

Bangchak Corporation Pcl (BCP TB) - BUY, Price Bt39.25, TP Bt42**Results Comment**

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2Q23 – in-line

- BCP reported 2Q23 profit of Bt455m vs 1Q23 net profit of Bt2.7bn. The result is overall in-line with our and market expectation. Excluding non-operating items, we estimate core profit to be Bt2.9bn, down by 17% q-q and 65% y-y. Profit contraction was driven by refinery, oil marketing, and E&P businesses.
- Market GRM corrected:** Operating GRM was at US\$4.67/bbl decreased by US\$6.77/bbl q-q and US\$19.75/bbl y-y. Q-Q drop is mainly from lower diesel crack spread. Company's run rate trended marginally lower to 118.6k bpd or 99% vs 104% utilization in 1Q23 vs 102% in 2Q22.
- Marketing margin dropped marginally** by 3% q-q to Bt0.79/litre while sale volume dropped by 2% q-q. As a result, EBITDA from oil retail business decreased 25% q-q to Bt553m in 2Q23.
- Others.** E&P's EBITDA dropped substantially by 32% q-q, but up 5% y-y. The q-q drop is due to 40% q-q volume contraction and 10% drop in average selling price. Q-Q volume drop is due to high base in 1Q23 which significantly exceed the contracted capacity. Meanwhile, power plant EBITDA improved by 16% q-q due to resume from shutdown of hydropower plants in Lao PDR.
- Non-recurring items.** Key non-operating items in this quarter include Bt1.0bn stock loss, Bt239m Fx gain, and impairment loss of Bt966m from OKEA's assets, as a result of the adjustment in reserve of the Ymeifield. BCP recognized the loss after tax and equity share of approximately Bt96m in 2Q23 and Bt31m in 1Q23.
- Outlook.** We expect 3Q23 profit to improve with higher GRM and oil price. Maintain BUY.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23
Revenue	83,796	74,767	84,583	80,380	68,023
Gross profit	20,814	9,771	9,109	9,000	5,683
SG&A	2,074	2,109	4,539	1,860	2,100
Operating profit	18,740	7,661	4,570	7,140	3,582
EBITDA	21,215	10,136	7,358	9,943	6,251
Other income	(6,040)	80	1,596	1,732	2,064
Other expense	0	0	0	0	0
Interest expense	1,043	1,093	1,005	1,032	1,000
Profit before tax	11,657	6,649	5,161	7,840	4,646
Income tax	3,033	3,062	1,410	3,689	1,406
Equity & invest. income	(6)	42	5	29	(40)
Minority interests	(213)	(437)	(780)	(629)	(251)
Extraordinary items	(3,129)	(722)	(2,503)	(810)	(2,494)
Net profit	5,276	2,470	473	2,741	455
Normalized profit	8,405	3,192	2,976	3,551	2,950
EPS (Bt)	3.83	1.79	0.34	1.99	0.33
Normalized EPS (Bt)	6.10	2.32	2.16	2.58	2.14

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	42,587	40,257	45,932	48,285	51,397
A/C receivable	25,249	21,022	22,199	21,207	15,504
Inventory	32,073	33,682	29,533	26,284	29,334
Other current assets	11,677	14,085	13,686	8,090	3,104
Investment	1,652	1,861	1,852	6,076	7,199
Fixed assets	68,161	65,930	73,018	70,632	76,401
Other assets	50,514	51,026	56,124	57,183	54,630
Total assets	231,914	227,863	242,344	237,756	237,570
S-T debt	11,628	11,123	3,501	7,138	11,105
A/C payable	28,869	19,742	28,948	23,945	19,603
Other current liabilities	16,263	13,404	15,404	10,434	9,243
L-T debt	61,668	70,956	70,507	71,098	75,747
Other liabilities	31,025	29,211	40,607	39,195	36,540
Minority interest	20,418	20,569	20,674	20,875	20,732
Shareholders' equity	62,042	62,859	62,704	65,071	64,599
Working capital	28,453	34,962	22,784	23,545	25,235
Total debt	73,296	82,079	74,008	78,235	86,852
Net debt	30,710	41,822	28,076	29,950	35,454

Sources: Company data, Thanachart estimates

Income Statement 6M as					
(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	(15)	(19)	50	296,984	285,772
Gross profit	(37)	(73)	58	25,424	25,658
SG&A	13	1	40	9,885	9,511
Operating profit	(50)	(81)	69	15,539	16,147
EBITDA	(37)	(71)	58	27,842	30,612
Other income	19	na	149	2,547	1,854
Other expense			na	0	0
Interest expense	(3)	(4)	58	3,524	3,273
Profit before tax	(41)	(60)	86	14,562	14,728
Income tax	(62)	(54)	73	7,017	7,364
Equity & invest. income	na	na	(2)	611	2,443
Minority interests	na	na	63	(1,403)	(1,473)
Extraordinary items	na	na	1,399	(236)	0
Net profit	(83)	(91)	49	6,516	8,334
Normalized profit	(17)	(65)	96	6,753	8,334
EPS (Bt)	(83)	(91)	49	4.73	6.05
Normalized EPS (Bt)	(17)	(65)	96	4.90	6.05

Financial Ratios					
(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Sales growth	91.4	56.9	26.7	16.4	(18.8)
Operating profit growth	1,855.1	74.8	(18.5)	(14.4)	(80.9)
EBITDA growth	692.2	49.4	(6.8)	(6.2)	(70.5)
Norm profit growth	1,929.3	64.2	262.0	364.9	(64.9)
Norm EPS growth	1,929.3	64.2	262.0	364.9	(64.9)
Gross margin	24.8	13.1	10.8	11.2	8.4
Operating margin	22.4	10.2	5.4	8.9	5.3
EBITDA margin	25.3	13.6	8.7	12.4	9.2
Norm net margin	10.0	4.3	3.5	4.4	4.3
D/E (x)	0.9	1.0	0.9	0.9	1.0
Net D/E (x)	0.4	0.5	0.3	0.3	0.4
Interest coverage (x)	20.3	9.3	7.3	9.6	6.3
Interest rate	5.5	5.6	5.2	5.4	4.8
Effective tax rate	26.0	46.1	27.3	47.1	30.3
ROA	14.9	5.6	5.1	5.9	5.0
ROE	55.8	20.4	19.0	22.2	18.2

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