

The Bangchak Petroleum PCL (BCP)

BUY

TP: Bt40.50

Closing price: Bt31.00
Upside/downside 30.6%

3Q16 profit to soften QoQ from the peak

- ▶ Expect 3Q16 earnings to weaken QoQ from year peak in 2Q16.
- ▶ Reviewing forecast & valuation to reflect BCPG listing. Expect limited downside to share price with attractive 5.0% div. yield p.a.

Sector	Energy
Paid-up shares (shares mn)	1,377
Market capitalization (Bt mn)	42,685
Free float (%)	34.68
12-mth daily avg. turnover (Bt mn)	151
12-mth trading range (Bt)	37.50 / 28.25

Major shareholders (%)

Vayupak Fund 1	15.60
Social Security Office	14.31
Ministry of Finance	9.98

Financial highlights

(Year to December)	2014	2015	2016E	2017E
Revenue (Btmn)	183,016	151,140	159,335	166,377
Net Profit (Btmn)	696	4,151	4,547	6,045
EPS (Bt)	0.51	3.01	3.30	4.39
EPS Growth (%)	-85.0	496.4	9.5	32.9
P/E (x)	61.3	10.3	9.4	7.1
P/BV (x)	1.3	1.2	1.1	1.0
DPS (Bt)	1.00	2.00	1.49	1.98
Div. Yield (%)	3.2	6.5	4.8	6.4

Source: SETSMART, AWS

Expect 3Q16 earnings to weaken QoQ from year peak in 2Q16

We estimate BCP's 3Q16 net profit at Bt1.1bn, declining 53% QoQ from the expected year peak in 2Q16, as a stable global crude price would mean no inventory effect in 3Q16 compared to a Bt900mn stock gain in the prior quarter. At the same time, earnings would recover 163% YoY due to the absence of large inventory losses. Marketing GRM on refinery operation should soften QoQ to US\$5.8/bbl due to a wider Brent crude price premium over Dubai, while dropping YoY from last year's up-cycle. The company's utilization rate rose from 93% to 96%. Meanwhile, the operating performance of its retail oil business would decline QoQ due to seasonal effect during the rainy season. However, its solar power business would report an improved performance with no large extraordinary expense related to acquisition activities in Japan like in 1H16, along with the commercial operation of its new solar power plant in Japan with a power generation capacity of 8.8MW since July, sufficiently offsetting the seasonal effect. Overall, 9M16 earnings of Bt3.6bn should make up 79% of our FY16 forecast.

Reviewing forecast & valuation to reflect BCPG listing, Expect limited downside on share price with attractive 5.0% div. yield p.a.

We are currently reviewing our forecast and valuation regarding BCPG's public listing to reflect 1) earnings dilution from the reduced investment stake in BCPG (100% to 70%), which will be reflected in the financial statements since 4Q16, and 2) upward valuation of BCPG as a result of increased liquidity and new investment projects. We will present our revised projection as well as target price after the 3Q16 financial results are publicly announced (tentatively 11 Nov or earlier). However, preliminarily, we believe the current share price has limited downside as forward PBV this year of 1.1x is below its 5-year and 10-year historical averages both at 1.2x, while from now on BCP would have partial growth-stock characteristics from BCPG which can re-rate PBV higher. In addition, we estimate the company's strong cash flow to enable BCP to pay a dividend at an interesting yield of around 5.0% p.a. this year.

