Bangchak Corporation Pcl (BCP TB) - BUY, Price Bt33.0, TP Bt40.0 | Results Comment

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3Q24 – weak as expected

- BCP reported 3Q24 loss of Bt2.0bn vs profit of Bt1.8bn in 2Q24. The result drop q-q due to stock loss as well as weaker refinery and marketing margin.

- **Lower GRM**: BCP's group operating GRM was at US$2.49/bbl vs US$2.6/bbl in 2Q24. The lower crack spread was offset by margin improvement following Phra Khanong refinery resume operation. Average crude run at Bangchak's refineries recovered to 260 K bpd (88% utilization), up from 230k bpd (78% in 2Q24).

- **Marketing margin declined** to Bt0.77/litre vs Bt0.95/litre in 2Q24, owning to inventory loss in 3Q24. Sale volume dropped 2% q-q due to rainy season and severe flooding. EBITDA from oil retail business dropped by 57% q-q to Bt0.9bn in 3Q24.

- **Higher E&P sale volume.** E&P's EBITDA increased by 19% q-q due to 23% increase in sale volume. as the Statfjord A operation resumed after scheduled maintenance. OKEA has sell its 15% stake in the Yme Petroleum field which lead to reveral of impairment amount Bt114m (net to BCP).

- **Non-recurring items**. Key non-operating items in this quarter totaled gain Bt691m vs Bt3.9bn in 2Q24. This mainly includes Bt5.8bn stock loss, Bt2bn derivative gain, Bt587m Fx loss and Bt116m gain from sale of divestment.

- **Outlook.** We expect 4Q24 profit to trend higher likely due to seasonality increase in GRM. We maintain BUY on attractive valuation and earning support from SAF plant start up.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**
Revenue	94,346	143,104	135,382	158,057	154,193
Gross profit	**9,167**	**7,413**	**13,067**	**7,175**	**6,975**
SG&A	2,895	4,925	3,052	4,354	3,391
Operating profit	6,272	2,487	10,015	2,821	3,584
EBITDA	**10,410**	**7,247**	**15,433**	**7,901**	**8,165**
Other income	550	(753)	134	3,836	6,336
Other expense	0	0	0	0	0
Interest expense	1,315	1,634	1,709	1,784	1,740
Profit before tax	**5,507**	**100**	**8,440**	**4,874**	**8,181**
Income tax	2,478	1,193	4,544	3,819	7,535
Equity & invest. income	211	139	547	(52)	471
Minority interests	(184)	2,385	(353)	(971)	(406)
Extraordinary items	7,955	(2,409)	(1,652)	1,792	(2,804)
Net profit	**11,011**	**(977)**	**2,437**	**1,824**	**(2,093)**
Normalized profit	**3,056**	**1,432**	**4,089**	**32**	**711**
EPS (Bt)	8.00	(0.71)	1.77	1.32	(1.52)
Normalized EPS (Bt)	2.22	1.04	2.97	0.02	0.52

Income Statement			**9M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2024F**	**2024F**	**2025F**
Revenue	(2)	63	78	570,563	594,226
Gross profit	**(3)**	**(24)**	**68**	**39,934**	**44,173**
SG&A	(22)	17	68	15,908	16,618
Operating profit	27	(43)	68	24,025	27,555
EBITDA	**3**	**(22)**	**75**	**41,832**	**47,537**
Other income	65	1,053	341	3,022	3,779
Other expense					
Interest expense	(2)	32	86	6,068	7,354
Profit before tax	**68**	**49**	**102**	**20,979**	**23,981**
Income tax	97	204	119	13,323	12,857
Equity & invest. income	na	123	123	784	984
Minority interests	na	na	51	(3,426)	(3,589)
Extraordinary items	na	na	136	(1,961)	(875)
Net profit	**na**	**na**	**71**	**3,053**	**7,644**
Normalized profit	**2,119**	**(77)**	**96**	**5,014**	**8,519**
EPS (Bt)	na	na	71	2.22	5.55
Normalized EPS (Bt)	2,119	(77)	96	3.64	6.19

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**
Cash & ST investment	31,890	36,795	34,108	45,300	31,494
A/C receivable	28,716	33,274	33,378	39,489	34,994
Inventory	57,562	47,840	60,180	53,250	46,911
Other current assets	7,023	3,972	5,656	2,562	9,994
Investment	24,140	28,349	31,162	29,275	27,670
Fixed assets	113,445	119,374	118,327	116,022	115,375
Other assets	66,081	70,825	69,595	67,224	63,004
Total assets	**328,857**	**340,429**	**352,406**	**353,122**	**329,441**
S-T debt	19,259	19,593	29,167	25,507	34,400
A/C payable	41,976	41,287	47,053	46,090	39,066
Other current liabilities	20,557	26,999	20,319	16,484	21,564
L-T debt	96,449	100,414	99,482	107,895	97,955
Other liabilities	44,229	52,104	51,962	52,739	50,890
Minority interest	31,227	27,920	28,887	29,010	27,129
Shareholders' equity	**75,160**	**72,112**	**75,537**	**75,397**	**58,437**
Working capital	44,301	39,827	46,505	46,649	42,839
Total debt	115,708	120,006	128,649	133,402	132,355
Net debt	**83,818**	**83,211**	**94,541**	**88,102**	**100,861**

Financial Ratios					
(%)	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**
Sales growth	26.2	69.2	68.4	132.4	63.4
Operating profit growth	(18.1)	(45.6)	40.3	(31.5)	(42.9)
EBITDA growth	2.7	(1.5)	55.2	16.4	(21.6)
Norm profit growth	(4.3)	(51.9)	26.3	(98.4)	(76.7)
Norm EPS growth	(4.3)	(51.9)	26.3	(98.4)	(76.7)
Gross margin	9.7	5.2	9.7	4.5	4.5
Operating margin	6.6	1.7	7.4	1.8	2.3
EBITDA margin	11.0	5.1	11.4	5.0	5.3
Norm net margin	3.2	1.0	3.0	0.0	0.5
D/E (x)	1.1	1.2	1.2	1.3	1.5
Net D/E (x)	0.8	0.8	0.9	0.8	1.2
Interest coverage (x)	7.9	4.4	9.0	4.4	4.7
Interest rate	5.2	5.5	5.5	5.4	5.2
Effective tax rate	45.0	1,188.0	53.8	78.4	92.1
ROA	4.3	1.7	4.7	0.0	0.8
ROE	17.5	7.8	22.2	0.2	4.3

Sources: Company data, Thanachart estimates

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