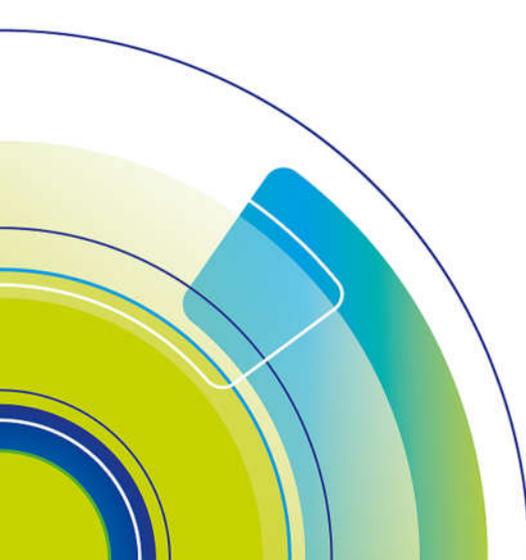




BSR Update – NEUTRAL

February 19, 2025



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Company Update

Recommendation

NEUTRAL

HSX: BSR

Petroleum Refinery

Target price (VND) **20,300**

Market price (VND) **20,050**

Expected share price return 1.3%

Expected dividend yield 1.5%

Expected total return **2.8%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-12.1	-6.9	6.3	9.5
Relative	-13.0	-8.9	1.6	2.4

Source: Bloomberg



Ownership

PVN 92,13%

Stock Statistics

18-Feb-2025

Bloomberg code

BSR VN

52-week range (VND) 17,900 - 25,300

Shares O/S (m) 3,101

Mkt cap (VND bn) 62,165

Mkt cap (USD m) 2,432

Est. Foreign room left (%) 48.5

Est. free float (%) 7.9

3m avg daily vol (shrs) 3,027,401

VND/USD 25,560

Index: VNIIndex / HNX 1278.14/235.84

BINH SON REFINING AND PETROCHEMICAL JSC (BSR VN)

BSR announced its Q4/2024 financial results with net loss of 89 billion VND (compared to NPAT of 2,406 billion VND in the same period last year), lower than our expectations. For the full year 2024, NPAT decreased by 93.2% to 585 billion VND, achieving 208% of the company's adjusted plan and 19% of our forecast.

BSR reported Q4/2024 with revenue of 35,968 billion VND (-14.2% YoY) and a loss of 89 billion VND (compared to NPAT of 2,406 billion VND in the same period last year). Although sales volume increased by 3% YoY, the slump in revenue and NPAT was mainly attributed to a significantly narrower crack spread (the difference between crude oil prices and product prices).

For the full year 2024, BSR achieved revenue of 123,027 billion VND (-16.5% YoY) and NPAT of 585 billion VND (-93.2% YoY). This decline was due to: (1) a 10% YoY decrease in sales volume stemming from the 5th plant maintenance starting from March 15 to May 1, 2024 (48 days), (2) a 2.3% YoY decrease in the average Brent oil price in 2024, leading to a reduction in crack spread and 3) negative gross profit margins of Ron 95 & 92 gasoline at -4.5% and -7.1%, respectively.

Regarding the refinery upgrade and expansion project, BSR plans to complete FEED design (by May 2025), approve EPC bidding documents, select EPC contractor and prepare the site for construction in 2025.

For 2025, BSR targets to achieve revenue of 107,003 billion VND (-13% YoY) and NPAT of 752 billion VND (+28.5% YoY).

The average Brent oil price is projected to decrease by 8.1% YoY to 74 USD per barrel in 2025 due to impacts from the U.S. President Donald Trump's potential policies. With the current oil price around 75 USD per barrel, we believe BSR's 2025 business results will gradually recover from the low levels in 2024, as oil prices are unlikely to decrease much further and BSR is not undergoing plant maintenance. However, the performance will still be lower than the 2021-2023 period.

We forecast BSR's 2025 results with revenue of 124,412 billion VND (+1.1% YoY) and NPAT of 1,993 billion VND (+241% YoY). Using the discounted cash flow method, we estimate BSR's valuation by the end of 2025 at 20,300 VND per share, equivalent to a total return of 2.5%.

