Bangchak Corporation (BCP TB)

Building A Higher Earnings Base Beyond The Peak

Highlights

- The Investor Forum reinforces our positive view on BCP's earnings base in 2027.
- We raise 2027 core profit by 62% to Bt19b.
- Maintain BUY and roll over our target price to 2027 at Bt65.00.

Analysis

- **Investor Forum reinforces a higher normalised earnings base.** Bangchak Corporation's (BCP) Investor Forum 2026 reinforced our positive view on the group's earnings outlook. Management aims to grow group EBITDA to Bt100b by 2030, from Bt36b in 2025 and our exceptionally strong Bt84b forecast for 2026. The strategy is increasingly focused on maximising value from its existing businesses, particularly through refinery integration, sustainable aviation fuel (SAF), trading and disciplined capital allocation.
- **Refining margins should stay above mid-cycle levels.** While BCP's planned maintenance will lower refinery throughput in 2027, we expect gross refinery margin (GRM) to remain supported by tight refined-product supply, continued refinery optimisation and full-year SAF contribution. We therefore raise our 2027 BCP GRM assumption from US$7.00/bbl to US$8.50/bbl. We expect the impact of government diesel price intervention to be manageable. We foresee an impact of only Bt2.3b from the diesel price intervention during Jul 26-15 Sep 26.
- **SAF margins should remain favourable in 2H26-2027.** SAF was one of the strongest takeaways from the Investor Forum. The plant achieved COD in May 26 and has ramped up substantially faster than we previously expected. Average production reached 6.8kbd in 2Q26 with a target of an average run rate of at least 7kbd in 2027. Importantly, management indicated that SAF-related EBITDA contribution reached around Bt1.0b in 2Q26 despite having only around 40 days of operations. With a favourable SAF-UCO spreads outlook, we expect Bt3.5b-4.0b in EBITDA contributions in 2H26, higher than our previous assumption. We see SAF as an important structural earnings buffer in 2027, as its full-year contribution should partly offset the lower refinery run rate during maintenance.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	589,877.4	507,569.9	601,980.6	650,697.2	745,010.4
EBITDA	46,554.0	35,753.8	84,094.8	61,075.2	56,341.4
Operating profit	26,498.0	8,300.7	67,594.8	44,575.2	38,841.4
Net profit (rep./act.)	2,184.1	2,879.7	34,125.2	19,389.9	16,450.3
Net profit (adj.)	6,120.1	10,239.7	34,125.2	19,389.9	16,450.3
EPS	4.4	7.4	23.2	13.2	11.2
PE (x)	11.5	6.9	2.2	3.9	4.6
P/B (x)	1.2	1.0	0.7	0.6	0.6
EV/EBITDA (x)	4.2	6.9	2.1	2.7	2.6
Dividend yield (%)	2.0	2.4	12.1	4.7	4.7
Net margin (%)	0.4	0.6	5.7	3.0	2.2
Net debt/(cash) to equity(%)	165.5	140.6	71.8	54.7	35.7
Interest cover (x)	6.6	4.2	14.3	10.2	9.3
ROE (%)	4.3	5.2	46.0	23.3	18.2
Consensus net profit	n.a	n.a	26,363.6	14,119.2	11,362.3
UOBKH/Consensus (x)	n.a	n.a	0.29	0.38	0.45

Source: Bangchak Corporation, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt49.50
Target Price	Bt65.00
Upside	31.3%
Previous TP	Bt52.00

Stock Data

Sector	Energy
Bloomberg ticker	BCP TB
Shares issued (m)	1,463.0
Market cap (Btm)	66,565.2
Market cap (US$m)	2,013.9
3-mth avg daily t'over (US$m)	9.6

Price Performance (%)

52-week high/low: Bt45.5/Bt25.0

1mth	3mth	6mth	1yr	YTD
29.1	28.2	40.0	33.8	75.0

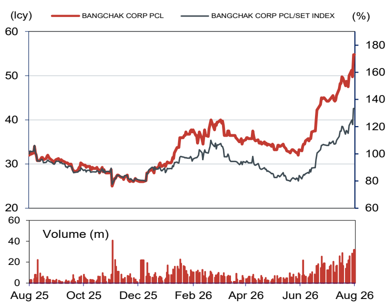
Major Shareholders (%)

