

Bangchak Petroleum

(BCP.BK/BCP TB)*

Outperform Maintained

Price as of 25 Oct 2016	31.00
12M target price (Bt/shr)	37.00
Unchanged / Revised up (down) (%)	N.A.
Upside/downside (%)	19.4

Key messages

We forecast BCP to post 3Q16 earnings of Bt1.2bn (+177% YoY, -51% QoQ). The decrease QoQ would be mainly due to stock loss of Bt200mn, declining from a stock gain of Bt905mn in 2Q16. We expect lower 3Q16 earnings to pressure the share price in the short-term. However, we maintain a rating of Outperform on BCP with an unchanged target price of Bt37.00, based on the SOTP method. We believe BCP's share price is trading at a discount as it does not reflect BCPG (BCPG.BK/BCPG TB)'s current share price. Thus, BCP's share price still has good upside to our target price.

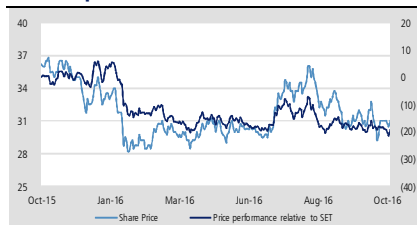
Trading data

Mkt cap (Bt bn/US\$ mn)	42.7/1,220		
Outstanding shares (mn)	1,377		
Foreign ownership (mn)	247		
3M avg. daily trading (mn)	7.7		
52-week trading range (Bt)	28.25-36.75		
Performance (%)	3M	6M	12M
Absolute	(10.1)	0.0	(13.9)
Relative	(8.2)	(5.8)	(17.8)

Quarterly EPS

Bt	1Q	2Q	3Q	4Q
2014	1.13	0.91	0.27	-1.82
2015	0.75	2.03	0.31	-0.08
2016	0.03	1.76	N.A.	N.A.

Share price chart



Source: SET

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3Q16 earnings preview: Lacking large stock gain

Event

After yesterday's analyst meeting, we forecast BCP to post 3Q16 earnings of Bt1.2bn (+177% YoY, -51% QoQ). The decrease QoQ would be mainly due to stock loss of Bt201mn, declining from stock gain of Bt905mn in 2Q16.

Impact

Expect 3Q16F earnings to drop 51% QoQ

We estimate earnings from refinery business to drop QoQ as GRM base would decline to US\$5.0/bbl, down 20% QoQ from a plunge in gasoline spread although crude run increased slightly QoQ to 115KBD from 112KBD in 2Q16. In addition, expected stock loss of Bt201mn should pressure refinery earnings for the quarter. The company guided its oil marketing business would contribute lower earnings QoQ due to marketing margin shrinking to Bt0.80/liter from Bt0.87/liter in 2Q16 and a decrease in sales volume to 1,383mn liters, down 5% QoQ during the low season. However, earnings from its solar farm business are expected to rise QoQ as the fifth solar farm in Japan (Japan #5, license capacity of 9MW) started commercial operations in July 2016.

Expect 4Q16 earnings to recover QoQ even with lower shareholding in BCPG

We expect BCP's refinery business to generate higher earnings in 4Q16 as gas oil spread would increase QoQ thanks to strong demand in the winter. In addition, the company may book stock gain if the Dubai crude price trades at the current level of US\$48/bbl, up from an average of US\$44/bbl in September 2016. However, earnings from its solar business should soften QoQ as the company had its own solar subsidiary, BCPG Pcl. (BCPG.BK/BCPG TB), list on SET September 28, 2016. With the listing, the company reduced its stake in BCPG from 100% to 70%. Note, BCPG now has eight existing solar farms (total of 138MW) and plans to start up one solar co-op project (12MW) in December 2016.

Valuation and action

We believe lower 3Q16 earnings will pressure the share price in the short-term. However, we maintain a rating of Outperform on BCP with an unchanged target price of Bt37.00, based on the SOTP method; i) refinery & retail oil business at Bt24.20 based on 6.5x EV/EBITDA and ii) solar farm business at Bt12.70 based on DCF method. The market is still offering a discount on the solar farm business to BCP's share price while the share price of BCPG (its own solar-farm subsidiary) is now traded at a premium.

Risks

Delay in construction of solar farms and volatility in crude price and GRM.

