

Bangchak Corporation Pcl (BCP TB) - BUY, Price Bt29.5, TP Bt32.0 Results Comment

Yupapan Polpornprasert | Email: yupapan.pol@thanachartsec.co.th

BCP 4Q21 – Miss on asset impairment

- BCP reported 4Q21 net profit of Bt1.8bn (-4% q-q, up nearly 5x y-y). The result miss market expectation by 10%. We believe this is due to E&P asset impairment. However, core profit is in-line with our expectation. Excluding non-operating items, we estimate normalized profit to be Bt3.5bn, up by 556% q-q.
- Refining:** Operating GRM was \$6.8/bbl up from \$3.1/bbl in 3Q21 and \$3.7/bbl in 4Q20. The q-q increased was driven by higher crack spread in all products. Crude run averaged 112kbd, steady q-q and up 12% y-y.
- Oil retail.** EBITDA from oil retail business declined 55% q-q to Bt255m in 4Q21 as impact from a sharp drop in marketing margin was more than offset with strong increase in sale volume. Marketing margin registered at Bt0.54/litre, -26% q-q, pressured by the government's price control measures of retail domestic diesel to below Bt30/liter.
- Others.** For bio-based product business, excluding the effect of recording a gain from fair value adjustments of investments in 3Q21, the performance remained close to the previous quarter. Power EBITDA dropped 12% q-q, but +20% y-y to Bt1.04bn. Quarterly dropped was mostly driven by weaker hydro output in Laos due to seasonal factor as 3Q was high season from hydro power plants.
- Non-recurring items.** Key non-operating items in this quarter include Bt1.8bn OKEA's asset impairment resulting from the transfer of ownership of Yme's field's asset, Bt1bn oil inventory gain and hedging, and Bt75m Fx loss.
- Outlook.** We expect 1Q22F profit to continue to improve with stronger oil price and refinery margin YTD. Maintain BUY

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	33,134	41,230	43,775	47,649	66,762	Revenue	40	101	111	199,417	190,131
Gross profit	2,389	2,853	2,587	5,441	9,357	Gross profit	72	292	123	20,238	18,837
SG&A	2,180	1,447	1,628	1,652	2,426	SG&A	47	11	100	7,153	7,605
Operating profit	209	1,406	959	3,789	6,931	Operating profit	83	3,217	141	13,085	11,232
EBITDA	2,151	3,077	2,678	6,188	9,216	EBITDA	49	329	119	21,159	19,666
Other income	120	(281)	(34)	(31)	(167)	Other income	na	na	(96)	(512)	533
Other expense	(0)	0	0	0	0	Other expense			na	0	0
Interest expense	484	464	518	748	809	Interest expense	8	67	154	2,540	2,183
Profit before tax	(154)	662	406	3,009	5,956	Profit before tax	98	na	123	10,034	9,582
Income tax	(46)	408	195	1,904	1,756	Income tax	(8)	na	73	4,263	4,312
Equity & invest. income	259	194	512	177	159	Equity & invest. income	(11)	(39)	111	1,042	936
Minority interests	(349)	(358)	(309)	(742)	(811)	Minority interests	na	na	141	(2,221)	(1,668)
Extraordinary items	451	2,194	1,350	1,279	(1,791)	Extraordinary items	na	na	51	3,032	0
Net profit	251	2,284	1,765	1,820	1,756	Net profit	(4)	598	99	7,624	4,538
Normalized profit	(200)	90	414	541	3,547	Normalized profit	556	na	272	4,592	4,538
EPS (Bt)	0.18	1.66	1.28	1.32	1.28	EPS (Bt)	(4)	598	99	5.54	3.30
Normalized EPS (Bt)	(0.15)	0.07	0.30	0.39	2.58	Normalized EPS (Bt)	556	na	272	3.33	3.30