Thailand Research Department

Napat Siworapongpun, CFA, FRM
License No.49234
Tel: 02 680 5094



Table 1: BCP 3Q16 results preview

Unit: Btm n	3Q15	2Q16	3Q16F	%QoQ	%YoY	9M15	9M16F	%YoY
Revenue from sales & services	35,203	35,726	35,460	-1%	1%	116,005	101,462	-13%
Gross profit	2,085	4,276	2,921	-32%	40%	9,415	8,146	-13%
SG&A	1,133	1,433	1,300	-9%	15%	3,503	3,945	13%
Impairment (loss) on asset	-5	0	-			5	2	
EBITDA	2,184	4,085	2,921	-28%	34%	9,580	8,199	-14%
Finance costs	391	327	367	12%	-6%	1,203	1,066	-11%
Income tax expense (gain)	6	459	217	-53%	3775%	690	509	-26%
Net profit (loss)	432	2,417	1,138	-53%	163%	4,263	3,602	-16%
EPS (Bt)	0.31	1.76	0.83	-53%	163%	3.10	2.62	-16%
Key data								
Crude inventory gains (losses)	-1,414	905	-					
Market GRM (US\$/bbl)	7.9	6.3	5.8					
Refinery utilization rate	97%	93%	96%					
Sales volume of retail business (MMLitre)	1,272	1,450	1,383					
Marketing margin of retail business (Bt/Litre)	0.70	0.87	0.79					

Source: SET, AWS estimate

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2015.



ADVANC	BAFS	BCP	BIGC	BTS	CK	CPN	DRT	DTAC	DTC	EASTW	EGCO	GRAMMY
HANA	HMPRO	INTUCH	IRPC	IVL	KBANK	KCE	KKP	KTB	LHBANK	LPN	MCOT	MINT
MONO	NKI	PHOL	PPS	PS	PSL	PTT	PTTEP	PTTGC	QTC	RATCH	ROBINS	SAMART
SAMTEL	SAT	SC	SCB	SCC	SE-ED	SIM	SNC	SPALI	THCOM	TISCO	TKT	TMB
TOP	VGI	WACOAL										



AAV	ACAP	AGE	AHC	AKP	AMATA	ANAN	AOT	APCS	ARIP	BMCL	BOL	BROOK
BWG	CENTEL	CFRESH	CHO	CIMBT	CM	CNT	COL	CPF	CPI	CSL	DCC	DELTA
DEMCO	ECF	EE	ERW	GBX	GC	GFPT	GLOBAL	GUNKUL	HEMRAJ	HOTPOT	HYDRO	ICC
ICHI	INET	IRC	KSL	KTC	LANNA	LH	LOXLEY	LRH	MACO	MBK	MC	MEGA
MFEC	NBC	NCH	NINE	NSI	NTV	OCC	OGC	OISHI	OTO	PAP	PDI	PE
PG	PJW	PM	PPP	PR	PRANDA	PREB	PT	PTG	Q-CON	QH	RS	S&J
SABINA	SAMCO	SCG	SEAFCO	SFP	SIAM	SINGER	SIS	SITHAI	SMK	SMPC	SMT	SNP
SPI	SSF	SSI	SSSC	SST	STA	STEC	SVI	SWC	SYMC	SYNTEC	TASCO	TBSP
TCAP	TF	TGCI	THAI	THANA	THANI	THIP	THRE	THREL	TICON	TIP	TIPCO	TK
TKS	TMI	TMILL	TMT	TNDT	TNITY	TNL	TOG	TPC	TPCORP	TRC	TRU	TRUE
TSC	TSTE	TSTH	TTA	TTCL	TTW	TU	TVD	TVO	TWPC	UAC	UT	UV
VNT	WAVE	WINNER	YUASA	ZMICO								



