

An army of integrated refinery play

- A diversified, integrated E&P-refinery-station portfolio is poised to grow sustainably
- SAF and the rises of GRMs and utilization rates are key catalysts
- Initiated with a BUY and a SoTP TP of THB36.0

A well-run and integrated oil-power portfolio

BCP is Thailand's most diversified integrated E&P-refinery-biofuel-retail station-power portfolio, with a large-scale refinery 290kbpd capacity, 2,141 oil retail service stations, 1.959MW power, 1.85mlpd biofuel, and 16kbpd E&P. This enables BCP to weather the high gross refining margin (GRM) and oil price volatility while sustain its cash flows from operations from power and retail oil stations.

Net profit to rebound steadily

We project net profit to rebound in 4Q24 to THB2b to bring the 2024E net profit to THB3.6b, rising to THB9.0b in 2025E and THB11.8b in 2026E. Key catalysts are 1) the y-y higher refinery utilization rates of both BCP (100% on 120kbpd) and BSRC (90% on 170kbpd) after major turnarounds in 2024; 2) a y-y higher GRM by USD2-3/bbl to USD5-6/bbl driven by higher margins of diesel-, jet fuel-, and asphalt-oil; 3) improving net profit from retail business; 4) strong net profit contribution from its 45%-owned E&P OKEA in Norway; and 5) the emerging earnings from Sustainable Aviation Fuel (SAF).

SAF is a key value driver by 3Q25

SAF production plant with a capacity of 1mlpd is now on track to start up the operation in April 2025. We expect the plant to have a 3-month test run in 2Q25 and to reach a full production in 3Q25. Once, full run, SAF plant, owned 80% by BCP, will generate annual net profit of THB2.0b to BCP, based on 100% running rate on 1mlpd capacity using Used Cooking Oil (UCO) from domestic market at 50% and imported UCO at 50%.

Non-oil net profit to rebound; retail oil earning to rerate

Retail oil station business is now BCP's strength with 2,141 stations and over 1,000 outlets of Intanin Café, BCP's flagship non-oil unit. We estimate that the non-oil Food & Beverage unit should generate a net profit of THB0.1-THB0.2b to BCP while the retail oil station will contribute THB1.0-THB1.5b net profit annually.

A diversified growth play in refinery space

We initiated coverage on BCP with a BUY and a SoTP TP of THB36, applying 3x EV/EBITDA for refinery, 10x P/E for oil station, 3x EV/EBITDA for E&P, and 7x P/E for biofuel, to reflect different risk-reward levels for each business. BCP is our top pick in Thai energy sector on its well-diversified business portfolio and solid net profit growth and visibility outlook.

Analyst

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ESG Rating : n.a.

CG Rating : ▲▲▲▲▲▲

BUY

Target Price 12M (THB)	36.00
VS. BB Consensus TP (%)	-15.2%
Share Price (THB)	29.50
Upside/Downside	+22.0%

Share Data

Market Cap (THB m)	40,619.23
Par (THB)	1.00
Free Float (%)	55.85
Issued shares (m shares)	1,377

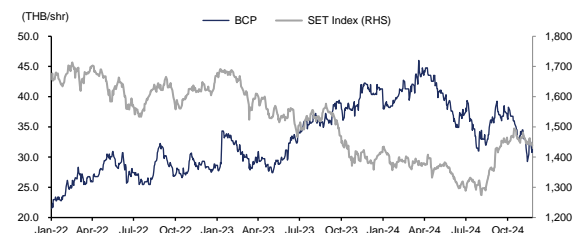
Financial forecast

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	385,853	239,236	236,811	244,236
Net profit	13,233	3,561	8,980	11,825
Core net profit	9,176	3,561	8,980	11,825
vs Consensus (%)	-	(33.0)	2.1	16.4
Net profit growth (%)	5.2	(73.1)	152.2	31.7
Core net profit growth (%)	(29.7)	(61.2)	152.2	31.7
EPS (THB)	9.61	2.59	6.52	8.59
Core EPS (THB)	6.66	2.59	6.52	8.59
Chg in core EPS (%)	-	0.00	0.00	0.00
DPS (THB)	2.00	0.78	1.96	2.58
P/E (x)	4.53	11.41	4.52	3.44
P/BV (x)	0.83	0.56	0.51	0.46
ROE (%)	13.61	4.91	11.72	13.99
Dividend yield (%)	4.60	2.63	6.63	8.73

