

BANGCHAK CORP

BCP TB

THAILAND / ENERGY

BUY

UNCHANGED

No impact on oil retail margins

- Despite the expiration of the diesel excise tax waiver, we think BCP will see no impact due to subsidies from the oil fund.
- We believe the oil and retail business will be one of BCP's key strengths in 2H23.
- Maintain BUY and TP of THB42.70/shr.

TARGET PRICE	THB42.70
CLOSE	THB37.00
UP/DOWNSIDE	+15.4%
PRIOR TP	THB42.70
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+4.1%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	312,202	315,924	340,858	346,392
Net profit	12,575	7,592	7,567	7,304
EPS (THB)	9.13	5.51	5.50	5.30
vs Consensus (%)	-	(3.1)	0.5	(11.0)
EBITDA	45,881	33,788	39,455	37,368
Recurring net profit	18,514	7,592	7,567	7,304
Core EPS (THB)	13.45	5.51	5.50	5.30
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	93.8	(59.0)	(0.3)	(3.5)
Core P/E (x)	2.8	6.7	6.7	7.0
Dividend yield (%)	6.1	3.7	3.7	3.6
EV/EBITDA (x)	2.3	5.4	4.9	5.5
Price/book (x)	0.8	0.7	0.7	0.6
Net debt/Equity (%)	40.9	120.8	121.5	122.7
ROE (%)	31.9	11.6	10.7	9.6

Diesel subsidy will help absorb the impact of tax cut's expiration

Thailand's Ministry of Finance has chosen not to extend the THB5/l diesel tax waiver which expired on 20 July 2023. First introduced in February 2021, the diesel tax waiver has been extended seven times, leading to lost revenue of more than THB158b. To alleviate fears of a diesel price jump after the waiver period expires, the Oil Fuel Fund Office (OFFO) has announced that it would cap the diesel price at THB32/l. In our view, this is positive for BCP.

Oil fund's financial position supports lengthy subsidy duration

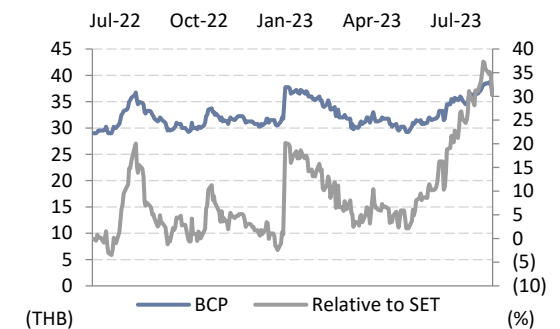
Given the oil price downtrend and support from the excise tax cut, the oil fund has collected ~THB4-5/l from sales of diesel in recent months. Therefore, to maintain the diesel price at THB32/l, OFFO's subsidy will cost the oil fund THB1-2/l. As of 16 July 2023, OFFO currently has a deficit of THB50b with THB55b in extra loan credit available for the subsidy. Therefore, we think the oil fund will be able to subsidise the diesel price for several months during the government transition period. We estimate the THB1-2/l subsidy should cost the oil fund THB2b-4b per month if diesel demand remains steady at 65-67m litres per day.

Likely no impact for BCP

We anticipate no impact on BCP as the oil fund still has room to subsidise diesel for a while. Therefore, we maintain our 2023 estimates for BCP's marketing margins at a healthy THB0.85/l. In 2022, diesel accounted for 59% of the total sales volume of BCP's oil and retail business. We expect marketing margins and sales volumes to improve in 2Q23 and partly offset the potentially weaker performance from its other businesses, mainly its refinery. We believe the oil and retail business will be one of BCP's key strengths in 2H23.

