Bangchak Corporation Pcl (BCP TB) - BUY, Price Bt34.25, TP Bt34 | Results Comment

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BCP 1Q22 – in-line, steady core profit

- BCP reported 1Q22 net profit of Bt4.4bn (+152% q-q, up nearly 91% y-y). The result is in-line with market expectation but beat our forecast of Bt2.8bn due to larger than expected inventory gain. Excluding non-operating items, we estimate core profit to be Bt764m, down 7% q-q, but up 751% y-y.
- **Refining back to full utilization**: Operating GRM was $6.8/bbl, steady q-q despite higher product spread. This is due to higher crude premium given dated Brent over Dubai spread increased to US$6/bbl vs 1.5/bbl in 4Q21. Crude run was strong running at 122kbd, up 9% q-q and imply utilization rate of 102%.
- **Oil retail margin steady q-q.** EBITDA from oil retail business increased 338% q-q to Bt1.2bn in 1Q22 due to inventory gain. Marketing margin was steady q-q at Bt0.59/litre despite pressure from higher oil price.
- **Others.** For bio-based product business, EBITDA up by 34% q-q due to higher ethanol and B100 selling price. Power EBITDA was steady q-q if excluding divestment gain of SEGHPL. E&P's EBITDA trended lower by 12% q-q due to lower sale volume given abnormally high volume in 4Q21.
- **Non-recurring items**. Key non-operating items in this quarter include i) Bt0.9bn tax adjusted divestment gain on SEGHPL, ii) inventory gain of Bt3.5bn, iii) Bt563m reversal of OKEA's asset impairment given improvement in oil price.
- **Outlook.** We expect 2Q22F profit to continue to improve with stronger refinery margin YTD. Company also has less hedging position relative to peers with hedging position of less than 30% of sale volume vs peers of 45-50%. Maintain BUY

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	41,230	43,775	47,649	66,762	69,055
Gross profit	**2,853**	**2,587**	**5,441**	**8,032**	**10,006**
SG&A	1,447	1,628	1,652	2,426	1,669
Operating profit	1,406	959	3,789	5,606	8,337
EBITDA	**3,077**	**2,678**	**6,188**	**7,892**	**10,604**
Other income	(281)	(34)	(31)	(1,566)	(390)
Other expense	0	0	0	0	0
Interest expense	464	518	748	809	836
Profit before tax	**662**	**406**	**3,009**	**3,231**	**7,111**
Income tax	408	195	1,904	1,756	5,347
Equity & invest. income	194	512	177	159	148
Minority interests	(358)	(309)	(742)	(811)	(1,147)
Extraordinary items	2,194	1,350	1,279	906	3,592
Net profit	**2,284**	**1,765**	**1,820**	**1,729**	**4,356**
Normalized profit	**90**	**414**	**541**	**822**	**764**
EPS (Bt)	1.66	1.28	1.32	1.26	3.16
Normalized EPS (Bt)	0.07	0.30	0.39	0.60	0.55

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	3	67	27	256,591	244,270
Gross profit	**25**	**251**	**32**	**31,005**	**21,413**
SG&A	(31)	15	18	9,204	8,762
Operating profit	49	493	38	21,801	12,651
EBITDA	**34**	**245**	**35**	**30,235**	**20,803**
Other income	na	na	(30)	1,279	1,279
Other expense			na	0	0
Interest expense	3	80	29	2,865	2,851
Profit before tax	**120**	**974**	**35**	**20,215**	**11,079**
Income tax	204	1,211	42	12,637	6,548
Equity & invest. income	(7)	(24)	14	1,042	1,042
Minority interests	na	na	50	(2,273)	(1,359)
Extraordinary items	296	64	na	0	0
Net profit	**152**	**91**	**69**	**6,347**	**4,214**
Normalized profit	**(7)**	**751**	**12**	**6,347**	**4,214**
EPS (Bt)	152	91	69	4.61	3.06
Normalized EPS (Bt)	(7)	751	12	4.61	3.06

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	21,351	16,423	21,321	32,829	48,948
A/C receivable	8,159	7,859	12,932	15,234	18,211
Inventory	14,108	14,104	21,587	18,497	28,063
Other current assets	2,853	5,792	2,802	2,812	5,045
Investment	15,594	16,422	13,714	13,670	1,513
Fixed assets	54,670	54,785	74,518	69,233	70,017
Other assets	31,982	31,982	49,723	49,510	48,663
Total assets	**148,716**	**147,367**	**196,596**	**201,785**	**220,460**
S-T debt	8,310	9,097	15,447	10,720	12,566
A/C payable	9,534	9,688	11,729	15,651	22,744
Other current liabilities	4,044	3,987	6,067	7,734	10,432
L-T debt	54,650	51,182	62,830	69,787	65,299
Other liabilities	10,001	9,881	33,702	28,334	30,218
Minority interest	12,559	12,661	14,716	16,092	20,815
Shareholders' equity	**49,617**	**50,872**	**52,105**	**53,467**	**58,385**
Working capital	12,732	12,275	22,789	18,080	23,531
Total debt	62,960	60,279	78,277	80,507	77,865
Net debt	**41,610**	**43,856**	**56,956**	**47,678**	**28,917**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	(4.3)	64.6	41.6	101.5	67.5
Operating profit growth	na	241.1	587.7	2,583.4	492.8
EBITDA growth	181.0	42.1	183.6	267.0	244.6
Norm profit growth	na	na	na	na	750.9
Norm EPS growth	na	na	na	na	750.9
Gross margin	6.9	5.9	11.4	12.0	14.5
Operating margin	3.4	2.2	8.0	8.4	12.1
EBITDA margin	7.5	6.1	13.0	11.8	15.4
Norm net margin	0.2	0.9	1.1	1.2	1.1
D/E (x)	1.3	1.2	1.5	1.5	1.3
Net D/E (x)	0.8	0.9	1.1	0.9	0.5
Interest coverage (x)	6.6	5.2	8.3	9.8	12.7
Interest rate	2.9	3.4	4.3	4.1	4.2
Effective tax rate	61.6	48.0	63.3	54.4	75.2
ROA	0.2	1.1	1.3	1.7	1.4
ROE	0.7	3.3	4.2	6.2	5.5

Sources: Company data, Thanachart estimates

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