2S	AEC	AEONTS	AF	AH	AIRA	AIT	AJ	AKR	AMANAHA	AMARIN	AP	APCO
AQUA	AS	ASIA	AUCT	AYUD	BA	BEAUTY	BEC	BFIT	BH	BIG	BJC	BJCHI
BKD	BTNC	CBG	CGD	CHG	CHOW	CI	CITY	CKP	CNS	CPALL	CPL	CSC
CSP	CSS	CTW	DNA	EARTH	EASON	ECL	EFORL	ESSO	FE	FIRE	FOCUS	FORTH
FPI	FSMART	FSS	FVC	GCAP	GENCO	GL	GLAND	GLOW	GOLD	GYT	HTC	HTECH
IEC	IFEC	IFS	IHL	IRCP	ITD	JSP	JTS	JUBILE	KASET	KBS	KCAR	KGI
KKC	KTIS	KWC	KYE	L&E	LALIN	LHK	LIT	LIVE	LST	M	MAJOR	MAKRO
MATCH	MATI	MBKET	M-CHAI	MFC	MILL	MJD	MK	MODERN	MOONG	MPG	MSC	MTI
MTLS	NC	NOK	NUSA	NWR	NYT	OCEAN	PACE	PATO	PB	PCA	PCSGH	PDG
PF	PICO	PL	PLANB	PLAT	PPM	PRG	PRIN	PSTC	PTL	PYLON	QLT	RCI
RCL	RICHY	RML	RPC	S	SALEE	SAPPE	SAWAD	SCCC	SCN	SCP	SEOIL	SIRI
SKR	SMG	SOLAR	SORKON	SPA	SPC	SPCG	SPPT	SPVI	SRICHA	SSC	STANLY	STPI
SUC	SUSCO	SUTHA	SYNEX	TAE	TAKUNI	TCC	TCCC	TCJ	TEAM	TFD	TFI	TIC
TIW	TLUXE	TMC	TMD	TOPP	TPCH	TPIPL	TRT	TSE	TSR	UMI	UP	UPF
UPOIC	UREKA	UWC	VIBHA	VIH	VPO	WHA	WIN	XO				

Source: Thai Institute of Directors (IOD)

Corporate Governance Report disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date, Asia wealth Securities Company Limited does not conform nor certify the accuracy of such survey result.

Score	Range Number of Logo	Description
90 – 100		Excellent
80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 59		Pass
Below 50	No logo given	N/A

ข้อมูล Anti-Corruption Progress Indicator ของบริษัทจดทะเบียน

ระดับ 1

ACD	AEONTS	AFC	AIRA	AJ	ALUCON	AMC	AQUA	ARIP	AUCT	BAT-3K	BIG	BJC
BLISS	BMCL	BOL	BRR	BSBM	CBG	CCET	CCN	CGD	CMR	CPH	CSC	CSP
CTW	DCON	DRACO	DSGT		DTCI	E	EMC	ESSO	FOCUS	FSMART	GIFT	GLAND
GRAND	GUNKUL	HFT	HTECH	IHL	ILINK	ITD	JSP	KDH	KTIS	KTP	LEE	LST
MAJOR	MATCH	MAX	M-CHAI	MDX	MIDA	ML	MPIC	NC	NEP	NNCL	NWR	OHTL
PICO	PK	PL	PPM	PRAKIT	PRECHA	PRIN	PSTC	PYLON	RAM	RICH	RS	SANKO
SAUCE	SAWAD	SAWANG	SCN	SEAFCO	SF	SHANG	SIRI	SMART	SMM	SOLAR	SPACK	SPG
SPPT	SPVI	STA	STAR	SVH	SVOA	SWC	TAPAC	TC	TCCC	TCJ	TCOAT	TH
TKS	TNH	TNPC	TPA	TPAC	TPOLY	TRC	TRUBB	TSE	TTA	TTI	TTL	TTTM
TWP	TWZ	U	UMS	UPA	UPOIC	UTP	UVAN	VARO	VI	VIBHA	VIH	VTE
WG												