Maintain BUY rating and TP of THB42.70/shr

We maintain our BUY rating and SoTP-based valuation at THB42.7/shr. Risks to our TP are 1) a sharp decline in oil prices; 2) weaker-than-expected petroleum product spreads and GRM; 3) higher crude oil premiums; and 4) unplanned refinery shutdowns.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.2	22.3	24.4
Relative to country (%)	4.3	25.3	26.4
Mkt cap (USD m)	1,560		
3m avg. daily turnover (USD m)	6.6		
Free float (%)	59		
Major shareholder	Thailand Social Security Office (15%)		
12m high/low (THB)	39.00/28.50		
Issued shares (m)	1,376.92		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

BCP is a leading petroleum company in Thailand with exposure from upstream to downstream in the business, including petroleum exploration and production, refinery, marketing, green power, and bio-based products.

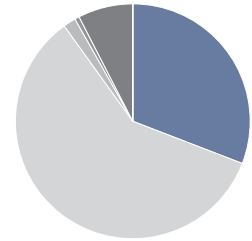
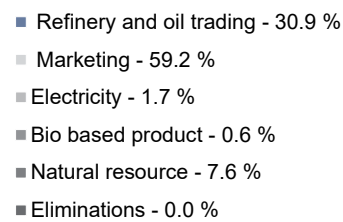
More than half of its revenue contributions are from its refinery and marketing business in Thailand. We expect its marketing business to be the key profit driver in 2Q23. Moreover, we believe its refinery business will recover and provide significant profits in 2H23 from lower crude premiums and higher refined product spreads, mainly from a demand recovery in China. Furthermore, we expect gains from exploration and production (E&P) in 4Q23 to help improve 2H23 performance. For 2024, we think the key driver will be the ESSO deal's THB2b-3b in expected pre-tax synergies, which should make BCP the leading oil retail and marketing player in Thailand.

Company profile

BCP is an energy conglomerate in Thailand with the sixth-largest refinery and the second-largest number of gas stations. The company's Suboar refinery has a nameplate capacity of 120kbpd. It also runs 1,353 gas stations (as of 1Q23) and owns biodiesel plants.

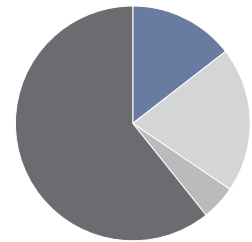
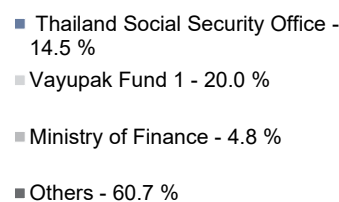
www.bangchak.co.th

Principal activities (revenue, 2022)



Source: Bangchak Corp

Major shareholders



Source: Bangchak Corp

Catalysts

Key potential catalysts are 1) higher-than-expected refined product spreads; 2) higher-than-expected marketing margins and sales volumes in its marketing business; and 3) an uptrend in liquid/gas prices and rising production for its E&P business in Norway.

Risks to our call

The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of refinery plants.

Event calendar

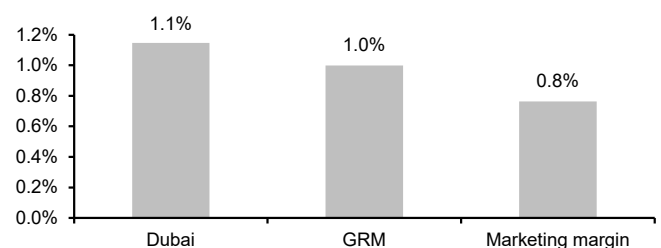
Date	Event
9 Aug 2023	2Q23 results announcement
9 Nov 2023	3Q23 results announcement

Key assumptions

BCP assumptions	2021 (USD/bbl)	2022 (USD/bbl)	2023E (USD/bbl)	2024E (USD/bbl)	2025E (USD/bbl)
Dubai	69	96	86	90	90
Operating GRM	4.5	14.3	5.0	3.2	3.2
UNL95-DB	11.1	18.7	17.0	15.0	15.0
Jet-DB	5.9	30.5	17.0	13.0	13.0
GO-DB	6.7	34.5	17.0	13.0	13.0
Marketing margin (THB/litre)	0.88	0.93	0.85	0.90	0.90
Realised gas price	65.3	98.4	79.0	72.6	67.9
Realised liquid price	105.4	144.9	140.5	134.5	90.0

Source: FSSIA estimates

Earnings sensitivity



For every 1% increase in Dubai, GRM and marketing margin, we estimate 2023 earnings would increase per the above chart, and vice versa, all else being equal.

