



Bangchak eyes non-oil sales, renewables

Slim margins for fuel prompt shift in focus

Bangchak Petroleum Plc (BCP), a majority state-owned oil refiner and retailer, has earmarked 10 billion baht to develop its refineries and expand into non-oil business next year.

President Vichien Usanachote said apart from refinery upgrades, Bangchak had looked at non-oil business as a means to rely less on oil revenue, as the retail margin was "really slim".

The company will likely invest 5 billion baht a year, he said.

In line with a lesser dependence on oil revenue, Bangchak expects earnings before interest, tax, depreciation and amortisation (Ebitda) from non-oil business to reach 200 million baht, up from 145 million now.

The number of Bangchak service stations should rise to nearly 1,200 from 1,093 at present.

The company plans to revert to normal capacity use at refineries of more than 100,000 barrels per day next year after a few shutdowns this year for maintenance that resulted in refining output averaging 95,000 bpd.

In renewable energy, Bangchak is promoting power from waste, biogas and biomass as it awaits the government's new power development plan.

"We're ready to support government policies on renewable energy development, but what we need are clear and stable policies," Mr Vichien said.

Bangchak expects to announce its solar business in Japan in early 2015.

However, no details have been made available yet.

The company will expand production of biodiesel from 360,000 litres a day to 810,000 along with a new ethanol facility capable of producing 150,000 litres a day that will enter service in 2016.

"But for 2014, revenue will be close to year-earlier levels on the inventory loss from the sharp fall in oil prices," Mr Vichien said.

For the first nine months of 2014, Bangchak took in 139 billion baht in revenue for a net profit of 3.2 billion, booking an inventory loss of 1.4 billion in the third quarter.

In the year-earlier period, the figures were 141 billion baht in revenue for a net profit of 3.9 billion.

For full-year 2013, Bangchak achieved 189 billion baht in revenue for a net profit of 4.6 billion baht.

The company is on course to achieve its targeted Ebitda of 25 billion baht and move onto the SET50 list in 2020.

"We want to attract more international investors," Mr Vichien said.

"They tend to invest in SET50 companies, and we want to raise capital from more investors."

In light of the falling oil prices, he predicts the crude price quoted in Dubai would average US\$65-75 a barrel in 2015.

BCP shares closed yesterday on the Stock Exchange of Thailand at 30.75 baht, down 1.25 baht, in trade worth 217 million baht.