	2022	2023	2024U	2025F	2026F
Net Sales (VNDbn)	167,124	147,423	123,027	124,413	126,207
Growth (%)	65%	-12%	-17%	1%	1%
EBITDA (VNDbn)	16,865	10,217	1,443	3,158	4,824
EBITDA margin	10%	7%	1%	3%	4%
NPAT (VNDbn)	14,669	8,455	585	1,993	3,749
Growth (%)	119%	-42%	-93%	224%	87%
EPS (bonus-adjusted, VND)	4,750	2,745	202	653	1,219
Growth (%)	119%	-42%	-93%	224%	87%
ROE (%)	33%	16%	1%	4%	6%
ROIC (%)	20%	9%	0%	1%	3%
Net debt/EBITDA (x)	-1.0	-2.7	-18.8	-10.5	-5.1
PER (times)	4.5	7.8	105.6	32.6	17.5
EV/EBITDA (x)	2.7	3.5	24.5	9.3	7.8
PBR (times)	1.3	1.2	1.2	1.2	1.1
DPS (VND)	434	700	700	300	300
Dividend yield (%)	2%	3%	3%	1%	1%

The main business activities continued declining

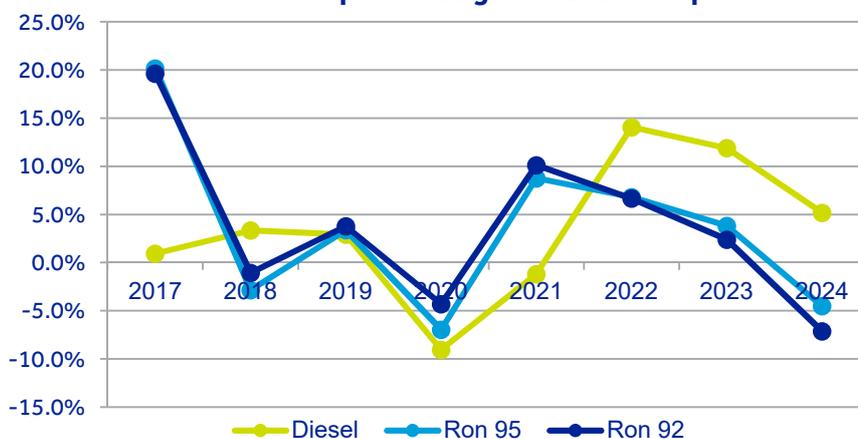
After reporting a loss of 1,209 billion VND in Q3/2024, BSR announced Q4/2024 results with revenue reaching 35,968 billion VND (-14.2% YoY) and a loss of 89 billion VND (compared to NPAT of 2,406 billion VND in the same period last year). Although sale volume increased by 3% YoY, the slump in revenue and NPAT was mainly attributed to a significantly narrower crack spread (the difference between crude oil prices and output prices).

Gross profit margin dropped to 0.4% from 6.4% in the same period last year, primarily driven by the negative GPM of Ron 95 & 92 gasoline (which account for about 40-45% of BSR's total revenue) due to a downward trend in oil prices.

BSR's business results	Q4/2024	Q4/2023	YoY	2024	2023	YoY
Revenue (billion VND)	35,968	41,933	-14.2%	123,027	147,423	-16.5%
Gasoline A95	11,260	12,258	-8.1%	37,633	42,238	-10.9%
Gasoline A92	3,125	4,585	-31.8%	12,406	19,899	-37.7%
Diesel 0.05S (DO)	14,822	17,579	-15.7%	49,842	57,735	-13.7%
Gross profit margin (%)						
Gasoline A95	-6.2%	-1.0%		-4.5%	3.8%	
Gasoline A92	-9.0%	-2.4%		-7.1%	2.4%	
Diesel 0.05S (DO)	3.7%	10.7%		5.2%	11.9%	
SG&A	392	595	-34.1%	1,214	1,656	-26.6%
NPAT-MI	-89	2,406	<i>n/a</i>	585	8,592	-93.2%