Key financials and valuations

	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (Bt mn)	183,016	151,140	146,373	171,519	185,465
Gross profit (Bt mn)	4,543	11,454	12,408	13,432	14,606
EBIT (Bt mn)	63	6,279	7,247	7,991	8,844
Net profit (Bt mn)	696	4,151	5,098	5,106	5,539
EPS (Bt)	0.51	3.01	3.70	3.71	4.02
DPS (Bt)	1.00	2.00	2.04	1.85	2.01
EPS growth (%)	(85.0)	496.4	22.8	0.2	8.5
P/E (x)	61.3	10.3	8.4	8.4	7.7
P/B (x)	1.3	1.2	1.0	0.9	0.9
EV/EBITDA (x)	19.0	5.8	5.5	6.0	5.4
Net Debt to Equity (x)	0.6	0.6	0.6	0.8	0.7
Dividend Yield (%)	3.2	6.5	6.6	6.0	6.5
Return on Avg. Equity (%)	2.0	11.9	13.0	11.6	11.8

Source: Company data, KGI Research

Figure 1: Expect 3Q16F earnings of Bt1.2bn, up 177% YoY but down 51% QoQ

Bt mn	3Q16F	3Q15	YoY (%)	2Q16	QoQ (%)
Revenue	37,787	35,203	7.3	37,262	1.4
Cost of Goods Sold	(34,997)	(33,118)	5.7	(32,986)	6.1
Gross Profit	2,790	2,085	33.8	4,276	(34.7)
Operating Expenses	(1,290)	(1,133)	13.9	(1,433)	(10.0)
Other incomes	-	-	N.A.	-	N.A.
Operating Profit	1,501	952	57.6	2,843	(47.2)
Depreciation of fixed assets	1,146	1,205	(4.9)	1,135	1.0
Operating EBITDA	2,647	2,157	22.7	3,978	(33.5)
Non-Operating Income	149	201	(25.9)	111	33.7
Non-Operating Expenses	(336)	(396)	(15.0)	(327)	2.9
Net Investment Income/(Loss)	3	(2)	N.A.	(6)	N.A.
Pre-tax Profit	1,317	755	74.3	2,621	(49.8)
Current taxation	(227)	(6)	3,952.2	(459)	(50.7)
Minorities	(5)	(9)	(42.7)	(3)	99.6
Extraordinary items	100	(327)	N.A.	252	(60.4)
Net Profit	1,195	432	176.7	2,417	(50.6)
EPS (Bt)	0.87	0.31	176.7	1.76	(50.6)
Percent	3Q16F	3Q15	YoY (ppts)	2Q16	QoQ (ppts)
Gross profit margin	7.4	5.9	1.5	11.5	-4.1
EBITDA margin	7.0	6.1	0.9	10.7	-3.7
Net margin	3.2	1.2	1.9	6.5	-3.3

Source: Company data, KGI Research estimates

Figure 2: Key assumptions for 3Q16F earnings

Unit	3Q16F	3Q15	YoY (%)	2Q16	QoQ (%)
Refinery					
Dubai Crude (US\$/bbl)	43	50	(12.8)	43	0.9
Base GRM (US\$/bbl)	5.1	7.9	(35.8)	6.3	(19.1)
Stock Gain/Loss (Bt mn)	(201)	(1,415)	(85.8)	905	N.A.
Crude Run (KBD)	115	117	(1.5)	112	3.0
Solar farm					
Electricity production (mn units)	69.3	63.9	8.5	68.5	1.2
Domestic electricity rate (Bt/unit)	11.0	11.4	(3.6)	11.1	(0.8)
Oil marketing					
Marketing margin (Bt/liter)	0.80	0.70	14.3	0.87	(8.0)
Sales volume (mn liters)	1,383	1,272	8.7	1,450	(4.6)

Source: Company data, KGI Research estimates

Figure 3: Four solar farms in Thailand with total capacity of 130MW – 118MW operational and 12MW under construction

No.	Solar farm	Contract	BCP's equity	BCP's portions	Location	COD	Revenue	Status
1	Thai #1	38 MW	70%	27 MW	Bang Pa-In, Ayutthaya	3Q12	Adder of Bt 8.0	Operation
2	Thai #2	32 MW	70%	22 MW	Ayutthaya and Chaiyaphum	2Q13	Adder of Bt 8.0	Operation
3	Thai #3	48 MW	70%	34 MW	Prachinburi and the Northeast	2Q14	Adder of Bt 8.0	Operation
4	Solar Co-ops	12 MW	70%	8 MW	N/A	Dec 2016	FiT of Bt 5.66	Construction
Total local		130 MW		91 MW				