Vayapak fund 1	19.8
Social Security Office (SSO)	15.1

Balance Sheet Metrics

FY26 NAV/Share (Bt)	71.6
FY26 Net Debt/Share (Bt)	51.4

Price Chart



Source: Bloomberg

Company Description

BCP is one of the refiners in Thailand. It operates a small complex refinery located in Bangkok with a capacity of 120,000 bbl/day, representing 10% of Thailand's refining capacity. BCP distributes products to clients through its service stations nationwide.

- **New growth engine from trading business.** Trading was another key positive surprise from the forum. Trading EBITDA reached Bt1.05b in 1H26, already exceeding historical levels, while management targets approximately Bt1.6b in 2027 and Bt5b by 2031. Management aims to increase third-party trading significantly while Hong Kong operations and the growing SAF/biofuel businesses allow the company to capture value from crude sourcing, product blending, arbitrage and third-party trading.
- **Marketing – steady growth with improving value creation**. BCP targets retail market share to increase from 29.1% to 33.0% by 2031, supported by network expansion and higher sales per station. Growth will also come from higher-margin non-oil businesses, lubricants and EV charging, while greater integration with refinery and trading should help optimise margins across the value chain.
- **Disciplined capital allocation with positive dividend surprise**. Management remains disciplined on capital allocation, with committed capex of only around Bt9.2b annually excluding future M&As. Stronger operating cash flow should provide room for debt reduction, selective acquisitions and continued shareholder returns through dividends and potential share buybacks. Note that BCP announced a 1H26 interim dividend of Bt3.00/share (XD 7 September), above our expectation of Bt2.00/share, implying an attractive dividend yield of around 6%.

Valuation/Recommendation

- **Maintain BUY and roll forward our target price to 2027 at Bt65.00**. Our target price is based on SOTP valuation, implying 1.0x 2027F P/B, which we believe is justified by BCP's higher normalised earnings, improving earnings diversification and and a stronger free cash flow outlook.

Earnings Revision/Risk

- **We maintain our 2026 earnings forecast but raise our 2027 core profit estimate by 62% to Bt19.0b** (from Bt11.0b), mainly reflecting higher normalised refining margins, a stronger-than-expected SAF outlook and factoring in a stronger contribution from trading.

Share Price Catalyst

- 3Q26: Stronger diesel and jet fuel margins.
- Higher-than-expected interim dividend of Bt3.00/share.
- Strong contribution from SAF.
- Share buyback possibility.

Environment, Social, Governance (ESG) Updates

Environmental

- BCP aims to achieve carbon neutrality by 2030 and net zero emission by 2050. To achieve this, BCP will improve overall production efficiency and utilise products that reduce emissions by 20% by 2024, and 30% by 2030.

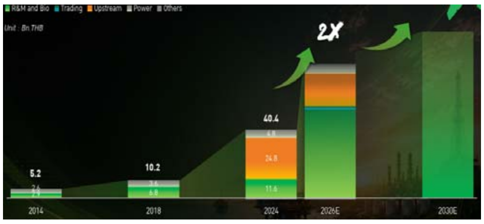
Social

- Social development is part of BCP's business management. The corporate and employee culture is to engage in social development for sustainability.

Governance

- BCP maintains an annual "Excellent" CG score from the Thai Institute of Directors Association.

