Bangchak Corporation Pcl (BCP TB) - SELL, Price Bt27, TP Bt21

Results Comment

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3Q21 results in line

- BCP reported 3Q21 net profit of Bt1.82bn (EPS Bt1.32/sh). Excluding non-operating items, we estimate normalized profit to be Bt133m (norm EPS Bt0.10/sh), down 71% q-q. The normalized result was in line with expectation. While we expect improvement in 4Q21F, we think better alternatives abound. Maintain SELL.
- **Refining**: Operating GRM was $3.07/bbl down from $4.18/bbl in 2Q21 but up from $2.33/bbl in 3Q20. The q-q decline was driven by higher crude premium. Crude run averaged 111kbd, up 4% q-q and 17% y-y.
- **Marketing**: Sales volume was 1.05bn litres, down 11% q-q likely due to lockdown impacts in Thailand. Marketing margin averaged Bt0.73/litre in this quarter, reflecting lower margin at the pump and less favorable sales mix (less retail sales).
- **Power**: Power EBITDA 18% q-q, 4% y-y to Bt1.18bn. Most of this was driven by growth in hydro output in Laos.
- **Others**: OKEA (its E&P associate) was consolidated in to BCP's P&L this quarter, resulting in big jumps in revenue and EBITDA though there was likely no impact on the bottom line. BCP only provided EBITDA information for OKEA which was Bt3bn, more than doubled q-q due to higher volume and ASP.
- **Non-operating items** were numerous. These include Bt1.39bn inventory gain, Bt777m hedging loss, Bt103m FX gain. The company also recorded Bt433m compensation from construction delay claim, Bt575m gain on fair value adjustment, Bt122m gain from sale of investment and Bt13m loss from asset impairment. These are all pre-tax basis.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21
Revenue	33,652	33,134	41,230	43,775	47,649
Gross profit	**2,164**	**2,389**	**2,630**	**2,415**	**4,226**
SG&A	1,613	2,180	1,447	1,628	1,652
Operating profit	551	209	1,183	787	2,574
EBITDA	**2,182**	**2,151**	**2,854**	**2,506**	**4,973**
Other income	121	120	142	176	777
Other expense	0	(0)	0	0	0
Interest expense	504	484	464	518	748
Profit before tax	**167**	**(154)**	**861**	**444**	**2,602**
Income tax	19	(46)	408	195	1,904
Equity & invest. income	58	259	194	512	177
Minority interests	(318)	(349)	(358)	(309)	(742)
Extraordinary items	(535)	451	1,994	1,313	1,687
Net profit	**(647)**	**251**	**2,283**	**1,765**	**1,820**
Normalized profit	**(112)**	**(200)**	**289**	**452**	**133**
EPS (Bt)	(0.47)	0.18	1.66	1.28	1.32
Normalized EPS (Bt)	(0.08)	(0.15)	0.21	0.33	0.10

Income Statement			9M as		
(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	9	42	73	180,768	202,438
Gross profit	**75**	**95**	**118**	**7,869**	**9,849**
SG&A	1	2	76	6,221	6,411
Operating profit	227	367	276	1,649	3,438
EBITDA	**98**	**128**	**125**	**8,253**	**10,402**
Other income	342	544	125	876	903
Other expense			na	0	0
Interest expense	44	48	86	2,010	1,920
Profit before tax	**486**	**1,457**	**758**	**515**	**2,421**
Income tax	876	9,977	3,476	72	339
Equity & invest. income	(65)	209	2,649	33	33
Minority interests	na	na	255	(553)	(613)
Extraordinary items	28	na	na	0	0
Net profit	**3**	**na**	**na**	**(77)**	**1,502**
Normalized profit	**(71)**	**na**	**na**	**(77)**	**1,502**
EPS (Bt)	3	na	na	(0.06)	1.09
Normalized EPS (Bt)	(71)	na	na	(0.06)	1.09

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	12,175	21,651	21,351	16,423	21,321
A/C receivable	5,625	6,402	8,159	7,859	12,932
Inventory	13,209	16,162	14,108	14,104	21,587
Other current assets	3,233	3,080	2,853	5,792	2,802
Investment	15,368	14,331	15,594	16,422	13,714
Fixed assets	54,898	54,567	54,670	54,785	74,518
Other assets	36,670	32,129	31,982	31,982	49,723
Total assets	**141,179**	**148,323**	**148,716**	**147,367**	**196,596**
S-T debt	9,703	9,149	8,310	9,097	15,447
A/C payable	8,919	12,277	9,534	9,688	11,729
Other current liabilities	4,090	4,076	4,044	3,987	6,067
L-T debt	54,087	54,095	54,650	51,182	62,830
Other liabilities	10,186	10,409	10,001	9,881	33,702
Minority interest	7,358	11,950	12,559	12,661	14,716
Shareholders' equity	**46,836**	**46,366**	**49,617**	**50,872**	**52,105**
Working capital	9,915	10,287	12,732	12,275	22,789
Total debt	63,789	63,244	62,960	60,279	78,277
Net debt	**51,614**	**41,593**	**41,610**	**43,856**	**56,956**

Financial Ratios					
(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Sales growth	(27.6)	(33.9)	(4.3)	64.6	41.6
Operating profit growth	(66.7)	(74.3)	na	180.0	367.2
EBITDA growth	(25.1)	0.3	160.6	32.9	127.9
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	6.4	7.2	6.4	5.5	8.9
Operating margin	1.6	0.6	2.9	1.8	5.4
EBITDA margin	6.5	6.5	6.9	5.7	10.4
Norm net margin	(0.3)	(0.6)	0.7	1.0	0.3
D/E (x)	1.4	1.4	1.3	1.2	1.5
Net D/E (x)	1.1	0.9	0.8	0.9	1.1
Interest coverage (x)	4.3	4.4	6.2	4.8	6.6
Interest rate	3.1	3.0	2.9	3.4	4.3
Effective tax rate	11.3	29.5	47.3	43.9	73.2
ROA	(0.3)	(0.6)	0.8	1.2	0.3
ROE	(1.0)	(1.7)	2.4	3.6	1.0

Sources: Company data, Thanachart estimates

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