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21		4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	21,651	21,351	16,423	21,321	32,829	Sales growth	(33.9)	(4.3)	64.6	41.6	101.5
A/C receivable	6,402	8,159	7,859	12,932	15,234	Operating profit growth	(74.3)	na	241.1	587.7	3,217.4
Inventory	16,162	14,108	14,104	21,587	18,497	EBITDA growth	0.3	181.0	42.1	183.6	328.6
Other current assets	3,080	2,853	5,792	2,802	2,812	Norm profit growth	na	na	na	na	na
Investment	14,331	15,594	16,422	13,714	13,670	Norm EPS growth	na	na	na	na	na
Fixed assets	54,567	54,670	54,785	74,518	69,233	Gross margin	7.2	6.9	5.9	11.4	14.0
Other assets	32,129	31,982	31,982	49,723	49,510	Operating margin	0.6	3.4	2.2	8.0	10.4
Total assets	148,323	148,716	147,367	196,596	201,785	EBITDA margin	6.5	7.5	6.1	13.0	13.8
S-T debt	9,149	8,310	9,097	15,447	10,720	Norm net margin	(0.6)	0.2	0.9	1.1	5.3
A/C payable	12,277	9,534	9,688	11,729	15,651	D/E (x)	1.4	1.3	1.2	1.5	1.5
Other current liabilities	4,076	4,044	3,987	6,067	7,734	Net D/E (x)	0.9	0.8	0.9	1.1	0.9
L-T debt	54,095	54,650	51,182	62,830	69,787	Interest coverage (x)	4.4	6.6	5.2	8.3	11.4
Other liabilities	10,409	10,001	9,881	33,702	28,334	Interest rate	3.0	2.9	3.4	4.3	4.1
Minority interest	11,950	12,559	12,661	14,716	16,092	Effective tax rate	29.5	61.6	48.0	63.3	29.5
Shareholders' equity	46,366	49,617	50,872	52,105	53,467	ROA	(0.6)	0.2	1.1	1.3	7.1
Working capital	10,287	12,732	12,275	22,789	18,080	ROE	(1.7)	0.7	3.3	4.2	26.9
Total debt	63,244	62,960	60,279	78,277	80,507						
Net debt	41,593	41,610	43,856	56,956	47,678						

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 115 Derivative Warrants which are ACE16C2202A, ADVA16C2202A, ADVA16C2203A, AMAT16C2206A, AOT16C2202A, BAM16C2204A, BANP16C2205A, BANP16C2202A, BANP16C2204A, BBL16C2203A, BBL16C2204A, BCH16C2203A, BEC16C2202A, BEC16C2204A, BGRI16C2203A, BGRI16C2205A, BLA16C2205A, CBG16C2202A, CBG16C2204A, CBG16C2205A, CHG16C2202A, COM716C2203A, COM716C2205A, CPAL16C2203A, CPAL16C2204A, CPF16C2205A, CPN16C2202A, CRC16C2204A, DELT16C2202A, DELT16C2203A, DOHO16C2202A, DTAC16C2203A, EA16C2206A, EA16C2203A, EA16C2205A, ESSO16C2202A, GLOB16C2203A, GPSC16C2206A, GPSC16C2203A, GPSC16C2205A, GULF16C2202A, GULF16C2203A, GULF16C2205A, GUNK16C2206A, GUNK16C2203A, GUNK16C2205A, HANA16C2202A, HANA16C2204A, HANA16C2205A, HMPR16C2202A, INTU16C2202A, INTU16C2205A, IRPC16C2205A, IVL16C2202A, IVL16C2203A, JAS16C2202A, JMAR16C2206A, JMAR16C2202A, JMAR16C2205A, JMT16C2203A, JMT16C2205A, KBAN16C2206A, KBAN16C2202A, KBAN16C2204A, KCE16C2204A, KCE16C2205A, KCE16C2205B, KTC16C2202A, LH16C2202A, MINT16C2203A, MINT16C2204A, MTC16C2202A, MTC16C2204A, OR16C2202A, OR16C2203A, OR16C2205A, PTG16C2202A, PTG16C2203A, PTL16C2202A, PTL16C2202B, PTT16C2203A, PTT16C2205A, PTTE16C2203A, RBF16C2202A, RCL16C2205A, RS16C2205A, S5016P2206B, S5016C2203A, S5016C2203B, S5016C2206A, S5016P2203A, S5016P2203B, S5016P2206A, SAWA16C2202A, SAWA16C2204A, SAWA16C2205A, SCB16C2202A, SCC16C2204A, SCGP16C2202A, SPAL16C2202A, STA16C2203A, STEC16C2204A, STGT16C2202A, SYNE16C2202A, TOP16C2206A, TOP16C2202A, TRUE16C2205A, TRUE16C2202A, TRUE16C2203A, TRUE16C2203B, TU16C2202A, TU16C2204A, WHA16C2202A, WHA16C2204A (underlying securities are ACE, ADVANC, AMATA, AOT, BAM, BANPU, BBL, BCH, BEC, BGRIM, BLA, CBG, CHG, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, DTAC, EA, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, RBF, RCL, RS, SAWAD, SCB, SCC, SCGP, SET50, SPALI, STA, STEC, STGT, SYNEX, TOP, TU, WHA, TRUE).. Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 21.2% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)