Source: Company data, KGI Research

Figure 4: Sixteen solar farms in Japan with total capacity of 195MW – 20MW operational, 14.5MW under construction, 119MW grid-connection approvals, and 42MW awaiting grid-connection licenses from local authorities

No.	Solar farm	Contract	BCP's equity	BCP's portions	Location	COD	Revenue	Status
1	Japan #1	0.7 MW	70%	0.5 MW	Kagoshima, Japan	Aug 2014	FiT of Yen 40	Operation
2	Japan #2	1.0 MW	70%	0.7 MW	Kumamoto, Japan	Feb 2015	FiT of Yen 40	Operation
3	Japan #3	0.9 MW	70%	0.6 MW	Miyazaki, Japan	Feb 2015	FiT of Yen 40	Operation
4	Japan #4	8.1 MW	70%	5.7 MW	Kagoshima, Japan	Aug 2015	FiT of Yen 40	Operation
5	Japan #5	9.0 MW	70%	6.3 MW	Akita, Japan	Jul 2016	FiT of Yen 40	Operation
6	Japan #6	10.5 MW	70%	7.4 MW	Okayama, Japan	1Q17	FiT of Yen 36	Construction
7	Japan #7	20 MW	70%	14 MW	Fukushima, Japan	4Q17	FiT of Yen 36	Signed grid license
8	Japan #8	44 MW	70%	30.5 MW	Shimane, Japan	2Q18	FiT of Yen 36	Signed grid license
9	Japan #9	4.0 MW	70%	2.8 MW	Shizuoka, Japan	1Q17	FiT of Yen 32	Construction
10	Japan #10	25 MW	70%	17.5 MW	Nakano, Japan	3Q18	FiT of Yen 36	Signed grid license
11	Japan #15	20 MW	70%	14 MW	Shiba, Japan	3Q17	FiT of Yen 36	Signed grid license
12	Japan #16	10 MW	70%	7 MW	Shiba, Japan	3Q17	FiT of Yen 32	Signed grid license
Total		153 MW		107 MW				

11	Japan #11	24 MW	70%	17 MW	Kagoshima, Japan	3Q17	FiT of Yen 36	Waiting license
12	Japan #12	3.5 MW	70%	2.5 MW	Kagoshima, Japan	2Q17	FiT of Yen 36	Waiting license
13	Japan #13	8.0 MW	70%	5.6 MW	Oita, Japan	3Q17	FiT of Yen 36	Waiting license
14	Japan #14	6.0 MW	70%	4.2 MW	Kagoshima, Japan	3Q17	FiT of Yen 36	Waiting license
Total Japan		42 MW		29 MW				

Source: Company data, KGI Research

Figure 5: Valuation of refinery and retail oil marketing businesses based on EV/EBITDA

EV/EBITDA (x)	59/60 EBITDA	Target Price (Bt)
5.5	9,366	17.4
6	9,366	20.8
6.5	9,366	24.2
7	9,366	27.6

Source: Company data, KGI Research estimates

Figure 6: Valuation of existing and upcoming solar farms based on DCF

Project	PPA Capacity	BCP's Capacity	Target Price (Bt)
Thai #1	38 MW	27 MW	1.7
Thai #2	32 MW	22 MW	2.2
Thai #3	48 MW	34 MW	3.7
Solar Co-op	12 MW	8 MW	0.3
Japan #1-4	11 MW	7.5 MW	0.4
Japan #5	9 MW	6 MW	0.4
Japan #6	10.5 MW	7 MW	0.4
Japan #7	20 MW	14 MW	0.6
Japan #8	43.5 MW	30.5 MW	1.2
Japan #9	4.0 MW	3 MW	0.1
Japan #10	25 MW	17.5 MW	0.8
Japan #15	20 MW	14 MW	0.6
Japan #16	10 MW	7 MW	0.2
Total	283 MW	198 MW	12.7

Source: Company data, KGI Research estimates

Figure 7: Valuation of solar projects in the future based on DCF (not included yet)

Project	PPA Capacity	BCP's Capacity	Target Price (Bt)
Japan #11	24 MW	17 MW	0.8
Japan #12	3.5 MW	2.5 MW	0.1
Japan #13	8 MW	6 MW	0.3
Japan #14	6 MW	4 MW	0.2
Total	42 MW	29 MW	1.3