Source: FSSIA estimates

Key charts

Exhibit 1: Petroleum product price structure

(THB/litre)	Ex-Refin.	Excise Tax	M. Tax	Oil Fund	Consv. Fund	Wholesale (WS)	VAT (WS)	WS&VAT	Marketing margin (MM)	VAT (MM)	Retail
ULG95	21.91	6.50	0.65	9.38	0.05	38.49	2.69	41.18	3.61	0.25	45.04
GASOHOL95 E10	21.86	5.85	0.59	2.80	0.05	31.15	2.18	33.33	3.67	0.26	37.25
GASOHOL91	21.44	5.85	0.59	2.80	0.05	30.73	2.15	32.88	3.84	0.27	36.98
GASOHOL95 E20	22.28	5.20	0.52	0.81	0.05	28.86	2.02	30.88	3.79	0.27	34.94
GASOHOL95 E85	27.00	0.98	0.10	0.81	0.05	28.93	2.02	30.95	4.15	0.29	35.39
H-DIESEL B7	22.43	1.34	0.13	4.04	0.05	27.99	1.96	29.95	1.86	0.13	31.94
H-DIESEL	22.43	1.34	0.13	4.04	0.05	27.99	1.96	29.95	1.86	0.13	31.94
H-DIESEL B20	22.43	1.34	0.13	4.04	0.05	27.99	1.96	29.95	1.86	0.13	31.94
FO 600 (1) 2%S	16.95	0.64	0.06	0.06	0.05	17.77	1.24	19.01			
FO 1500 (2) 2%S	16.10	0.64	0.06	0.06	0.05	16.91	1.18	18.10			
LPG (THB/kg)	17.86	2.17	0.22	0.67	-	20.92	1.46	22.38	3.26	0.23	25.87

Source: Energy Policy and Planning Office (EPPO)

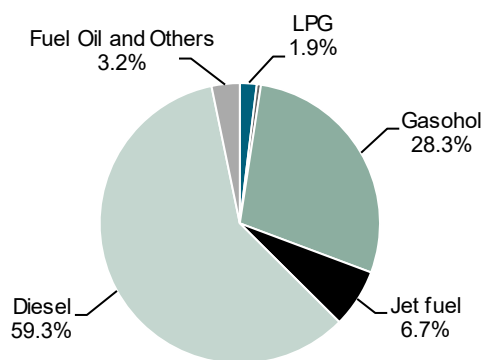
Note: Data as of 20 July 2023

Exhibit 2: Oil fund impact

	Oil fund income / (subsidy) (THB/litre)	Oil fund income / (subsidy) per month (THB b)
Oil fund collection from diesel in Jun-Jul 2023	THB3-4/litre	5.9-7.9
Subsidy	(THB1-2/ litre)	(2.0)-(4.0)

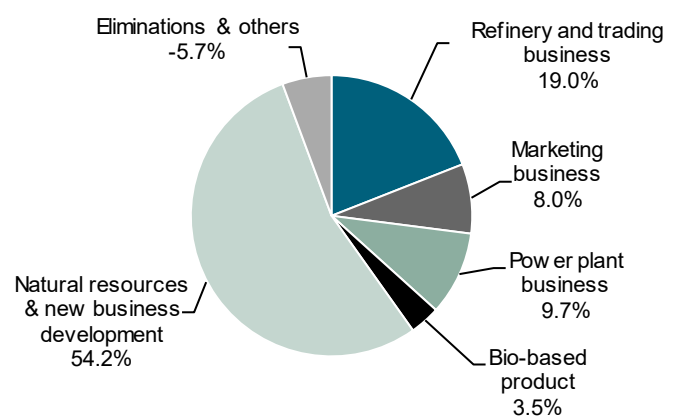
Sources: Oil Fuel Fund Oil (OFFO), FSSIA estimates

