.4	9.4	8.0	10.2	8.3	9.3	3.1	5.7	2.9
<b>Growth</b>										
Revenue growth	37.0	55.7	14.2	3.6	9.0	25.5	30.6	8.5	(6.7)	(17.1)
Operating EBIT growth	149.5	15.3	38.4	(3.5)	(14.2)	94.5	19.5	(90.9)	(43.8)	(75.3)
Operating EBITDA growth	95.5	16.3	25.5	(1.8)	(12.5)	54.6	13.7	(66.3)	(29.4)	(54.6)
Net profit growth	180.0	34.1	59.9	(1.9)	(6.0)	64.0	28.5	(57.5)	(48.0)	(71.4)

Source: Company data, KGI Research

**Balance Sheet**

As of 31 Dec (Bt mn)	2016	2017	2018	2019F	2020F
<b>Total Assets</b>	<b>413,513</b>	<b>434,964</b>	<b>469,255</b>	<b>487,054</b>	<b>502,250</b>
<b>Current Assets</b>	129,169	140,738	144,310	152,386	159,878
Cash & ST Investments	46,889	55,050	53,562	59,230	60,468
Inventories	38,358	37,755	39,366	40,638	43,361
Accounts Receivable	37,752	41,697	41,991	43,126	46,657
Others	6,170	6,236	9,392	9,392	9,392
<b>Non-current Assets</b>	284,344	294,226	324,945	334,668	342,372
LT Investments	45,932	59,189	62,428	62,428	62,428
Net fixed Assets	223,992	219,689	245,021	254,744	262,448
Others	14,420	15,348	17,496	17,496	17,496
<b>Total Liabilities</b>	<b>146,500</b>	<b>154,700</b>	<b>165,773</b>	<b>171,377</b>	<b>170,251</b>
<b>Current Liabilities</b>	54,470	60,313	73,858	72,780	77,288
Accounts Payable	28,426	31,137	34,516	32,954	35,162
ST Borrowings	11,450	10,226	13,260	13,743	16,043
Others	14,593	18,950	26,083	26,083	26,083
<b>Long-term Liabilities</b>	92,030	94,387	91,915	98,597	92,963
Long-term Debts	85,665	87,588	83,648	90,330	84,695
Others	6,365	6,799	8,267	8,267	8,267
<b>Shareholders' Equity</b>	<b>267,014</b>	<b>280,264</b>	<b>303,482</b>	<b>315,677</b>	<b>332,000</b>
Common Stock	45,088	45,088	45,088	45,088	45,088
Capital Surplus	54,528	45,392	47,667	47,667	47,667
Retained Earnings	167,397	189,783	210,727	222,922	239,244
Preferred Stock	0	0	0	0	0

Source: KGI Research

**Key Ratios**

Year to 31 Dec (Bt mn)	2016	2017	2018	2019F	2020F
<b>Forecast Drivers</b>					
<b>Growth (% YoY)</b>					
Sales	(11.9)	23.7	17.9	(10.7)	8.2
OP	19.4	40.7	(13.1)	(37.6)	37.0
EBITDA	12.1	27.1	(8.8)	(22.1)	23.4
NP	24.9	53.5	2.0	(39.1)	33.8
EPS	24.9	53.5	2.0	(39.1)	33.8
<b>Profitability (%)</b>					
Gross Margin	12.2	13.1	10.1	8.5	9.7
Operating Margin	8.7	9.9	7.3	5.1	6.4
EBITDA Margin	14.4	14.8	11.5	10.0	11.4
Net Profit Margin	7.2	8.9	7.7	5.3	6.5
ROAA	6.3	9.3	8.9	5.1	6.6
ROAE	9.8	14.4	13.7	7.9	10.1
<b>Stability</b>					
Gross Debt/Equity (%)	36.4	34.9	31.9	33.0	30.3
Net Debt/Equity (%)	18.8	15.3	14.3	14.2	12.1
Interest Coverage (x)	7.7	12.0	13.0	8.7	11.8
Interest & ST Debt Coverage (x)	2.1	3.3	2.8	1.8	2.0
Cash Flow/Interest Coverage (x)	10.9	15.7	14.9	11.6	15.2
Cash Flow/Interest & ST Debt (x)	3.0	4.4	3.2	2.3	2.6
Current Ratio (x)	2.4	2.3	2.0	2.1	2.1
Quick Ratio (x)	1.7	1.7	1.4	1.5	1.5
Net Debt (Bt mn)	50,226	42,764	43,345	44,843	40,270
<b>Per Share Data (Bt)</b>					
EPS	5.7	8.7	8.9	5.4	7.2
CFPS	10.3	13.7	11.9	9.0	11.2
BVPS	54.6	61.0	65.7	68.4	72.0
SPS	--	--	--	--	--
EBITDA/Share	11.4	14.5	13.2	10.3	12.7
DPS	2.9	4.3	4.3	2.7	3.6
<b>Activity</b>					
Asset Turnover (x)	0.9	1.0	1.1	1.0	1.0
Days Receivables	38.8	34.6	29.6	34.0	34.0
Days Inventory	44.9	36.0	30.8	35.0	35.0
Days Payable	9.1	8.1	7.4	7.8	7.8
Cash Cycle	74.5	62.5	53.0	61.2	61.2