Source: Financial Statement and Globlex securities

Share Price Performance (%) as of

	1M	3M	6M	YTD
Stock	(10.61)	(18.62)	(26.25)	(32.18)
Market	(9.04)	(22.17)	(29.62)	(32.76)
12M High/Low (THB)				47.50 / 28.50



Major Shareholders (%) as of 5 Sep 2024

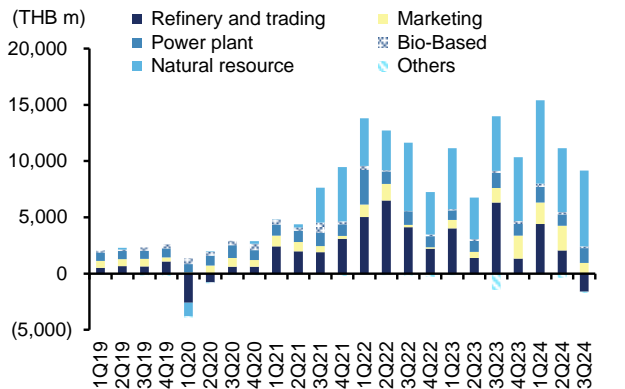
Social Security Office	14.18
Vayupak Fund 1	13.67
Thai NVDR Company Limited	11.78

Company Profile

Oil refinery and trading business, marketing business, green power business, bio-based products business, Natural Resource Business, and Business Development

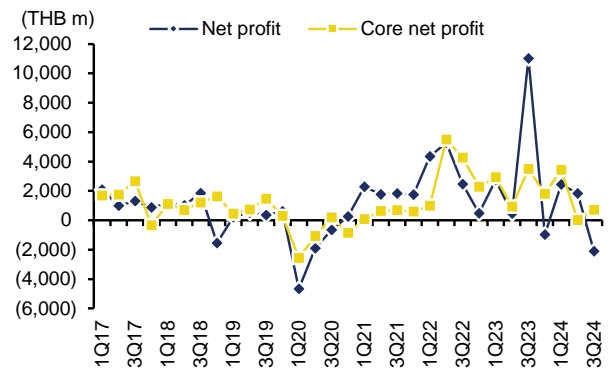
Source: SETSMART, SET

Exhibit 1: BCP's accounting EBITDA breakdown



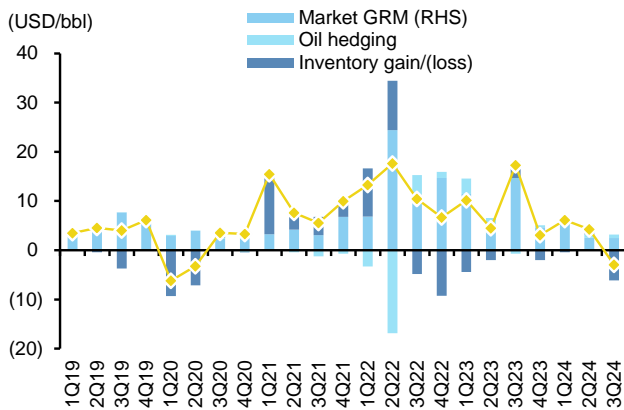
Sources: BCP, Glolex Research

Exhibit 2: BCP's net profit vs core net profit



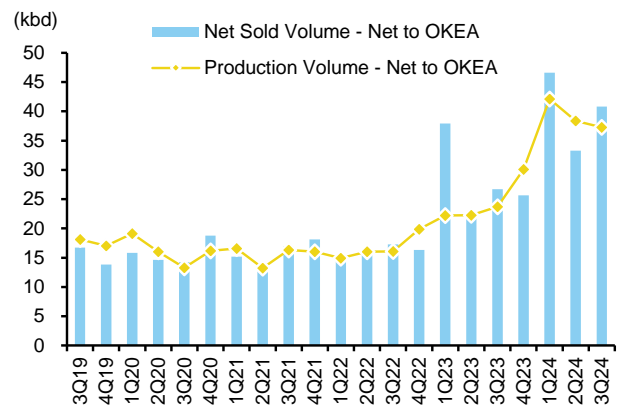
Sources: BCP, Glolex Research

Exhibit 3: BCP's market GRM vs oil hedging vs inventory gain/(loss)