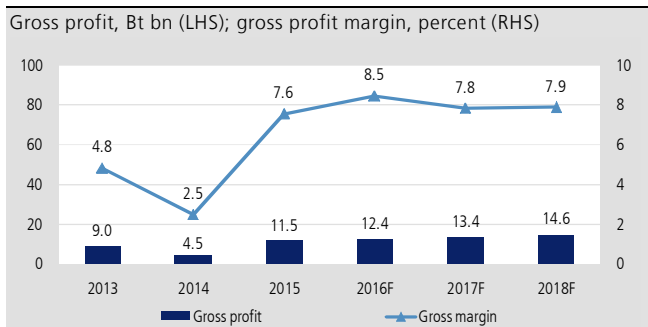
Source: Company data, KGI Research estimates

Figure 8: Company profile

Bangchak Petroleum (BCP) is one of Thailand's leading petroleum companies. It imports crude oil from the Middle East, the Far East and indigenous sources and refines it into products with a maximum crude-processing capacity of 120KBD. The company also operates more than 1,000 service stations under the trademark and has expanded its business to solar power with operating capacity of 118MW in Thailand and 11MW in Japan.

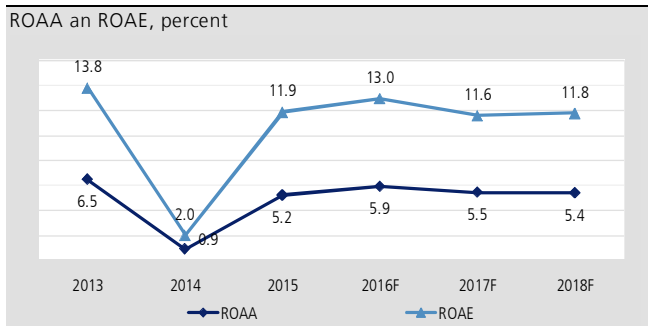
Source: Company data, KGI Research

Figure 10: Gross profit



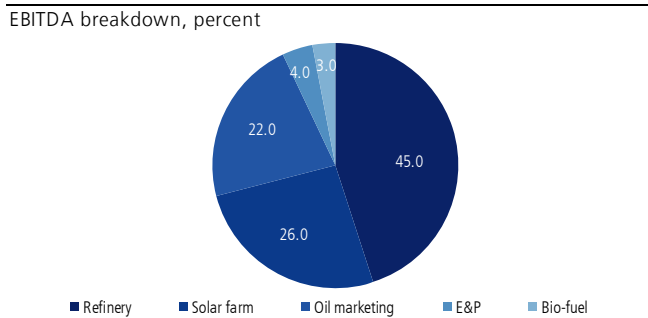
Source: Company data, KGI Research

Figure 12: Company ROAA and ROAE



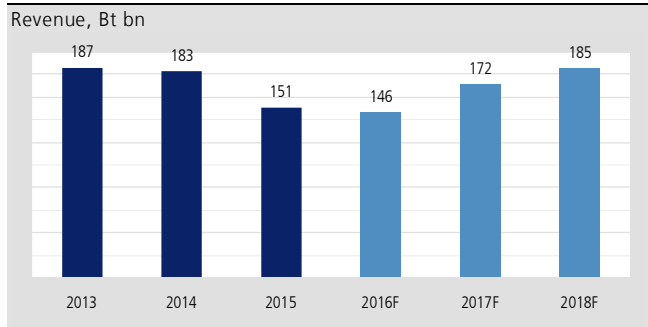
Source: Company data, KGI Research

Figure 14: EBITDA breakdown in 2015



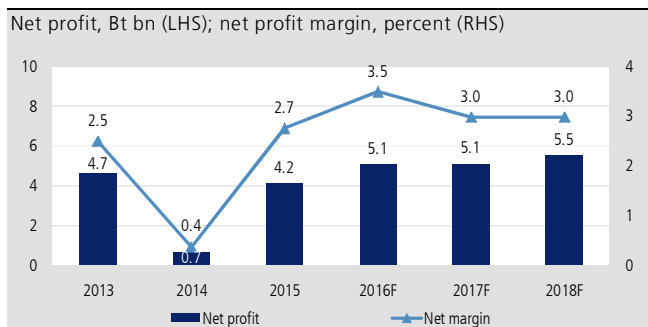
Source: Company data, KGI Research

Figure 9: Revenue



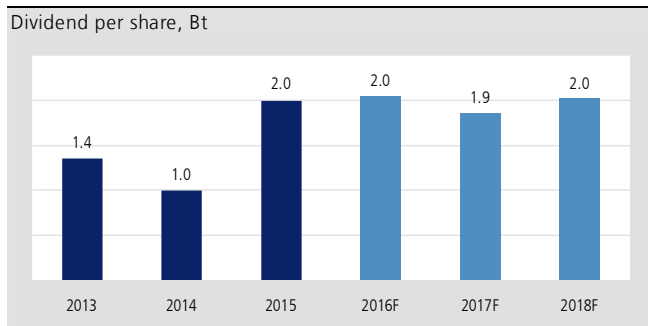
Source: Company data, KGI Research

Figure 11: Net profit



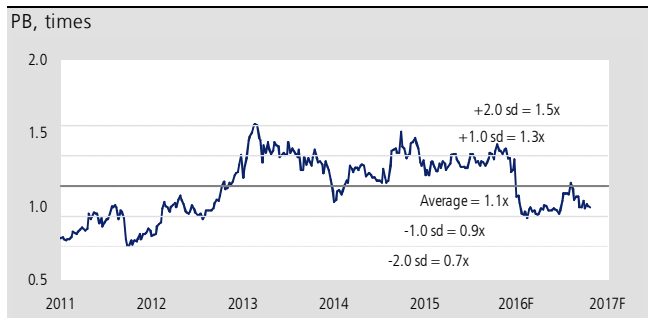
Source: Company data, KGI Research

Figure 13: Dividend



Source: Company data, KGI Research

Figure 15: Company trading PB



Source: KGI Research

Quarterly Income Statement

(Bt mn)	Mar-14A	Jun-14A	Sep-14A	Dec-14A	Mar-15A	Jun-15A	Sep-15A	Dec-15A	Mar-16A	Jun-16A
Income Statement (Bt mn)										
Revenue	49,657	40,776	46,835	45,749	39,445	41,357	35,203	35,136	30,276	37,262
Cost of Goods Sold	(47,035)	(38,791)	(45,526)	(47,120)	(37,082)	(36,390)	(33,118)	(33,097)	(29,327)	(32,986)
Gross Profit	2,621	1,985	1,308	(1,371)	2,363	4,967	2,085	2,039	949	4,276
Operating Expenses	(954)	(959)	(1,005)	(1,562)	(1,057)	(1,314)	(1,133)	(1,672)	(1,212)	(1,433)