ระดับ 2

2S	ABICO	AF	AKP	AMARIN	AMATA	AOT	APCO	AYUD	BEAUTY	BFIT	BH	BKD
BLAND	BTNC	CCP	CI	CSR	CSS	EFORL	EPCO	FE	FNS	FVC	GEL	GLOBAL
HEMRAJ	IEC	IFS	INET	JUTHA	KASET	KCAR	KKC	KSL	L&E	LALIN	LTX	M
MALEE	MBK	MBKET	MEGA	MK	MPG	MTLS	NCH	NCL	NPP	OCC	OCEAN	PB
PCA	PRINC	QH	ROCK	RPC	S&J	SGP	SIAM	SIS	SKR	SMG	SMIT	SORKON
SUSCO	TAKUNI	TEAM	TF	TIC	TIP	TIPCO	TMC	TMI	TPP	TRT	TRU	TRUE
TSC	TSI	TTW	TVD	TVO	UKEM	UNIQU	UWC	VNG	WIUK	WIN	XO	

ระดับ 3A

ABC	ACAP	ADVANC	AEC	AGE	AH	AIE	AMANAH	ANAN	AP	APCS	APURE	AS
ASIA	ASIAN	ASIMAR	BIGC	BROOK	BTS	BWG	CEN	CENTEL	CFRESH	CHARAN	CHO	CHOTI
CM	CNT	COL	CPALL	CPF	CPI	CPL	DELTA	DEMCO	DIMET	DNA	DTAC	EA
ECF	EE	EVER	FPI	GBX	GC	GFPT	GLOW	HMPRO	HOTPOT	ICC	ICHI	IFEC
INOX	INSURE	IRC	JAS	JTS	JUBILE	KC	KTC	KYE	LHK	LPN	LRH	MAKRO
MC	MCOT	MFC	MFEC	MINT	MJD	MONO	MOONG	NBC	NDR	NINE	NMG	NSI
NTV	OGC	PACE	PCSGH	PDI	PG	PHOL	PLAT	PPS	PR	PRANDA	PREB	PS
QLT	RATCH	RML	ROBINS	ROJNA	RWI	SAMCO	SCCC	SCG	SEAOL	SE-ED	SENA	SINGER
SITHAI	SMK	SMPC	SPALI	SPC	SPCG	SPI	SRICHA	SSI	STANLY	SUPER	SVI	SYMC
SYNEX	SYNTEC	TASCO	TCMC	TFI	THAI	THRE	THREL	TICON	TKT	TLUXE	TNL	TPCORP
TMILL	TMT	TSTE	TSTH	TTCL	TU	TVI	UOBKH	UREKA	VGI	VNT	WACOAL	WHA
ZMICO												

ระดับ 3B

AAV	AHC	AI	AIT	AKR	ARROW	ASK	BA	BDMS	BEC	BECL	BJCHI	BUI
CGH	CHG	CHOW	CIG	CITY	CK	CKP	COLOR	CWT	EARTH	EASON	EPG	F&D
FANCY	FIRE	FMT	FORTH	GENCO	GL	GOLD	GPSC	GRAMMY	HYDRO	IRCP	IT	JCT
KCM	KWC	LH	LIT	LOXLEY	MACO	MANRIN	MATI	MODERN	MSC	NOBLE	NOK	NPK
NUSA	OISHI	OTO	PAF	PAP	PATO	PF	PJW	PLANB	PLE	POLAR	PRG	PTL
Q-CON	QTC	RCI	S11	SALEE	SAM	SAMART	SAMTEL	SAPPE	SC	SCP	SFP	SIM
SLP	SMT	SPA	SPORT	SSC	SST	STEC	STPI	SUC	SUTHA	T	TAE	TBSP
TCC	TFD	TGCI	TGPRO	THANA	THIP	TIW	TK	TMW	TNDT	TOPP	TPC	TPCH
TIPL	TSR	TT	TYCN	UAC	UBIS	UEC	UMI	UP	UPF	UT	UV	VPO
WAVE	WINNER	YUASA										