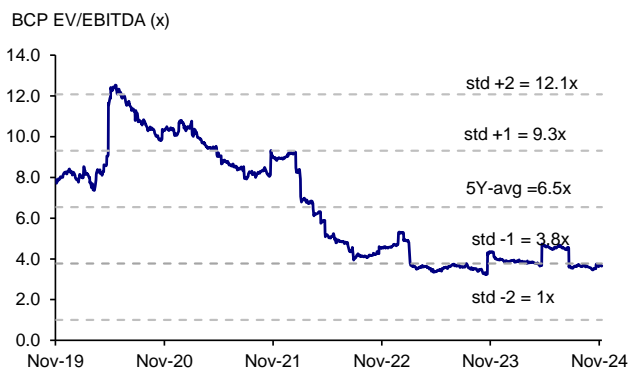
Sources: BCP, Glolex Research

Exhibit 4: OKEA's net sold volume vs production volume



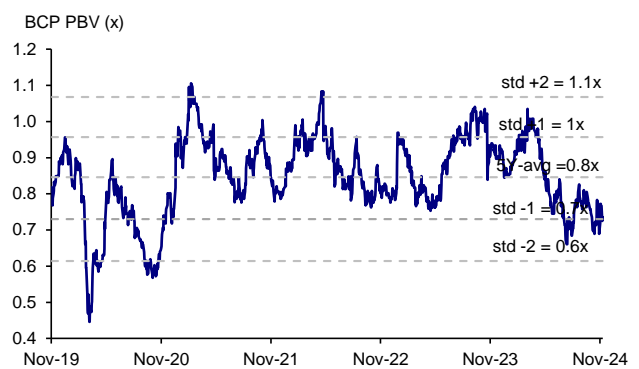
Sources: BCP, Glolex Research

Exhibit 5: Prospective EV/EBITDA band



Sources: Bloomberg, Glolex Research

Exhibit 6: Prospective P/BV band



Sources: Bloomberg, Glolex Research

Exhibit 7: BCP's SoTP valuation

BCP valuation	THB m	THB/shr	Comments
Refinery	44,686	32.5	At 3x 2025E EV/EBITDA
Oil station	34,988	25.4	At 10x 2025E P/E
Natural resource (E&P)	22,400	16.3	At 4x 2025E EV/EBITDA
Biodiesel	2,759	2.0	At 7x 2025E P/E
BCPG	9,418	6.8	BSRC's market price of THB5.5
BSRC	22,457	16.3	Target price at THB8.5
Net debt	(86,729)	(63.0)	2025E net debt
Total value	49,979	36.0	

Sources: BCP; Globlex Research

Balance sheet (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
Current assets					
Cash & ST investment	45,932	36,795	39,374	75,180	114,584
Account receivable	22,199	33,274	33,274	33,274	33,274
Inventories	29,533	47,840	28,703	27,092	26,839
Others	13,686	3,972	2,462	2,438	2,514
Non-current assets					
Net fixed assets	73,018	119,374	123,201	125,362	125,856
Others	57,977	99,174	99,174	99,174	99,174
Total Assets	242,344	340,429	326,188	362,519	402,240

Current liabilities					
Account payable	28,948	41,287	24,771	23,381	23,162
ST borrowing	8,332	21,495	21,495	21,495	21,495
Others	10,572	25,097	15,560	15,403	15,886
Long-term liabilities					
Long-term debts	70,507	100,414	110,414	140,414	170,414
Others	40,607	52,104	52,104	52,104	52,104
Total liabilities	158,966	240,397	224,345	252,797	283,061
Paid-up capital	1,377	1,377	1,377	1,377	1,377
Retained earnings	38,071	48,738	49,699	56,798	65,502
Others	23,256	21,997	21,997	21,997	21,997
Minority interest	20,674	27,920	28,770	29,550	30,303
Shareholders' equity	83,378	100,032	101,843	109,722	119,179

