

5 Nov 2024

Binh Son Refinery (BSR)

Unfavorable crack spread landscape

On 30 Oct, BSR released the financial statements of 3Q24. Here are some notable points.

Loss came back since pandemic outbreak

- 3Q24 revenue came in at VND31.9tn (-16% qoq, +14% yoy) regardless of a 17% yoy volume increase (Figure 1, per our estimates). This could be sourced from (1) a steep pullback of crack spread in 3Q24 (gap price between a barrel of refined product and a barrel of crude oil), based on the Singapore mogas 92 crack spread contraction by 46% yoy in 3Q24 (Figure 2); and (2) global oil prices slump of 7.7% yoy in 3Q24.
- 3Q24 gross profit (GP) was negative for the first time since the pandemic outbreak (1Q20), at VND1.5tn (Figure 4). Accordingly, NPAT turned loss at VND1.2tn in 3Q24 (Figure 5).

Concerns about the thin crack spread

- Per Reuters, global refinery capacity rose by 1.8mn barrel per day as of Sept 2024 with new refinery plants from Nigeria, Mexico, Kuwait, and Oman (+1.8% compared to end-2023 according to our estimates). Furthermore, refinery utilization rates tend to be on a downward trend in recent months (Figure 6: selected Asia; figure 7: the US). We think an oversupply of refinery capacity could persist, which could squeeze crack spread in upcoming periods.

Listing on Ho Chi Minh Stock Exchange

- Per management, BSR could be eligible for listing on the Ho Chi Minh Stock Exchange (HSX) after it successfully opened the bankruptcy proceedings for BSR-BF, a subsidiary with overdue debts, to satisfy all the conditions of listing by HSX. On 21 Aug, the company applied to be listed on the HSX.

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	102,824	57,959	101,114	167,126	147,423
chg. (% YoY)	(8.2)	(43.6)	74.4	65.3	(11.8)
Operating profit (VND bn)	2,990	(2,877)	6,907	15,500	9,602
Net profit (VND bn)	2,873	(2,858)	6,684	14,669	8,593
EPS (VND)	858.3	(909.2)	2075.1	4749.5	2679.9
chg. (% YoY)	(24.9)	(205.9)	N/A	128.9	(43.6)
EBITDA (VND bn)	5,539	(494)	8,822	16,865	10,374
PE (x)	14.43	(25.80)	7.21	4.02	7.77
EV/EBITDA (x)	6.56	(147.62)	4.63	2.68	5.63
PB (x)	1.13	2.34	1.24	1.15	1.13
ROE (%)	8.93	(8.67)	19.58	33.16	15.92
Dividend yield (%)	0	0	2	0	3.4

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest
Source: FiinproX, KIS Research

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12M rating **Non-rated**

12M TP **N/A**

Stock Statistics

VNIndex (04 Nov, pt)	1,245
Stock price (04 Nov, VND)	20,900
Market cap (USD mn)	2,559
Shares outstanding (mn)	3,101
52-Week high/low (VND)	24,089/17,484
6M avg. daily turnover (USD mn)	7.43
Free float / Foreign ownership (%)	7.9/7
Major shareholders (%)	
Petro Vietnam	92.13

Performance

	1M	6M	12M
Absolute (%)	(10.3)	18.2	15.7
Relative to VNIndex (%p)	(8.3)	14.9	(2.2)

Stock price trend



Source: Bloomberg

Research Dept

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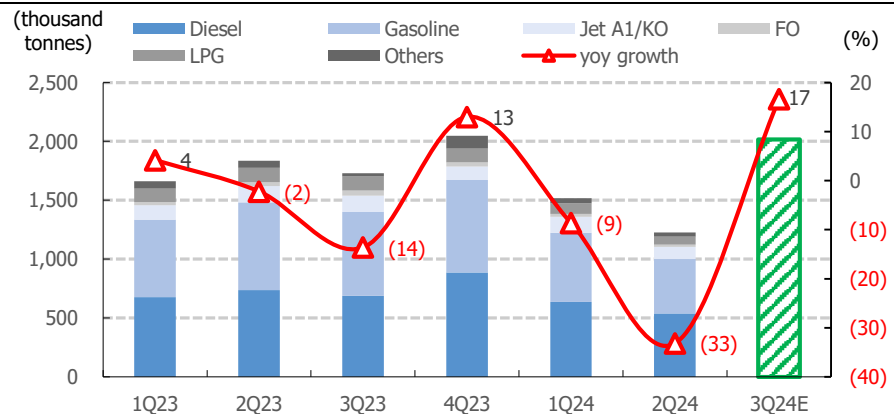
Table 1. Quarterly earnings snapshot

(VND bn, %, %p)

	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ	YoY
Sales	37,756	41,933	30,689	24,424	31,946	30.8	(15.4)
OP	3,619	2,538	1,261	836	(1,334)	(259.6)	(136.9)
OP margin	9.6	6.1	4.1	3.4	(4.2)	(7.6)	(13.8)
EBT	3,620	2,546	1,271	840	(1,329)	(258.2)	(136.7)
NPAT	3,235	2,269	1,115	769	(1,209)	(257.4)	(137.4)

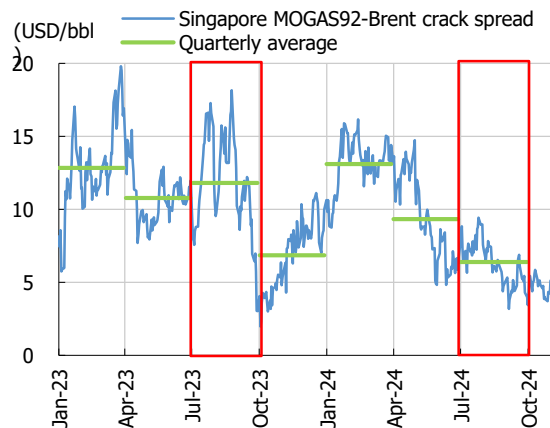
Source: FiiiproX KIS Research

Figure 1. Production volume of BSR grew 17% yoy in 3Q24 ...