Source: KGI Research

**Profit & Loss**

Year to 31 Dec (Bt mn)	2016	2017	2018	2019F	2020F
<b>Revenue</b>	<b>355,524</b>	<b>439,921</b>	<b>518,655</b>	<b>462,966</b>	<b>500,875</b>
Cost of Goods Sold	(311,973)	(382,271)	(466,026)	(423,800)	(452,198)
<b>Gross Profit</b>	<b>43,551</b>	<b>57,650</b>	<b>52,629</b>	<b>39,166</b>	<b>48,677</b>
Operating Expenses	(12,678)	(14,197)	(14,854)	(15,597)	(16,377)
Other incomes	3,018	2,364	2,694	2,775	2,859
<b>Operating Profit</b>	<b>33,891</b>	<b>45,817</b>	<b>40,469</b>	<b>26,344</b>	<b>35,159</b>
Depreciation of fixed assets	17,479	19,451	19,055	20,041	22,060
<b>Operating EBITDA</b>	<b>51,371</b>	<b>65,267</b>	<b>59,524</b>	<b>46,386</b>	<b>57,218</b>
<b>Non-Operating Income</b>	<b>0</b>	<b>0</b>	<b>122</b>	<b>0</b>	<b>0</b>
Interest Income	0	0	0	0	0
Other Non-op Income	0	0	122	0	0
<b>Non-Operating Expenses</b>	<b>(4,880)</b>	<b>(4,133)</b>	<b>(3,593)</b>	<b>(3,494)</b>	<b>(3,325)</b>
Interest Expenses	(4,277)	(3,935)	(3,593)	(3,494)	(3,325)
Other Non-op Expenses	(602)	(198)	0	0	0
Net Investment Income/(Loss)	2,576	5,572	6,895	5,879	5,365
<b>Pre-tax Profit</b>	<b>31,588</b>	<b>47,255</b>	<b>43,893</b>	<b>28,729</b>	<b>37,198</b>
Current Taxation	(3,090)	(3,863)	(2,986)	(2,364)	(3,407)
Minorities	2,572	2,822	201	1,022	1,146
Extraordinary items	(323)	(1,272)	(636)	(954)	0
<b>Net Profit</b>	<b>25,602</b>	<b>39,298</b>	<b>40,669</b>	<b>24,390</b>	<b>32,645</b>
EPS (Bt)	5.68	8.72	8.89	5.41	7.24

Source: KGI Research

**Cash Flow**

Year to 31 Dec (Bt mn)	2016	2017	2018	2019F	2020F
<b>Operating Cash Flow</b>	46,566	61,955	53,629	40,462	50,658
Net Profit	25,602	39,298	40,069	24,390	32,645
Depreciation & Amortization	17,479	19,451	19,055	20,041	22,060
Change in Working Capital	(6,231)	(631)	1,474	(3,970)	(4,046)
Others	9,716	3,837	(6,970)	0	0
<b>Investment Cash Flow</b>	(1,957)	(41,545)	(32,842)	(29,764)	(29,764)
Net CAPEX	(18,292)	(15,638)	(26,156)	(29,764)	(29,764)
Change in LT Investment	0	0	0	0	0
Change in Other Assets	16,334	(25,907)	(6,685)	0	0
<b>Free Cash Flow</b>	28,275	46,317	27,473	10,698	20,895
<b>Financing Cash Flow</b>	(25,225)	(9,701)	(27,473)	(5,029)	(19,657)
Change in Share Capital	(605)	(11,545)	2,275	0	0
Net Change in Debt	(9,906)	698	(906)	7,166	(3,334)
Change in Other LT Liab.	(14,714)	1,146	(28,841)	(12,195)	(16,322)
<b>Net Cash Flow</b>	19,384	10,709	(6,685)	5,669	1,238