Other incomes	0	0	0	0	0	0	0	0	0	0
Operating Profit	1,668	1,026	303	(2,933)	1,307	3,653	952	367	(264)	2,843
Depreciation of fixed assets	678	647	847	1,142	1,052	1,233	1,205	1,219	1,099	1,135
Operating EBITDA	2,345	1,673	1,150	(1,792)	2,359	4,885	2,157	1,586	835	3,978
Non-Operating Income	179	706	283	528	104	186	201	99	289	111
Interest Income	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	179	706	283	528	104	186	201	99	289	111
Non-Operating Expenses	(264)	(369)	(392)	(403)	(547)	(401)	(396)	(724)	(373)	(327)
Interest Expenses	(264)	(369)	(392)	(403)	(411)	(401)	(391)	(412)	(373)	(327)
Other Non-op Expenses	0	0	0	0	(136)	0	(5)	(312)	0	(0)
Net Investment Income/(Loss)	10	(6)	(10)	10	12	(1)	(2)	4	13	(6)
Pre-tax Profit	1,594	1,357	185	(2,798)	875	3,437	755	(254)	(335)	2,621
Current Taxation	(310)	(178)	38	1,140	(91)	(594)	(6)	17	167	(459)
Minorities	24	9	27	(127)	19	15	(9)	(79)	(72)	(3)
Extraordinary items	303	87	183	(972)	272	(34)	(327)	46	142	252
Net Profit	1,562	1,258	378	(2,502)	1,037	2,794	432	(112)	47	2,417
EPS (Bt)	1.13	0.91	0.27	(1.82)	0.75	2.03	0.31	(0.08)	0.03	1.76
Margins										
Gross profit margin	5.3	4.9	2.8	(3.0)	6.0	12.0	5.9	5.8	3.1	11.5
Operating EBIT margin	3.4	2.5	0.6	(6.4)	3.3	8.8	2.7	1.0	(0.9)	7.6
Operating EBITDA margin	4.7	4.1	2.5	(3.9)	6.0	11.8	6.1	4.5	2.8	10.7
Net profit margin	3.1	3.1	0.8	(5.5)	2.6	6.8	1.2	(0.3)	0.2	6.5
Growth										
Revenue growth	5.0	(9.6)	1.7	(4.8)	(20.6)	1.4	(24.8)	(23.2)	(23.2)	(9.9)
Operating EBIT growth	(18.8)	3,065.2	(81.2)	(377.5)	(21.6)	256.1	214.1	(112.5)	(120.2)	(22.2)
Operating EBITDA growth	(14.6)	136.1	(50.1)	(201.3)	0.6	192.0	87.5	(188.5)	(64.6)	(18.6)
Net profit growth	(28.9)	209.2	(72.2)	(462.6)	(33.6)	122.1	14.2	(95.5)	(95.5)	(13.5)