Source: BSR, ACBS

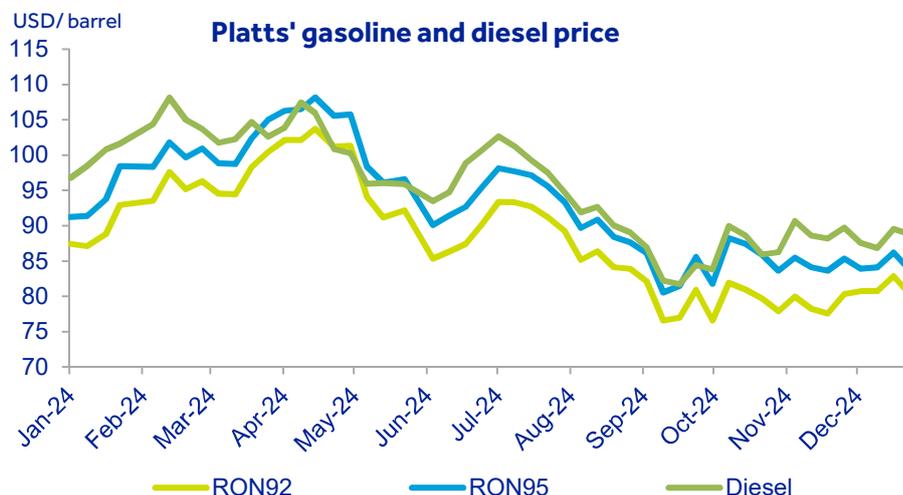
Gross profit margins of BSR's output



Source: BSR, ACBS

For the full year 2024, BSR achieved revenue of 123,027 billion VND (-16.5% YoY) and NPAT of 585 billion VND (-93.2% YoY). This decrease came as a result of: (1) a 10% YoY decline in sales volume due to the 5th plant maintenance starting from March 15 to May 1, 2024 (48 days), (2) plant maintenance costs of 349 billion VND, and (3) a 2.3% YoY decrease in the average Brent oil price in 2024, which led to a reduction in crack spread and a decrease in the gross profit margin to 0.35% from 6.6% in the same period last year. In particular, the GPM for Ron 95 & 92 gasoline was negative at -4.5% and -7.1%, respectively. Other BSR products also recorded a decrease in GPM.

Normally, BSR maintains an average inventory of at least 20 days. Meanwhile, the selling prices of gasoline and oil are adjusted periodically every 7 days according to regulations of the Ministry of Industry and Trade. Therefore, the downward trend in oil prices will negatively affect BSR, as it has to incur high-cost inventories but low selling prices, leading to a reduction in the crack spread.



Source: ACBS & Platts

Selling and administrative expenses decreased by 26.6% YoY to 1,214 billion VND. The SG&A to net revenue ratio was 0.9% in 2024, compared to 1.1% in 2023.

Although BSR recorded a financial income of 390 billion VND due to shifting Central Biofuel JSC (BSR-BF) from a subsidiary to equity investments in other entities, financial revenue still decreased by 15.9% YoY to 2,230 billion VND, largely because interest income and foreign exchange gains tumbled by 21.9% and 43.8% YoY, respectively.

Dung Quat Oil Refinery Upgrade and Expansion Project be accelerated in 2025

The current quality of BSR's products only meets EURO II and III emission standards, which are still low compared to the Government's roadmap for environmental protection. Therefore, upgrading the factory is necessary, helping BSR improve product quality as well as diversify its crude oil input sources.

Upgrade and Expansion Project	
Total investment	USD1,49 billion
The proportion between Equity and Debt	60:40
Expected operation	Q3/2028
Capacity	increase current capacity from 148,000 barrels/day to 171,000 barrels/day
Output quality	from EURO 2-3 to EURO V

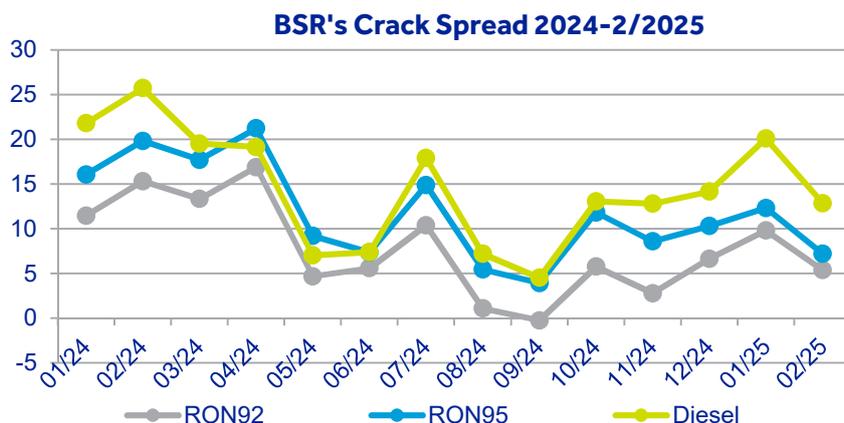
In 2025, BSR will focus on completing FEED design (by May 2025), approving EPC bidding documents, selecting EPC contractor, and preparing the site for construction.

Regarding capital structure, according to BSR, the plan to increase its charter capital from 31,000 billion VND to 50,073 billion VND has been approved by the Vietnam Oil and Gas Group (PVN). The plan is currently under review by relevant authorities and expected to receive approval before Q1/2025. BSR will implement this through issuance of bonus shares and stock dividends from the Development Investment Fund and retained earnings.

Outlook for 2025 remains challenging

The average Brent oil price for 2025 is projected at 74 USD per barrel by the U.S. Energy Information Administration (EIA) and at 76 USD per barrel by Goldman Sachs. We believe that a downward pressure for the prices is possible in 2025, as potential policies from the U.S. President Donald Trump (such as boosting oil and gas production, relaxing environmental protection regulations, and resolving the Russia-Ukraine war as well as issues in the Middle East) could increase crude oil supply. Additionally, the trade war through high tariffs on imports — particularly from China — could negatively affect global oil demand, as China is the largest oil importer in the world.