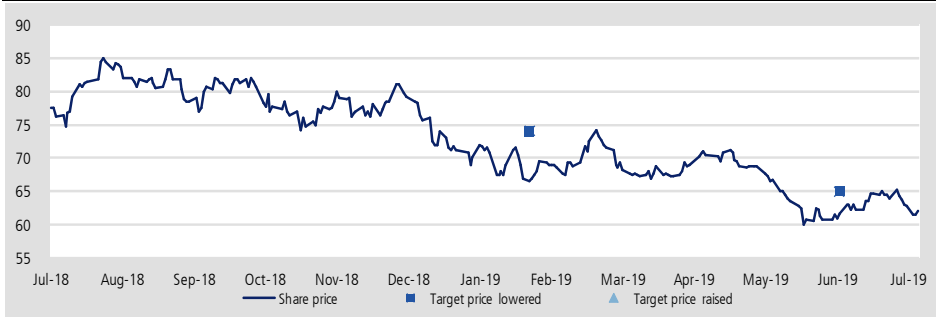
Source: KGI Research

**Rates of Return on Invested Capital**

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= <b>Operating Margin</b>		
2016	87.8%	4.9%	3.6%	3.8%		
2017	86.9%	4.4%	3.2%	5.5%		
2018	89.9%	3.7%	2.9%	3.6%		
2019F	91.5%	4.3%	3.4%	0.8%		
2020F	90.3%	4.4%	3.3%	2.0%		
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= <b>Capital Turnover</b>		
2016	0.21	0.63	0.04	1.14		
2017	0.18	0.50	0.03	1.39		
2018	0.14	0.47	0.03	1.56		
2019F	0.17	0.55	0.04	1.32		
2020F	0.16	0.52	0.03	1.38		
Year	<b>Operating Margin</b>	x	<b>Capital Turnover</b>	x	<b>Cash Tax Rate</b>	= <b>After-tax Return on Inv. Capital</b>
2016	3.8%		1.1		89.2	3.8
2017	5.5%		1.4		91.0	6.9
2018	3.6%		1.6		93.1	5.2
2019F	0.8%		1.3		91.2	0.9
2020F	2.0%		1.4		90.5	2.6

Source: KGI Research

**PTT Global Chemical - Recommendation & target price history**



Source: KGI Research

## Corporate Governance Report of Thai Listed Companies



### Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
EGCO	ELECTRICITY GENERATING	KTB	KRUNG THAI BANK	TISCO	TISCO FINANCIAL GROUP
KBANK	KASIKORN BANK	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING		
KKP	KIATNAKIN BANK	SCB	THE SIAM COMMERCIAL BANK		



### Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	ERW	THE ERAWAN GROUP	SCC	THE SIAM CEMENT
AOT	AIRPORTS OF THAILAND	GFPT	GFPT	SPALI	SUPALAI
AP	ASIAN PROPERTY DEVELOPMENT	IFEC	INTER FAR EAST ENGINEERING	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
BBL	BANGKOK BANK	LPN	L.P.N. DEVELOPMENT	SVI	SVI
BH	BUMRUNGRAD HOSPITAL	MINT	MINOR INTERNATIONAL	TASCO	TIPCO ASPHALT
BIGC	BIG C SUPERCENTER	PS	PRUKSA REAL ESTATE	TCAP	THANACHART CAPITAL
CK	CH. KARNCHANG	QH	QUALITY HOUSES	TMB	TMB BANK
CPALL	CP ALL	ROBINS	ROBINSON DEPARTMENT STORE	TRUE	TRUE CORPORATION
CPN	CENTRAL PATTANA	RS	RS		
DRT	DIAMOND ROOFING TILES	SAMART	SAMART CORPORATION		



### Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
CENTEL	CENTRAL PLAZA HOTEL	HMPRO	HOME PRODUCT CENTER	MAKRO	SIAM MAKRO
DCC	DYNASTY CERAMIC	ILINK	INTERLINK COMMUNICATION	MODERN	MODERNFORM GROUP
GL	GROUP LEASE	KTC	KRUNGTHAI CARD	TRT	TIRATHAI
GLOW	GLOW ENERGY	MAJOR	MAJOR CINEPLEX GROUP	TVO	THAI VEGETABLE OIL

### Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	CHG	CHULARAT HOSPITAL	NOK	NOK AIRLINES
ANAN	ANANDA DEVELOPMENT	CKP	CK POWER	PACE	PACE DEVELOPMENT CORPORATION
BA	BANGKOK AIRWAYS	DTAC	TOTAL ACCESS COMMUNICATION	SAWAD	SRI SAWAD POWER 1979
BCH	BANGKOK CHAIN HOSPITAL	GLOBAL	SIAM GLOBAL HOUSE	TMT	THAI METAL TRADE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	TPCH	TPC POWER HOLDING
BEM	BANGKOK EXPRESSWAY AND METRO	GUNKUL	GUNKUL ENGINEERING	WHA	WHA CORPORATION
BJCHI	BJC HEAVY INDUSTRIES	LPH	LADPRAO GENERAL HOSPITAL	WORK	WORKPOINT ENTERTAINMENT
CBG	CARABAO GROUP	MTLS	MUANGTHAI LEASING		

Source: www.thai-iod.com

**Disclaimer:** The disclosure of the survey result 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 assessment 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 result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.



## Anti-corruption Progress Indicator

### Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

### Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERAWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

### Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENTEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

### Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

### Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SRIAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

### No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

**Disclaimer:** The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution 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 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, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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**KGI's Ratings**

<b>Rating</b>	<b>Definition</b>
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.  <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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