ระดับ 4

ASP	BAFS	BANPU	BAY	BBL	BKI	BLA	CIMBT	CNS	CSL	DCC	DRT	DTC
EASTW	ECL	EGCO	ERW	FSS	GCAP	HANA	HTC	INTUCH	IRPC	IVL	KBANK	KCE
KGI	KKP	KTB	LANNA	LHBANK	MTI	NKI	PSL	PTG	PTTEP	SABINA	SCB	SNC
SNP	SSF	SSSC	TCAP	THCOM	TISCO	TIMB	TMD	TNITY	TOG			

ระดับ 5

BCP	CPN	GYT	PE	PM	PPP	PT	PTT	PTTGC	SAT	SCC	THANI	TOP
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ไม่เปิดเผยหรือไม่มีนโยบาย

A	ACC	AJD	AQ	BCH	BGT	BROCK	BSM	BTC	CHUO	CPR	CRANE	EIC
FER	JMART	JMT	KAMART	KBS	KIAT	LDC	MBAX	MCS	METCO	NEW	NEWS	NYT
PAE	PDG	PERM	PMTA	POST	RCL	RICHY	ROH	S	SIMAT	TCB	TR	TSF
TVT	WORK											

หมายเหตุ

ระดับ 1 : มีนโยบาย

ระดับ 2 : ประกาศเจตนาธรรม

ระดับ 3 : มีมาตรการป้องกัน ซึ่งทั้ง 2 กรณี ถือเป็นผลการประเมินในระดับเดียวกัน

3A : บริษัทมีการประกาศเจตนาธรรมเข้าร่วมโครงการ CAC หรือภาค

3B : บริษัทมีคำมั่น และนโยบายของบริษัท แต่ไม่ได้ประกาศเจตนาธรรมเข้าร่วมโครงการ CAC หรือภาค

ระดับ 4 : ได้รับการรับรอง

ระดับ 5 : ขยายผลสู่ผู้ที่เกี่ยวข้อง

Branch	Address	Phone	Fax
Head Office	540 Floor 7,14,17 , Mercury Tower, Ploenchit Road, Lumpini, Pathumwan Bangkok 10330	02-680-5000	02-680-5111
Silom	191 Silom Complex Building,21st Floor Room 2,3-1 Silom Rd., Silom, Bangrak, Bangkok, 10500 Thailand	02-630-3500	02-630-3530-1
Asok	159 Sermmitr Tower, 17th FL. Room No.1703, Sukhumvit 21 Road, Klong Toey Nua, Wattana, Bangkok 10110	02-261-1314-21	02-261-1328
Pinklao	7/3 Central Plaza Pinklao Office Building Tower B, 16th Fl., Room No.1605-1606 Baromrajachonnanee Road, Arunamarin, Bangkoknoi, Bangkok 10700	02-884-7333	02-884-7357, 02-884-7367
Chaengwattana	99/99 Moo 2 Central Plaza Chaengwattana Office Tower, 22nd Fl., Room 2204 Chaengwattana Road, Bang Talad, Pakkred, Nonthaburi 11120	02-119-2300	02-835-3014
Chaengwattana 2	9/99 Moo 2 Central Plaza Chaengwattana Office Tower, 22nd Fl., Room 2203 Chaengwattana Road, Bang Talad, Pakkred, Nonthaburi 11120	02-119-2388	02-119-2399
Mega Bangna	39 Moo6 Megabangna, 1st Fl., Room 1632/7 Bangna-Trad Road, Bangkaew Bangplee, Samutprakarn 10540	02-106-7345	02-105-2070
Rayong	356/18 Sukhumvit Road, Nuen-Phra Sub District, Muang District, Rayong Province 21000	038-808200	038-807200
Khonkaen	26/9.Srijanmai Road, Tamboonnaimuang, Khon Khaen 40000	043-334-700	043-334-799
Chonburi	55/22 Moo 1, Samed Sub District, Muang District, Chonburi 20000	038-053-858	038-784-090
Chaseongsao	233-233/2 Moo2 1st Fl., Sukprayoon Road, Na Meung Sub-District, Meung District, Chachoengsao 24000	038-981-587	038-981-591

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