

**Bangchak Corporation Pcl (BCP TB) - BUY, Price Bt33, TP Bt39****Results Comment**

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**3Q22 – In-line**

- BCP reported 3Q22 net profit of Bt3.2bn (-53% q-q, up 36% y-y). The result is broadly in-line with our and market expectation. Excluding non-operating items, we estimate core profit to be Bt3.2bn vs Bt8.4bn in 2Q22.
- Refinery margin normalized:** Operating GRM was \$10.45/bbl off from record level of \$24.4/bbl, but still much higher y-y. BCP see lower margin contraction comparing to peers given its high exposure to diesel. Unlike peers, company is still running high crude run at 123.2k b/d or 103% utilization.
- Marketing business impacted by stock loss.** EBITDA from oil retail business decreased 86% q-q to Bt203m in 3Q22. However, net market margin improved 6% q-q thanks to higher sale to power customers. Overall sale volume also dropped 6% q-q and but rose 32% y-y with higher demand.
- Others.** E&P's EBITDA trended higher by 71% q-q due to higher gas price in UK and Brent oil price. Meanwhile, power plant EBITDA up 9% q-q from seasonal factor of hydropower plants in Lao PDR which entered high season.
- Non-recurring items.** Key non-operating items in this quarter include i) Bt1.65bn hedging gain but offset by inventory loss of Bt1.9bn. OKEA also booked asset amount Bt205m (after tax net to BCP) in this quarter. This was due to the reduction in reserves of the Yme field.
- Outlook.** We expect 4Q22F profit to trend higher with absence of inventory loss. We maintain our BUY call given we see BCP is attractively trading at 0.7x 23F.

Income Statement (consolidated)						Income Statement 9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	47,649	66,762	69,055	83,796	74,767	Revenue	(11)	57	84	271,726	265,427
<b>Gross profit</b>	<b>6,036</b>	<b>8,032</b>	<b>10,006</b>	<b>20,814</b>	<b>9,771</b>	<b>Gross profit</b>	<b>(53)</b>	<b>62</b>	<b>104</b>	<b>39,015</b>	<b>28,450</b>
SG&A	1,652	2,426	1,669	2,074	2,109	SG&A	2	28	60	9,747	9,521
Operating profit	4,384	5,606	8,337	18,740	7,661	Operating profit	(59)	75	119	29,268	18,929
<b>EBITDA</b>	<b>6,783</b>	<b>7,892</b>	<b>10,604</b>	<b>21,215</b>	<b>7,661</b>	<b>EBITDA</b>	<b>(64)</b>	<b>13</b>	<b>106</b>	<b>37,188</b>	<b>26,190</b>
Other income	777	(1,566)	(390)	(6,040)	80	Other income	na	(90)	(497)	1,279	1,279
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	748	809	836	1,043	1,093	Interest expense	5	46	115	2,584	2,398
<b>Profit before tax</b>	<b>4,412</b>	<b>3,231</b>	<b>7,111</b>	<b>11,657</b>	<b>6,649</b>	<b>Profit before tax</b>	<b>(43)</b>	<b>51</b>	<b>91</b>	<b>27,963</b>	<b>17,810</b>
Income tax	1,904	1,756	5,347	3,033	3,062	Income tax	1	61	74	15,523	10,485
Equity & invest. income	177	159	148	(6)	42	Equity & invest. income	na	(76)	18	1,042	1,042
Minority interests	(742)	(811)	(1,147)	(213)	(437)	Minority interests	na	na	51	(3,545)	(1,893)
Extraordinary items	(123)	390	3,592	(3,129)	(722)	Extraordinary items	na	na	41	(623)	(1,015)
<b>Net profit</b>	<b>1,820</b>	<b>1,212</b>	<b>4,356</b>	<b>5,276</b>	<b>2,470</b>	<b>Net profit</b>	<b>(53)</b>	<b>36</b>	<b>130</b>	<b>9,314</b>	<b>5,459</b>
<b>Normalized profit</b>	<b>1,943</b>	<b>822</b>	<b>764</b>	<b>8,405</b>	<b>3,192</b>	<b>Normalized profit</b>	<b>(62)</b>	<b>64</b>	<b>124</b>	<b>9,937</b>	<b>6,474</b>
EPS (Bt)	1.32	0.88	3.16	3.83	1.79	EPS (Bt)	(53)	36	130	6.76	3.96
Normalized EPS (Bt)	1.41	0.60	0.55	6.10	2.32	Normalized EPS (Bt)	(62)	64	124	7.22	4.70

  

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	21,321	32,829	48,948	42,587	40,257	Sales growth	41.6	101.5	67.5	91.4	56.9
A/C receivable	12,932	15,234	18,211	25,249	21,022	Operating profit growth	695.7	2,583.4	492.8	1,855.1	74.8
Inventory	21,587	18,497	28,063	32,073	33,682	EBITDA growth	210.9	267.0	244.6	692.2	12.9
Other current assets	2,802	2,812	5,045	11,677	14,085	Norm profit growth	na	na	750.9	1,929.3	64.2
Investment	13,714	13,670	1,513	1,652	1,861	Norm EPS growth	na	na	750.9	1,929.3	64.2
Fixed assets	74,518	69,233	70,017	68,161	65,930	Gross margin	12.7	12.0	14.5	24.8	13.1
Other assets	49,723	49,510	48,663	50,514	51,026	Operating margin	9.2	8.4	12.1	22.4	10.2
<b>Total assets</b>	<b>196,596</b>	<b>201,785</b>	<b>220,460</b>	<b>231,914</b>	<b>227,863</b>	EBITDA margin	14.2	11.8	15.4	25.3	10.2
S-T debt	15,447	10,720	12,566	11,628	11,123	Norm net margin	4.1	1.2	1.1	10.0	4.3
A/C payable	11,729	15,651	22,744	28,869	19,742	D/E (x)	1.2	1.2	1.0	0.9	1.0
Other current liabilities	6,067	7,734	10,432	16,263	13,404	Net D/E (x)	0.9	0.7	0.4	0.4	0.5
L-T debt	62,830	69,787	65,299	61,668	70,956	Interest coverage (x)	9.1	9.8	12.7	20.3	7.0
Other liabilities	33,702	28,334	30,218	31,025	29,211	Interest rate	4.3	4.1	4.2	5.5	5.6
Minority interest	14,716	16,092	20,815	20,418	20,569	Effective tax rate	43.2	54.4	75.2	26.0	46.1
<b>Shareholders' equity</b>	<b>52,105</b>	<b>53,467</b>	<b>58,385</b>	<b>62,042</b>	<b>62,859</b>	ROA	4.5	1.7	1.4	14.9	5.6
Working capital	22,789	18,080	23,531	28,453	34,962	ROE	15.1	6.2	5.5	55.8	20.4
Total debt	78,277	80,507	77,865	73,296	82,079						
<b>Net debt</b>	<b>56,956</b>	<b>47,678</b>	<b>28,917</b>	<b>30,710</b>	<b>41,822</b>						

Sources: Company data, Thanachart estimates

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