Exhibit 3: 2023E sales volume breakdown



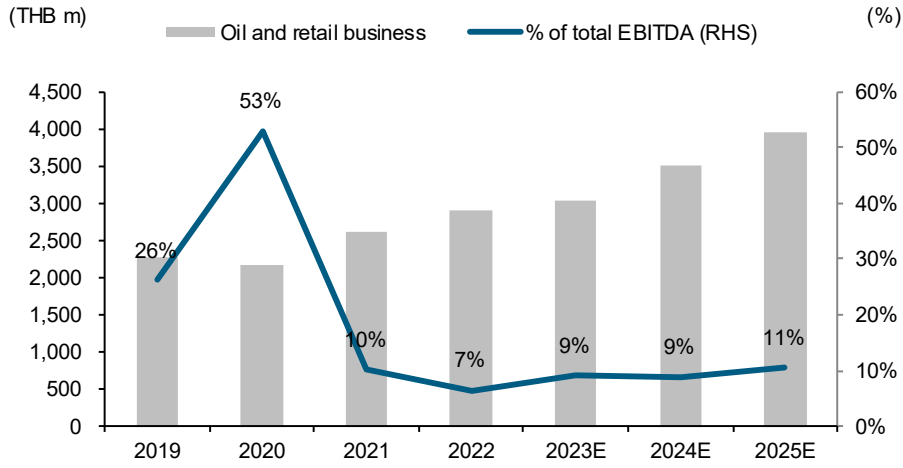
Sources: BCP, FSSIA estimates

Exhibit 4: 2023E accounting EBITDA



Sources: BCP, FSSIA estimates

Exhibit 5: BCP's oil and retail EBITDA vs % of total EBITDA – Oil and retail EBITDA grows steadily



Sources: BCP, FSSIA estimates

Financial Statements

Bangchak Corp

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	199,417	312,202	315,924	340,858	346,392
Cost of goods sold	(175,744)	(265,934)	(284,828)	(308,996)	(316,341)
Gross profit	23,673	46,269	31,095	31,862	30,051
Other operating income	-	-	-	-	-
Operating costs	(7,669)	(10,391)	(12,005)	(12,953)	(13,163)
Operating EBITDA	24,078	45,881	33,788	39,455	37,368
Depreciation	(8,075)	(10,004)	(14,698)	(20,545)	(20,480)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	16,003	35,877	19,090	18,909	16,888
Net financing costs	(2,289)	(3,976)	(4,124)	(4,000)	(4,158)
Associates	1,042	188	188	188	207
Recurring non-operating income	2,321	2,042	2,134	2,134	2,348
Non-recurring items	(1,927)	(5,939)	0	0	0
Profit before tax	14,108	28,004	17,100	17,044	15,078
Tax	(4,263)	(12,852)	(7,611)	(7,585)	(5,948)
Profit after tax	9,845	15,152	9,490	9,459	9,130
Minority interests	(2,221)	(2,577)	(1,898)	(1,892)	(1,826)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	7,624	12,575	7,592	7,567	7,304
Non-recurring items & goodwill (net)	1,927	5,939	0	0	0
Recurring net profit	9,551	18,514	7,592	7,567	7,304
Per share (THB)					
Recurring EPS *	6.94	13.45	5.51	5.50	5.30
Reported EPS	5.54	9.13	5.51	5.50	5.30
DPS	2.00	2.25	1.38	1.37	1.33
Diluted shares (used to calculate per share data)	1,377	1,377	1,377	1,377	1,377
Growth					
Revenue (%)	46.1	56.6	1.2	7.9	1.6
Operating EBITDA (%)	500.7	90.6	(26.4)	16.8	(5.3)
Operating EBIT (%)	nm	124.2	(46.8)	(0.9)	(10.7)
Recurring EPS (%)	nm	93.8	(59.0)	(0.3)	(3.5)
Reported EPS (%)	nm	64.9	(39.6)	(0.3)	(3.5)
Operating performance					
Gross margin inc. depreciation (%)	11.9	14.8	9.8	9.3	8.7
Gross margin exc. depreciation (%)	15.9	18.0	14.5	15.4	14.6
Operating EBITDA margin (%)	12.1	14.7	10.7	11.6	10.8
Operating EBIT margin (%)	8.0	11.5	6.0	5.5	4.9
Net margin (%)	4.8	5.9	2.4	2.2	2.1
Effective tax rate (%)	28.9	38.1	45.0	45.0	40.0
Dividend payout on recurring profit (%)	28.8	16.7	25.0	25.0	25.0
Interest cover (X)	8.0	9.5	5.1	5.3	4.6
Inventory days	37.7	34.2	41.0	40.8	41.6
Debtor days	19.8	21.9	29.7	35.4	42.9
Creditor days	30.4	31.8	40.2	40.0	40.8
Operating ROIC (%)	15.3	27.5	9.5	6.9	5.7
ROIC (%)	10.0	17.5	7.5	5.9	5.1
ROE (%)	19.1	31.9	11.6	10.7	9.6
ROA (%)	7.6	10.8	4.6	4.1	3.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Refinery and oil trading	65,161	96,328	101,065	100,758	100,606
Marketing	117,265	184,897	177,580	188,514	198,869
Electricity	4,661	5,395	5,352	6,356	8,671
Bio based product	2,234	1,980	3,744	4,435	4,435