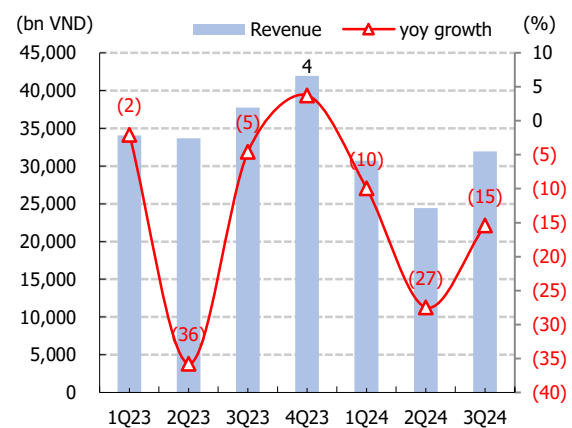
Source: Company data, KIS Research estimate.

Figure 2: ... but Singapore crack spread declined by 46% yoy in 3Q24 ...



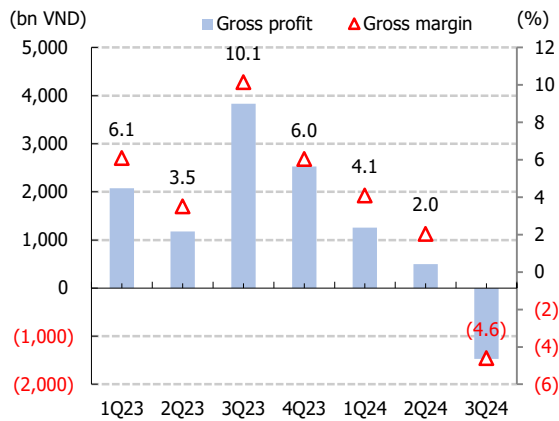
Source: Bloomberg, KIS Research

Figure 3. ... reducing BSR's revenue by 15% yoy in 3Q24



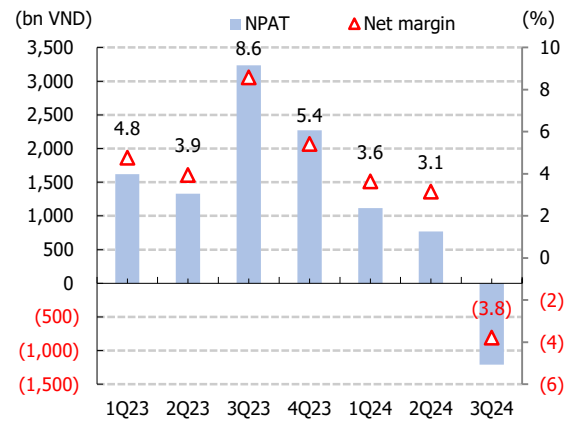
Source: FiiiproX, KIS Research

Figure 4. BSR recorded a gross loss of VND1.47tn ...



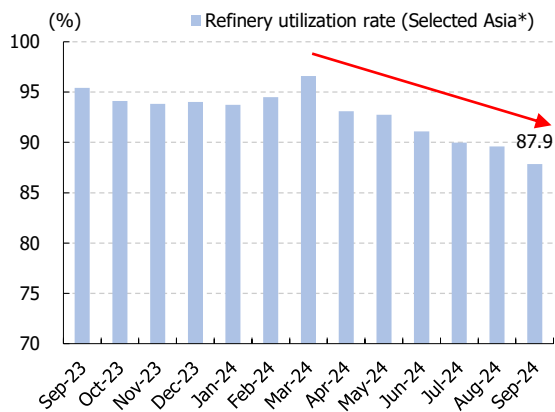
Source: FinproX, KIS Research

Figure 5. ... and net loss of VND1.21tn in 3Q24



Source: FinproX, KIS Research

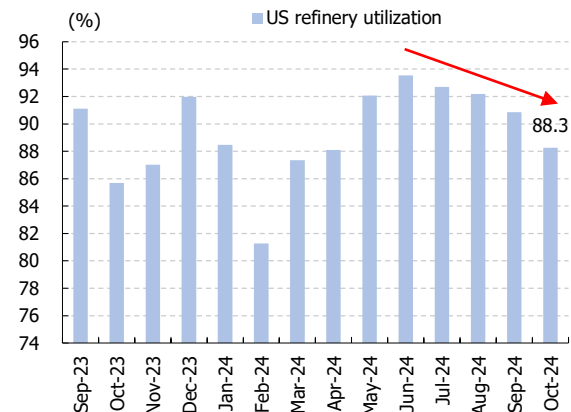
Figure 6. Refinery utilization rate of selected Asia



Source: OPEC, KIS Research

*Selected Asia: China, India, Japan, Singapore and South Korea

Figure 7. Refinery utilization rate of the US



Source: Bloomberg, KIS Research

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Prepared by: Research Dept

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