EBITDA target

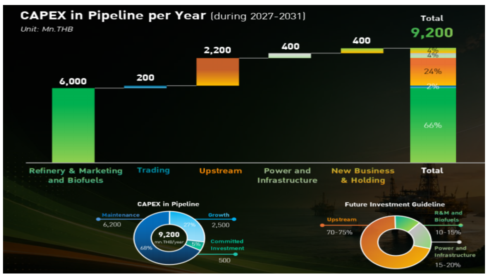


Source: BCP, UOB Kay Hian

2H26 outlook

Source: BCP, UOB Kay Hian

Capital allocation



Source: BCP, UOB Kay Hian

SAF-UCO (US$/litre)

Source: BCP, UOB Kay Hian

2027F Earnings Revision Breakdown

2027F	Previous (Btb)	New (Btb)	Change (Btm)
Refining	6,897	11,817	4,920
SAF	1,846	3,845	1,999
Trading	800	1,280	480
E&P / BCPG / others	2,356	2,356	broadly unchanged
Core profit	11,899	19,298	7399

Source: BCP, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	507,570	601,981	650,697	745,010
EBITDA	26,409	84,095	61,075	56,341
Deprec. & amort.	18,108	16,500	16,500	17,500
EBIT	8,301	67,595	44,575	38,841
Associate contributions	2,607	2,618	420	450
Net interest income/(expense)	(6,296)	(5,890)	(5,980)	(6,050)
Pre-tax profit	4,612	64,323	39,015	33,241
Tax	(2,167)	(25,729)	(16,386)	(15,291)
Minorities	435	(4,468)	(3,239)	(1,500)
Net profit	2,880	34,125	19,390	16,450
Net profit (adj.)	10,240	34,125	19,390	16,450

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	114,934	113,434	111,934	109,434
Other LT assets	88,960	117,352	118,945	122,276
Cash/ST investment	28,555	54,648	44,389	57,811
Other current assets	66,356	97,488	101,550	102,564
Total assets	298,805	382,922	376,817	392,085
ST debt	36,114	43,829	51,559	36,829
Other current liabilities	36,901	73,124	65,970	69,970
LT debt	86,584	86,584	60,354	70,354
Other LT liabilities	55,065	44,820	46,476	47,520
Shareholders' equity	66,936	105,565	123,459	138,412
Minority interest	17,205	29,000	29,000	29,000
Total liabilities & equity	298,805	382,922	376,817	392,085

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	14,892	39,322	25,537	36,624
Pre-tax profit	4,612	64,323	39,015	33,241
Tax	(2,167)	(25,729)	(16,386)	(15,291)
Deprec. & amort.	18,108	16,500	16,500	17,500
Associates	435	(4,468)	(3,239)	(1,500)
Working capital changes	231	(3,159)	(11,211)	2,769
Other operating cashflows	(6,326)	(8,144)	858	(95)
Investing	(14,463)	(25,447)	(15,800)	(16,975)
Capex (growth)	(17,293)	(15,000)	(15,000)	(15,000)
Others	2,830	(10,447)	(800)	(1,975)
Financing	135	12,218	(19,997)	(6,227)
Dividend payments	(639)	(8,262)	(3,305)	(3,305)
Issue of shares	0.0	1	0	0
Proceeds from borrowings	(4,812)	7,715	(18,500)	(4,730)
Others/interest paid	5,586	6,499	500	500
Net cash inflow (outflow)	564	26,093	(10,260)	13,423
Beginning cash & cash equivalent	28,626	28,555	54,648	44,389
Ending cash & cash equivalent	29,191	54,648	44,389	57,811

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	5.2	14.0	9.4	7.6
Pre-tax margin	0.9	10.7	6.0	4.5
Net margin	0.6	5.7	3.0	2.2
ROA	1.4	13.6	7.8	6.5
ROE	5.2	46.0	23.3	18.2
Growth				
Turnover	164.3	213.5	238.9	288.0
EBITDA	166.2	747.6	515.6	467.9
Pre-tax profit	23.7	1,625.4	946.5	791.7
Net profit	16.9	1,285.6	687.3	567.9
Net profit (adj.)	67.3	233.3	(43.2)	(15.2)
EPS	134.2	629.2	314.3	251.5
Leverage				
Debt to total capital	145.8	96.9	73.4	64.0
Debt to equity	183.3	123.5	90.6	77.4
Net debt/(cash) to equity	140.6	71.8	54.7	35.7
Interest cover	4.2	14.3	10.2	9.3