Source: Company data, KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2014	2015	2016F	2017F	2018F
Total Assets	76,966	81,942	89,968	97,040	107,755
Current Assets	32,294	33,800	32,016	26,292	35,439
Cash & ST Investments	8,577	12,390	11,871	2,962	10,402
Inventories	14,059	13,945	12,846	15,159	16,384
Accounts Receivable	5,835	5,234	5,069	5,940	6,423
Others	3,824	2,230	2,230	2,230	2,230
Non-current Assets	44,671	48,143	57,951	70,748	72,316
LT Investments	1,545	1,562	1,562	1,562	1,562
Net fixed Assets	38,136	40,044	49,852	62,649	64,217
Others	4,990	6,537	6,537	6,537	6,537
Total Liabilities	43,000	45,959	47,403	51,657	59,106
Current Liabilities	11,309	10,489	10,655	12,077	12,533
Accounts Payable	5,774	4,994	4,790	5,652	6,109
ST Borrowings	1,312	1,026	1,397	1,957	1,957
Others	4,223	4,468	4,468	4,468	4,468
Long-term Liabilities	31,690	35,470	36,748	39,580	46,572
Long-term Debts	28,886	32,632	33,910	36,741	43,734
Others	2,804	2,838	2,838	2,838	2,838
Shareholders' Equity	33,966	35,983	42,564	45,383	48,649
Common Stock	1,377	1,377	1,377	1,377	1,377
Capital Surplus	11,769	11,747	16,034	16,300	16,796
Retained Earnings	20,820	22,859	25,154	27,707	30,476
Preferred Stock	0	0	0	0	0

Source: KGI Research

Key Ratios

Year to 31 Dec (Bt mn)	2014	2015	2016F	2017F	2018F
Forecast Drivers					
Growth (% YoY)					
Sales	(1.9)	(17.4)	(3.2)	17.2	8.1
OP	(98.7)	9,854.3	15.4	10.3	10.7
EBITDA	(55.1)	225.4	9.3	8.9	10.8
NP	(85.0)	496.4	22.8	0.2	8.5
EPS	(85.0)	496.4	22.8	0.2	8.5
Profitability (%)					
Gross Margin	2.5	7.6	8.5	7.8	7.9
Operating Margin	0.0	4.2	5.0	4.7	4.8
EBITDA Margin	1.8	7.3	8.2	7.6	7.8
Net Profit Margin	0.4	2.7	3.5	3.0	3.0
ROAA	0.9	5.2	5.9	5.5	5.4
ROAE	2.0	11.9	13.0	11.6	11.8
Stability					
Gross Debt/Equity (%)	88.9	93.5	83.0	85.3	93.9
Net Debt/Equity (%)	63.7	59.1	55.1	78.7	72.5
Interest Coverage (x)	1.0	4.0	4.1	4.0	3.9
Interest & ST Debt Coverage (x)	0.5	2.4	2.4	2.0	2.1
Cash Flow Interest Coverage (x)	4.3	7.5	5.9	4.0	4.5
Cash Flow/Interest & ST Debt (x)	2.2	4.6	3.4	2.0	2.4
Current Ratio (x)	2.9	3.2	3.0	2.2	2.8
Quick Ratio (x)	1.6	1.9	1.8	0.9	1.5
Net Debt (Bt mn)	21,621	21,268	23,436	35,736	35,289
Per Share Data (Bt)					
EPS	0.5	3.0	3.7	3.7	4.0
CFPS	4.4	8.7	7.9	5.7	7.2
BVPS	24.7	26.1	30.9	33.0	35.3
SPS	--	--	--	--	--
EBITDA/Share	2.5	8.0	8.7	9.5	10.5
DPS	1.0	2.0	2.0	1.9	2.0
Activity					
Asset Turnover (x)	2.5	1.9	1.7	1.8	1.8
Days Receivables	11.6	12.6	12.6	12.6	12.6
Days Inventory	28.8	36.4	35.0	35.0	35.0
Days Payable	3.2	3.6	3.6	3.6	3.6
Cash Cycle	37.2	45.5	44.1	44.1	44.1

