

Binh Son Refining and Petrochemical (BSR)

AM brief: Favorable results in 2H22F

On Aug 25, Binh Son Refining and Petrochemical (BSR) held the Analyst Meeting. The company presented to us the 1H22 results as well as the 2H22-2023 business plan.

BSR fulfilled 2022's earning guidance in 1H22

- In 1H22, BSR's output volume was 3.4mn tonnes. Its net revenue and NPAT-post MI increased +78% yoy and +252% yoy to VND87.2tn and VND12.5tn, respectively. The impressive growth was mainly attributed to rising global oil prices and surging crack spread amid geopolitical tensions.
- In Jul 2022, BSR's output and net revenue were 0.5mn tonnes and VND11.3tn.
- BSR had already fulfilled its 2022 full-year guidance within 1H22.

Ambitious targets for 2H22F

- Binh Son and Nghi Son oil refineries supply 70%-75% of domestic petroleum consumption. In particular, crude oil import from Algeria accounts for 15% of BSR's supply and was highly prone to the volatility of Brent oil price.
- After a slight drop in Jul, BSR predicts oil prices to be back to their rising trend from Aug to Dec 2022. The company sets ambitious 2H22's targets with output, revenue and EBT of 3.2mn tonnes, VND46tn and VND738bn, respectively.

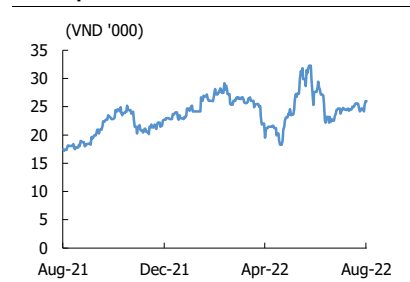
Stock Data

VNIndex (25 Aug, pt)	1,289
Stock price (25 Aug, VND)	26,000
Market cap (USD mn)	3,390
Shares outstanding (mn)	3,101
52-Week high/low (VND)	32,293/17,184
6M avg. daily turnover (USD mn)	13.12
Free float / Foreign ownership (%)	7.9/41.1
Major shareholders (%)	
PetroVietnam	92.13

Performance

	1M	6M	12M
Absolute (%)	9.2	(5.8)	48.9
Relative to VNIndex (%p)	0.7	7.6	48.5

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	81,333	111,952	102,824	57,959	101,080
chg. (% YoY)		37.6	-8.2	-43.6	74.4
Operating profit (VND bn)	8,145	3,771	2,990	-2,877	6,907
Net profit (VND bn)	7,673	3,557	2,873	(2,858)	6,684
EPS (VND)	2,696	1,142	858	-909	2,075
chg. (% YoY)		-57.6	-24.9		
EBITDA (VND bn)	10,513	6,598	5,539	-494	8,822
PE (x)	9.7	22.4	27.8	-28.7	12.1
EV/EBITDA (x)	7.3	12.9	14.2	-164.2	8.5
PB (x)	2.2	2.6	2.4	2.6	2.2
ROE (%)	22.9	11.0	8.9	-8.7	19.6
Dividend yield (%)	0.0	0.0	0.0	0.0	1.2

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BSR plans to be listed on HSX in 2023F

- BSR plans to be officially listed on HSX after the Annual General Meeting in 2023.
- The 5th maintenance will be implemented in 50-55 days, from Jun to Aug 2023, as per management. Thus, production will be halted during this time, which will result in a decrease in the total volume of 2023F.
- BSR expects to disburse the investment for the expansion plan in 2023F but the exact time is unknown.
- The decrease in fuel tax will not have a significant impact on BSR as BSR mostly sells its products to wholesale distributors.
- The Euro 5 emission standard has taken effect since Jan, 2022 and will not influence BSR's business in the short term. However, in the long run, BSR has to upgrade and expand its operation to meet the new emission standard.
- As per the company, DO's crack spread is expected to remain high till the end of 2022 as the EU imposes an embargo on Russian oil imports while the diesel inventory in the US drops to a very low level. Gasoline and diesel are deemed as a substitute for natural gas, especially when the harsh winter in Europe is approaching.
- Jet A1 sale is expected to increase when the aviation sector is recovering.
- BSR will try to optimize its inventory level to cope with major risks from dropping oil prices and decreasing crack spread.

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