

# Bangchak sets B5bn budget for M&As

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SET-listed Bangchak Petroleum (BCP), the majority state-owned oil refiner, has set a budget of 5 billion baht for mergers and acquisitions from this year through 2020.

President Vichien Usanachot said the capital expenditure would be used to expand Bangchak's business including renewable energy, in Thailand and elsewhere in Asia, by acquiring at least a 20% share in each deal.

"At present, we're interested in investing in upstream petroleum exploration and production fields in Thailand and across Asia to secure sources of crude oil to supply our refinery, especially low-sulphur crude that we use mainly to refine petroleum products," he said.

This year, Bangchak plans to conclude a share acquisition deal in an upstream exploration block, said Mr Vichien.

He said the company had also been approached about possible joint ventures in solar farm projects both in Thailand and abroad.

The company has been in talks to form a new solar joint venture in Japan. A deal should be concluded in the third quarter and will see it owning no less than 40% of the project.

Bangchak forecasts earnings before taxes, interest, taxes, depreciation and amortisation (EBITDA) will grow to 25 billion baht in 2020 from this year's target of 10 billion baht.

Meanwhile, Bangchak's financial results in the three months to June are expected to be weaker than in the

same period last year. But Mr Vichien said this was in line with the company's forecast, as its Bangkok refinery would have a 45-day maintenance shutdown this quarter.

This year, Bangchak targets to refine 90,000 to 94,000 barrels per day of oil, down from 99,340 bpd last year, due to the maintenance. Total capacity is 120,000 bpd.

However, the solar farm business will be operated ahead of schedule, and that will create additional EBITDA of 100 million baht. By year-end, the company is confident that EBITDA will reach the target of 10 billion baht, up from 9 billion last year.

BCP shares closed yesterday on the SET at 29.75 baht, down 25 satang, in trade worth 110 million baht.