Bangchak Corporation Pcl (BCP TB) - BUY, Price Bt30.5, TP Bt39

Results Comment

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2Q22 – Record quarter, in-line

- BCP reported 2Q22 net profit of Bt5.3bn (+21% q-q, up 199% y-y). The result is broadly in-line with our and market expectation. Excluding non-operating items, we estimate core profit to be Bt8.4m vs Bt764m in 1Q22. This is record high profit both at core and reported level.

- **Robust refinery margin**: Operating GRM was $24.4/bbl, record high vs. US$6.8/bbl in 1Q22. This is given strong improvement in product spread during 2Q22. With high refinery margin, company is still running high crude run at 122.5k b/d or 102% utilization.

- **Strong improvement in oil marketing margin.** EBITDA from oil retail business increased 31% q-q to Bt1.5bn in 2Q22. The strong increase is driven by increase in net marketing margin which rose by 59% q-q to Bt0.94/litre. Retail sale volume also rose 4% q-q and 17% y-y with higher demand.

- **Others.** For bio-based product business, EBITDA contract 64% q-q due to decline of ethanol sales volume given rising cost price pressure, maintenance expense and weaker biodiesel price. E&P's EBITDA trended lower by 17% q-q due to lower gas price in UK.

- **Non-recurring items**. Key non-operating items in this quarter include i) Bt6.4bn hedging loss, ii) inventory gain of Bt3.8bn, iii) Bt516m Fx loss.

- **Outlook.** We expect 3Q22F profit to trend weaker with lower refinery margin QTD. However, we maintain our BUY call given we see BCP is attractively trading at 0.7x 23F PB.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Revenue	43,775	47,649	66,762	69,055	83,796
Gross profit	**2,587**	**5,441**	**8,032**	**10,006**	**20,814**
SG&A	1,628	1,652	2,426	1,669	2,074
Operating profit	959	3,789	5,606	8,337	18,740
EBITDA	**2,678**	**6,188**	**7,892**	**10,604**	**21,215**
Other income	(34)	(31)	(1,566)	(390)	(6,040)
Other expense	0	0	0	0	0
Interest expense	518	748	809	836	1,043
Profit before tax	**406**	**3,009**	**3,231**	**7,111**	**11,657**
Income tax	195	1,904	1,756	5,347	3,033
Equity & invest. income	512	177	159	148	(6)
Minority interests	(309)	(742)	(811)	(1,147)	(213)
Extraordinary items	1,350	1,279	390	3,592	(3,129)
Net profit	**1,765**	**1,820**	**1,212**	**4,356**	**5,276**
Normalized profit	**414**	**541**	**822**	**764**	**8,405**
EPS (Bt)	1.28	1.32	0.88	3.16	3.83
Normalized EPS (Bt)	0.30	0.39	0.60	0.55	6.10

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	21	91	56	271,726	265,427
Gross profit	**108**	**705**	**79**	**39,015**	**28,450**
SG&A	24	27	38	9,747	9,521
Operating profit	125	1,855	93	29,268	18,929
EBITDA	**100**	**692**	**86**	**37,188**	**26,190**
Other income	na	na	(503)	1,279	1,279
Other expense			na	0	0
Interest expense	25	101	73	2,584	2,398
Profit before tax	**64**	**2,768**	**67**	**27,963**	**17,810**
Income tax	(43)	1,455	54	15,523	10,485
Equity & invest. income	na	na	14	1,042	1,042
Minority interests	na	na	38	(3,545)	(1,893)
Extraordinary items	na	na	(74)	(623)	(1,015)
Net profit	**21**	**199**	**103**	**9,314**	**5,459**
Normalized profit	**1,000**	**1,929**	**92**	**9,937**	**6,474**
EPS (Bt)	21	199	103	6.76	3.96
Normalized EPS (Bt)	1,000	1,929	92	7.22	4.70

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Cash & ST investment	16,423	21,321	32,829	48,948	42,587
A/C receivable	7,859	12,932	15,234	18,211	25,249
Inventory	14,104	21,587	18,497	28,063	32,073
Other current assets	5,792	2,802	2,812	5,045	11,677
Investment	16,422	13,714	13,670	1,513	1,652
Fixed assets	54,785	74,518	69,233	70,017	68,161
Other assets	31,982	49,723	49,510	48,663	50,514
Total assets	**147,367**	**196,596**	**201,785**	**220,460**	**231,914**
S-T debt	9,097	15,447	10,720	12,566	11,628
A/C payable	9,688	11,729	15,651	22,744	28,869
Other current liabilities	3,987	6,067	7,734	10,432	16,263
L-T debt	51,182	62,830	69,787	65,299	61,668
Other liabilities	9,881	33,702	28,334	30,218	31,025
Minority interest	12,661	14,716	16,092	20,815	20,418
Shareholders' equity	**50,872**	**52,105**	**53,467**	**58,385**	**62,042**
Working capital	12,275	22,789	18,080	23,531	28,453
Total debt	60,279	78,277	80,507	77,865	73,296
Net debt	**43,856**	**56,956**	**47,678**	**28,917**	**30,710**

Financial Ratios					
(%)	2Q21	3Q21	4Q21	1Q22	2Q22
Sales growth	64.6	41.6	101.5	67.5	91.4
Operating profit growth	241.1	587.7	2,583.4	492.8	1,855.1
EBITDA growth	42.1	183.6	267.0	244.6	692.2
Norm profit growth	na	na	na	750.9	1,929.3
Norm EPS growth	na	na	na	750.9	1,929.3
Gross margin	5.9	11.4	12.0	14.5	24.8
Operating margin	2.2	8.0	8.4	12.1	22.4
EBITDA margin	6.1	13.0	11.8	15.4	25.3
Norm net margin	0.9	1.1	1.2	1.1	10.0
D/E (x)	0.9	1.2	1.2	1.0	0.9
Net D/E (x)	0.7	0.9	0.7	0.4	0.4
Interest coverage (x)	5.2	8.3	9.8	12.7	20.3
Interest rate	3.4	4.3	4.1	4.2	5.5
Effective tax rate	48.0	63.3	54.4	75.2	26.0
ROA	1.1	1.3	1.7	1.4	14.9
ROE	3.3	4.2	6.2	5.5	55.8

Sources: Company data, Thanachart estimates

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