Sources: Bangchak Corp; FSSIA estimates

Financial Statements

Bangchak Corp

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	9,551	18,514	7,592	7,567	7,304
Depreciation	8,075	10,004	14,698	20,545	20,480
Associates & minorities	1,279	1,854	1,946	1,946	2,141
Other non-cash items	-	-	-	-	-
Change in working capital	(3,866)	(13,903)	(7,132)	(7,988)	(7,821)
Cash flow from operations	15,039	16,469	17,104	22,071	22,103
Capex - maintenance	(6,514)	(8,070)	(12,769)	(17,384)	(19,692)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(13,948)	5,181	(75,977)	(10,057)	(7,508)
Cash flow from investing	(20,462)	(2,889)	(88,746)	(27,442)	(27,200)
Dividends paid	(1,928)	(3,098)	(2,326)	(1,895)	(1,859)
Equity finance	0	0	0	0	0
Debt finance	17,263	732	39,268	5,000	10,000
Other financing cash flows	1,266	3,125	(1,302)	(2,613)	(3,115)
Cash flow from financing	16,601	759	35,640	492	5,026
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	11,178	14,339	(36,002)	(4,879)	(70)
Free cash flow to firm (FCFF)	(2,883.49)	17,556.39	(67,517.25)	(1,371.26)	(938.44)
Free cash flow to equity (FCFE)	13,105.81	17,437.11	(33,675.89)	(2,984.03)	1,788.50

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(2.09)	12.75	(49.03)	(1.00)	(0.68)
FCFE per share	9.52	12.66	(24.46)	(2.17)	1.30
Recurring cash flow per share	13.73	22.06	17.60	21.83	21.73

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	115,934	127,965	217,965	247,965	277,965
Less: Accumulated depreciation	(46,701)	(54,947)	(69,645)	(90,190)	(110,670)
Tangible fixed assets (net)	69,233	73,018	148,320	157,775	167,295
Intangible fixed assets (net)	15,613	11,738	11,738	11,738	11,738
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	14,196	3,632	3,632	3,632	3,632
Cash & equivalents	32,829	47,169	11,167	6,288	6,217
A/C receivable	15,234	22,199	29,247	36,852	44,580
Inventories	18,497	29,533	31,171	33,285	34,140
Other current assets	2,812	12,449	12,597	13,591	13,812
Current assets	69,372	111,349	84,183	90,017	98,750
Other assets	33,370	42,606	42,606	42,606	42,606
Total assets	201,785	242,344	290,480	305,768	324,022
Common equity	53,467	62,704	67,970	73,642	79,087
Minorities etc.	16,092	20,674	22,572	24,464	26,290
Total shareholders' equity	69,559	83,378	90,542	98,106	105,377
Long term debt	69,787	70,507	100,507	110,507	120,507
Other long-term liabilities	28,334	40,607	40,607	40,607	40,607
Long-term liabilities	98,121	111,114	141,114	151,114	161,114
A/C payable	15,651	28,948	30,554	32,626	33,464
Short term debt	10,720	10,732	20,000	15,000	15,000
Other current liabilities	7,734	8,172	8,270	8,922	9,067
Current liabilities	34,105	47,852	58,823	56,548	57,531
Total liabilities and shareholders' equity	201,785	242,344	290,480	305,768	324,022
Net working capital	13,158	27,060	34,192	42,181	50,002
Invested capital	145,571	158,055	240,489	257,932	275,274