Key ratios					
Year ending Dec	2022	2023	2024E	2025E	2026E
Growth (%YoY)					
Sales	56.6	23.6	(38.0)	(1.0)	3.1
Operating profit	151.1	(30.4)	(8.8)	30.7	23.4
EBITDA	151.1	(30.4)	(8.8)	30.7	23.4
Net profit	64.9	5.2	(73.1)	152.2	31.7
Core net profit	548.8	(29.7)	(61.2)	152.2	31.7
EPS	64.9	5.2	(73.1)	152.2	31.7
Core EPS	548.8	(29.7)	(61.2)	152.2	31.7
Profitability (%)					
Gross margin	18.2	11.4	15.3	19.2	22.4
Operation margin	14.9	8.4	12.3	16.2	19.4
EBITDA margin	14.9	8.4	12.3	16.2	19.4
Net margin	4.0	3.4	1.5	3.8	4.8
ROE	22.5	13.6	4.9	11.7	14.0
ROA	8.3	3.8	2.4	3.9	4.7
Stability					
Interest bearing debt/equity (x)	0.9	1.2	1.3	1.5	1.6
Net debt/equity (x)	0.4	0.9	0.9	0.8	0.6
Interest coverage (x)	9.1	3.6	2.7	3.8	3.6
Interest & ST debt coverage (x)	3.0	0.7	0.5	0.8	1.0
Cash flow interest coverage (x)	0.1	0.2	0.1	0.1	0.1
Current ratio (x)	2.3	1.4	1.7	2.3	2.9
Quick ratio (x)	1.4	0.8	1.2	1.8	2.4
Net debt (THB m)	32,907	85,114	92,535	86,729	77,325
Activity					
Asset turnover (X)	1.4	1.3	0.7	0.7	0.6
Days receivables	21.9	26.2	50.8	51.3	49.7
Days inventory	34.3	41.3	68.9	53.2	51.9
Days payable	31.9	37.5	59.5	45.9	44.8
Cash cycle days	24.3	30.0	60.2	58.6	56.8

Profit & loss (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
Revenue	312,202	385,853	239,236	236,811	244,236
Cost of goods sold	(255,445)	(341,802)	(202,639)	(191,266)	(189,478)
Gross profit	56,757	44,051	36,596	45,545	54,759
Operating expenses	(10,391)	(11,781)	(7,177)	(7,104)	(7,327)
Operating profit	46,366	32,271	29,419	38,441	47,432
EBIT	36,362	17,901	13,246	20,601	27,926
Depreciation	(10,004)	(14,370)	(16,173)	(17,839)	(19,506)
EBITDA	46,366	32,271	29,419	38,441	47,432
Non-operating income	(4,086)	2,956	(2,601)	0	0
Other incomes	1,854	10,219	0	0	0
Other non-op income	(5,939)	(7,263)	(2,601)	0	0
Non-operating expense	(4,461)	(522)	(4,967)	(5,375)	(7,670)
Interest expense	(3,977)	(4,980)	(4,967)	(5,375)	(7,670)
Other non-op expense	(484)	4,458	0	0	0
Equity income/(loss)	188	340	1,230	1,230	1,230
Pre-tax Profit	28,004	20,675	6,908	16,456	21,485
Extraordinary items					
Current taxation	(12,852)	(8,766)	(2,497)	(6,696)	(8,908)
Minorities	(2,577)	1,325	(850)	(780)	(753)
Net Profit	12,575	13,233	3,561	8,980	11,825
Core net profit	13,060	9,176	3,561	8,980	11,825
EPS (THB)	9.13	9.61	2.59	6.52	8.59
Core EPS (THB)	9.49	6.66	2.59	6.52	8.59

Cash flow (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
Operating cash flow					
Net profit	12,575	13,233	3,561	8,980	11,825
Depre.& amortization	10,004	14,370	16,173	17,839	19,506
Change in working capital	(15,211)	7,195	(5,406)	88	441
Others	1,854	10,219	0	0	0
Investment cash flow	(3,059)	(86,436)	(18,460)	(17,843)	(18,600)
Net CAPEX	(8,765)	(11,786)	(14,929)	(16,467)	(18,006)
Change in LT investment	5,707	(74,650)	(3,532)	(1,376)	(594)
Change in other assets	0	0	0	0	0
Free cash flow	6,162	(41,419)	(4,132)	9,064	13,172
Financing cash flow					
Change in share capital	0	0	0	0	0
Net change in debt	1,612	43,070	10,000	30,000	30,000
Dividend paid	(3,098)	(2,065)	(2,600)	(1,881)	(3,121)
Others	9,234	(8,722)	(690)	(1,377)	(647)
Net cash flow	13,910	(9,137)	2,578	35,806	39,404

Per share (THB)					
EPS	9.13	9.61	2.59	6.52	8.59
Core EPS	9.49	6.66	2.59	6.52	8.59
CFPS	18.27	19.08	14.95	20.04	23.30
BVPS	45.54	52.37	53.07	58.23	64.55
Sales/share	226.74	280.23	173.75	171.99	177.38
EBITDA/share	33.67	23.44	21.37	27.92	34.45
DPS	2.25	2.00	0.78	1.96	2.58
Valuation					
P/E (x)	4.76	4.53	11.41	4.52	3.44
P/BV (x)	0.96	0.83	0.56	0.51	0.46
Dividend yield (%)	5.17	4.60	2.63	6.63	8.73
Dividend payout ratio (%)	25	21	30	30	30

GENERAL DISCLAIMER

Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.