

Bangchak Corporation (BCP TB) - BUY, Price Bt41.75, TP Bt53**Results Comment**

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1Q24 – In-line

- BCP reported 1Q24 profit of Bt2.4bn vs loss of Bt977m in 4Q23. The results are in-line with our and market expectation. Q-Q improvement is mainly from refinery and power business.
- Higher GRM:** BCP's operating GRM was at US\$6.1/bbl from US\$4.65/bbl in 4Q23 vs US\$11.4/bbl in 1Q23 given higher crack spread. However, Phra Khanong refinery see stead GRM q-q at US\$7.4/bbl, owing to crude cost.
- Marketing margin dropped 23% q-q** to Bt0.85/litre while sale volume improved 5% q-q. The margin was pressured by higher refined product prices, made it challenging for the company to adjust retail prices properly to reflect actual costs. Other downward pressures included rising costs of Euro 5-standard oil and inventory loss. EBITDA from oil retail business improved lower by 6% q-q to Bt,7bn in 4Q23.
- More E&P impairment.** E&P's EBITDA improved 82% q-q due to volume recognition of the Statfjord field which acquired on 29 Dec 23. However, the company has to book another Bt401m (after-tax bet to BCP) impairment on the field due to lower than expected output.
- Non-recurring items.** Key non-operating items in this quarter totaled loss of Bt1.6bn vs loss of Bt7bn in 4Q23. This mainly includes Bt416m stock loss, Bt565m derivative loss and Bt536m asset impairment.
- Outlook.** We expect 2Q24 profit to trend lower given weaker GRM as well as planned turnaround in 2Q24. We maintain BUY on attractive valuation and earnings recovery in 2H24F.

Income Statement (consolidated)						Income Statement 3M as					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	80,380	68,023	94,346	143,104	135,382	Revenue	(5)	68	25	547,016	559,608
Gross profit	9,000	6,219	9,167	7,413	13,067	Gross profit	76	45	34	38,286	42,141
SG&A	1,860	2,100	2,895	4,925	3,052	SG&A	(38)	64	22	13,702	14,080
Operating profit	7,140	4,118	6,272	2,487	10,015	Operating profit	303	40	41	24,584	28,061
EBITDA	9,943	6,787	10,410	7,247	15,433	EBITDA	113	55	36	42,390	48,043
Other income	1,418	552	550	(753)	134	Other income	na	(91)	4	3,110	3,144
Other expense	0	0	0	0	0	Other expense					
Interest expense	1,032	1,000	1,315	1,634	1,709	Interest expense	5	66	29	5,873	7,250
Profit before tax	7,526	3,670	5,507	100	8,440	Profit before tax	na	12	39	21,821	23,956
Income tax	3,689	1,406	2,478	1,193	4,544	Income tax	281	23	45	10,018	10,608
Equity & invest. income	29	(40)	211	139	547	Equity & invest. income	292	1,784	70	784	784
Minority interests	(629)	(251)	(184)	2,385	(353)	Minority interests	na	na	11	(3,155)	(3,599)
Extraordinary items	(496)	(1,518)	7,955	(2,409)	(1,652)	Extraordinary items	na	na	424	(390)	(408)
Net profit	2,741	455	11,011	(977)	2,437	Net profit	na	(11)	27	9,041	10,124
Normalized profit	3,237	1,973	3,056	1,432	4,089	Normalized profit	185	26	43	9,431	10,532
EPS (Bt)	1.99	0.33	8.00	(0.71)	1.77	EPS (Bt)	na	(11)	27	6.57	7.35
Normalized EPS (Bt)	2.35	1.43	2.22	1.04	2.97	Normalized EPS (Bt)	185	26	43	6.85	7.65

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(%)	1Q23	2Q23	3Q23	4Q23	1Q24
Cash & ST investment	48,285	51,397	31,890	36,795	34,108	Sales grow th	16.4	(18.8)	26.2	69.2	68.4
A/C receivable	21,207	15,504	28,716	33,274	33,378	Operating profit grow th	(14.4)	(78.0)	(18.1)	(45.6)	40.3
Inventory	26,284	29,334	57,562	47,840	60,180	EBITDA grow th	(6.2)	(68.0)	2.7	(1.5)	55.2
Other current assets	8,090	3,104	7,023	3,972	5,656	Norm profit grow th	323.8	(76.5)	(4.3)	(51.9)	26.3
Investment	6,076	7,199	24,140	28,349	31,162	Norm EPS grow th	323.8	(76.5)	(4.3)	(51.9)	26.3
Fixed assets	70,632	76,401	113,445	119,374	118,327	Gross margin	11.2	9.1	9.7	5.2	9.7
Other assets	57,183	54,630	66,081	70,825	69,595	Operating margin	8.9	6.1	6.6	1.7	7.4
Total assets	237,756	237,570	328,857	340,429	352,406	EBITDA margin	12.4	10.0	11.0	5.1	11.4
S-T debt	7,138	11,105	19,259	19,593	29,167	Norm net margin	4.0	2.9	3.2	1.0	3.0
A/C payable	23,945	19,603	41,976	41,287	47,053	D/E (x)	0.9	1.0	1.1	1.2	1.2
Other current liabilities	10,434	9,243	20,557	26,999	20,319	Net D/E (x)	0.3	0.4	0.8	0.8	0.9
L-T debt	71,098	75,747	96,449	100,414	99,482	Interest coverage (x)	9.6	6.8	7.9	4.4	9.0
Other liabilities	39,195	36,540	44,229	52,104	51,962	Interest rate	5.4	4.8	5.2	5.5	5.5
Minority interest	20,875	20,732	31,227	27,920	28,887	Effective tax rate	49.0	38.3	45.0	1,188.0	53.8
Shareholders' equity	65,071	64,599	75,160	72,112	75,537	ROA	5.4	3.3	4.3	1.7	4.7
Working capital	23,545	25,235	44,301	39,827	46,505	ROE	20.3	12.2	17.5	7.8	22.2
Total debt	78,235	86,852	115,708	120,006	128,649						
Net debt	29,950	35,454	83,818	83,211	94,541						

Sources: Company data, Thanachart estimates

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