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	38.83	45.54	49.36	53.48	57.44
Tangible book value per share	27.49	37.01	40.84	44.96	48.91

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	68.5	40.9	120.8	121.5	122.7
Net debt/total assets (%)	23.6	14.1	37.6	39.0	39.9
Current ratio (x)	2.0	2.3	1.4	1.6	1.7
CF interest cover (x)	6.7	5.4	(7.2)	0.3	1.4

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	5.3	2.8	6.7	6.7	7.0
Recurring P/E @ target price (x) *	6.2	3.2	7.7	7.8	8.0
Reported P/E (x)	6.7	4.1	6.7	6.7	7.0
Dividend yield (%)	5.4	6.1	3.7	3.7	3.6
Price/book (x)	1.0	0.8	0.7	0.7	0.6
Price/tangible book (x)	1.3	1.0	0.9	0.8	0.8
EV/EBITDA (x) **	4.8	2.3	5.4	4.9	5.5
EV/EBITDA @ target price (x) **	5.1	2.5	5.6	5.1	5.7
EV/invested capital (x)	0.8	0.7	0.8	0.8	0.8

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Bangchak Corp; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Kwanwaree Apichartsatoporn FSS International Investment Advisory Securities Co., Ltd

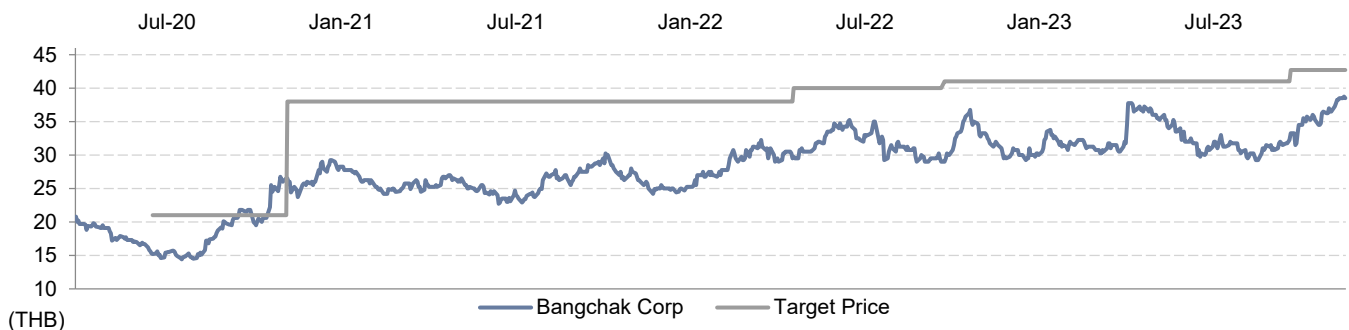
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History of change in investment rating and/or target price

Bangchak Corp (BCP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Sep-2020	BUY	21.00	30-Mar-2022	BUY	40.00	01-Jun-2023	BUY	42.70
18-Jan-2021	BUY	38.00	05-Aug-2022	BUY	41.00			

Kwanwaree Apichartsatoporn started covering this stock from 01-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangchak Corp	BCP TB	THB 37.00	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of refinery plants.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 20-Jul-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a 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.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). 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 (N). 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 (U). 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.