Source: KGI Research

Profit & Loss

Year to 31 Dec (Bt mn)	2014	2015	2016F	2017F	2018F
Revenue	183,016	151,140	146,373	171,519	185,465
Cost of Goods Sold	(178,473)	(139,686)	(133,965)	(158,088)	(170,859)
Gross Profit	4,543	11,454	12,408	13,432	14,606
Operating Expenses	(4,480)	(5,175)	(5,161)	(5,441)	(5,762)
Other incomes	0	0	0	0	0
Operating Profit	63	6,279	7,247	7,991	8,844
Depreciation of fixed assets	3,313	4,708	4,766	5,094	5,653
Operating EBITDA	3,377	10,987	12,013	13,085	14,497
Non-Operating Income	1,697	543	504	509	514
Interest Income	0	0	0	0	0
Other Non-op Income	1,697	543	504	509	514
Non-Operating Expenses	(1,427)	(2,021)	(1,843)	(1,978)	(2,198)
Interest Expenses	(1,427)	(1,615)	(1,843)	(1,978)	(2,198)
Other Non-op Expenses	0	(407)	0	0	0
Net Investment Income/(Loss)	5	12	17	17	17
Pre-tax Profit	338	4,813	5,925	6,539	7,177
Current Taxation	691	(673)	(676)	(774)	(888)
Minorities	(67)	(53)	151	659	750
Extraordinary items	(399)	(43)	0	0	0
Net Profit	696	4,151	5,098	5,106	5,539
EPS (Bt)	0.51	3.01	3.70	3.71	4.02

Source: KGI Research

Cash Flow

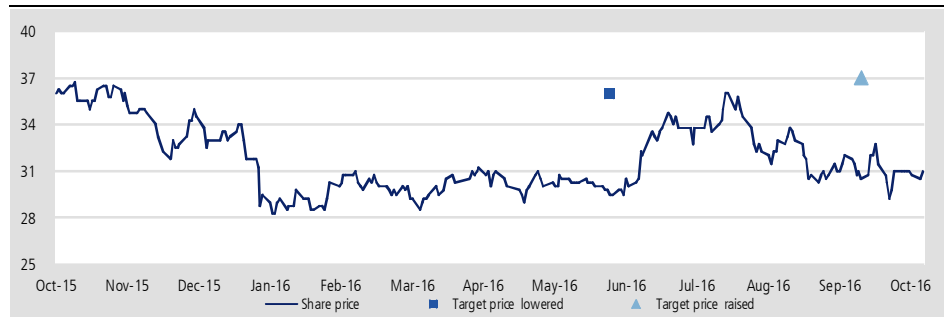
Year to 31 Dec (Bt mn)	2014	2015	2016F	2017F	2018F
Operating Cash Flow	6,068	12,033	10,923	7,879	9,941
Net Profit	696	4,151	5,098	5,106	5,539
Depreciation & Amortization	3,313	4,708	4,766	5,094	5,653
Change in Working Capital	99	(65)	1,059	(2,322)	(1,251)
Others	1,959	3,239	0	0	0
Investment Cash Flow	(10,042)	(11,343)	(14,574)	(13,891)	(9,221)
Net CAPEX	(7,337)	(4,591)	(14,574)	(17,891)	(7,221)
Change in LT Investment	0	0	0	0	0
Change in Other Assets	(2,705)	(6,751)	0	4,000	(2,000)
Free Cash Flow	(1,269)	7,442	(3,651)	(10,012)	2,720
Financing Cash Flow	5,401	(773)	3,131	1,103	4,719
Change in Share Capital	153	(22)	4,287	266	497
Net Change in Debt	9,369	3,460	1,649	3,391	6,992
Change in Other LT Liab.	(4,121)	(4,211)	(2,804)	(2,553)	(2,770)
Net Cash Flow	1,427	(82)	(519)	(4,909)	5,439

Source: KGI Research

Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= Operating Margin
2014	97.5%	1.8%	2.4%	-1.8%
2015	92.4%	3.1%	3.4%	1.0%
2016F	91.5%	3.3%	3.5%	1.7%
2017F	92.2%	3.0%	3.2%	1.7%
2018F	92.1%	3.0%	3.1%	1.7%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= Capital Turnover
2014	0.11	0.21	0.03	2.85
2015	0.15	0.26	0.04	2.16
2016F	0.15	0.34	0.04	1.88
2017F	0.08	0.37	0.04	2.06
2018F	0.12	0.35	0.04	1.98
Year	Operating Margin	x $\frac{\text{Capital Turnover}}{\text{Revenue}}$	x $\frac{\text{Cash Tax Rate}}{\text{Revenue}}$	= After-tax Return on Inv. Capital
2014	-1.8%	2.9	12910.1	-654.5
2015	1.0%	2.2	86.1	1.9
2016F	1.7%	1.9	88.3	2.8
2017F	1.7%	2.1	86.8	3.0
2018F	1.7%	2.0	86.2	2.9

Source: KGI Research

Bangchak Petroleum - Recommendation & target price history


Source: KGI Research

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		Room 24D1, 24/F, A Unit, Zhen Ye Building, 2014 Bao'annan Road,	Shenzhen, PRC 518008
Taiwan	Taipei	700 Mingshui Road, Taipei, Taiwan	Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
Hong Kong		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	Telephone 852.2878.6888 Facsimile 852.2878.6800
Thailand	Bangkok	8th - 11th floors, Asia Centre Building	173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014

KGI's Ratings	Rating	Definition
	Outperform (OP)	The stock's excess return* over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan).
	Neutral (N)	The stock's excess return* over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).1.3
	Under perform (U)	The stock's excess return* over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
	Not Rated (NR)	The stock is not rated by KGI Securities.
	Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>

Note When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
EGCO	ELECTRICITY GENERATING	KTB	KRUNG THAI BANK	TISCO	TISCO FINANCIAL GROUP
KBANK	KASIKORN BANK	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING		
KKP	KIATNAKIN BANK	SCB	THE SIAM COMMERCIAL BANK		



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	ERW	THE ERAWAN GROUP	SCC	THE SIAM CEMENT
AOT	AIRPORTS OF THAILAND	GFPT	GFPT	SPALI	SUPALAI
AP	ASIAN PROPERTY DEVELOPMENT	IFEC	INTER FAR EAST ENGINEERING	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
BBL	BANGKOK BANK	LPN	L.P.N. DEVELOPMENT	SVI	SVI
BH	BUMRUNGRAD HOSPITAL	MINT	MINOR INTERNATIONAL	TASCO	TIPCO ASPHALT
BIGC	BIG C SUPERCENTER	PS	PRUKSA REAL ESTATE	TCAP	THANACHART CAPITAL
CK	CH. KARNCHANG	QH	QUALITY HOUSES	TMB	TMB BANK
CPALL	CP ALL	ROBINS	ROBINSON DEPARTMENT STORE	TRUE	TRUE CORPORATION
CPN	CENTRAL PATTANA	RS	RS		
DRT	DIAMOND ROOFING TILES	SAMART	SAMART CORPORATION		



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
CENTEL	CENTRAL PLAZA HOTEL	HMPRO	HOME PRODUCT CENTER	MAKRO	SIAM MAKRO
DCC	DYNASTY CERAMIC	ILINK	INTERLINK COMMUNICATION	MODERN	MODERNFORM GROUP
GL	GROUP LEASE	KTC	KRUNGTHAI CARD	TRT	TIRATHAI
GLOW	GLOW ENERGY	MAJOR	MAJOR CINEPLEX GROUP	TVO	THAI VEGETABLE OIL

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	CHG	CHULARAT HOSPITAL	NOK	NOK AIRLINES
ANAN	ANANDA DEVELOPMENT	CKP	CK POWER	PACE	PACE DEVELOPMENT CORPORATION
BA	BANGKOK AIRWAYS	DTAC	TOTAL ACCESS COMMUNICATION	SAWAD	SRI SAWAD POWER 1979
BCH	BANGKOK CHAIN HOSPITAL	GLOBAL	SIAM GLOBAL HOUSE	TMT	THAI METAL TRADE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	TPCH	TPC POWER HOLDING
BEM	BANGKOK EXPRESSWAY AND METRO	GUNKUL	GUNKUL ENGINEERING	WHA	WHA CORPORATION
BJCHI	BJC HEAVY INDUSTRIES	LPH	LADPRAO GENERAL HOSPITAL	WORK	WORKPOINT ENTERTAINMENT
CBG	CARABAO GROUP	MTLS	MUANGTHAI LEASING		

Source: www.thai-iod.com

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 assessment 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 or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERAWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENTEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SRI SAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.