Regarding 2025 business plan, BSR expects revenue to reach 107,003 billion VND (-13% YoY) and NPAT to be 752 billion VND (+28.5% YoY).



Source: ACBS estimates

In January 2025, BSR's crack spread recovered well; however, it quickly decreased again in February 2025. Overall, the business results have not seen significant improvements in the first two months of the year, given declining oil prices and higher competition from imported petroleum products (due to the reduction of import taxes to 0% starting from 2024).

Valuation

We forecast 2025 business results with revenue reaching 124,412 billion VND (+1.1% YoY) and NPAT of 1,993 billion VND (+241% YoY) as there will be no plant maintenance. Using the discounted cash flow method, we value BSR by the end of 2025 at 20,300 VND per share, equivalent to a total return of 2.8%.

BSR FINANCIALS MODEL

(VND bn except where stated)	2022	2023	2024U	2025F	2026F
Total Net Sales	167,124	147,423	123,027	124,413	126,207
<i>Sales growth (%)</i>	65%	-12%	-17%	1%	1%
CoGS ex-dep'n	148,835	135,546	120,370	119,986	120,096
SG&A	1,424	1,660	1,214	1,269	1,287
<i>SG&A as % of sales</i>	1%	1%	1%	1%	1%
EBITDA	16,865	10,217	1,443	3,158	4,824
<i>EBITDA margin (%)</i>	10%	7%	1%	3%	4%
Depreciation	2,192	2,269	2,221	2,312	2,326
Operating profit	14,673	7,948	(778)	846	2,499
<i>Operating profit margin (%)</i>	9%	5%	-1%	1%	2%
Net interest expense	-654	-1312	-988	-1109	-1407
<i>as % of avg, net debt</i>	5%	6%	4%	4%	5%
Tax	916	1,031	95	221	417
<i>Effective tax rate (%)</i>	6%	11%	14%	10%	10%
Minorities	(56)	(57)	(40)	(30)	(30)
Net profit	14,726	8,511	625	2,023	3,779
<i>Net profit margin (%)</i>	9%	6%	1%	2%	3%
Cash earnings	16,861	10,724	2,806	4,305	6,075
Number of shares (m)	3,100	3,100	3,100	3,100	3,100
EPS (VND)	4,750	2,745	202	653	1,219
Bonus factor (x)	1.0	1.0	1.0	1.0	1.0
Adjusted EPS (VND)	4,750	2,745	202	653	1,219
<i>EPS growth (%)</i>	119%	-42%	-93%	224%	87%

KEY CASHFLOW AND BS ITEMS	2022	2023	2024U	2025F	2026F
Increase in working capital	9,454	(3,418)	(661)	(2,514)	(13)
Capex	219	228	(1,258)	1,079	14,232
Other cash flow items	0	0	0	0	0
Free cash flow	7,188	13,914	4,725	5,741	(8,145)
Share issues (m)	0	0	0	0	0
Dividends paid	1347	2164	2170	930	930
Increase in net debt	-5841	-11750	-2555	-4811	9075
Net debt, end of year	(16,071)	(27,152)	(27,161)	(33,048)	(24,769)
Enterprise value	46,371	35,290	35,281	29,393	37,673
Shareholders' equity	51,190	57,131	55,532	56,629	59,443
BVPS (VND)	16,510	18,426	17,911	18,265	19,172
Net debt / equity (%)	-31%	-48%	-49%	-58%	-42%
<i>Net debt / EBITDA (x)</i>	<i>-1.0</i>	<i>-2.7</i>	<i>-18.8</i>	<i>-10.5</i>	<i>-5.1</i>
Total assets	78,488	86,453	88,446	86,430	96,550

KEY RETURN AND VALUATION RATIOS	2022	2023	2024U	2025F	2026F
<i>ROE (%)</i>	<i>33.1%</i>	<i>15.6%</i>	<i>1.0%</i>	<i>3.6%</i>	<i>6.5%</i>
<i>ROA (%)</i>	<i>20.2%</i>	<i>9.6%</i>	<i>-0.9%</i>	<i>1.0%</i>	<i>2.7%</i>
<i>ROIC (%)</i>	<i>19.5%</i>	<i>9.1%</i>	<i>-0.2%</i>	<i>1.3%</i>	<i>2.9%</i>
<i>WACC (%)</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>
<i>EVA (%)</i>	<i>4.5%</i>	<i>-5.9%</i>	<i>-15.2%</i>	<i>-13.7%</i>	<i>-12.1%</i>
<i>PER (x)</i>	<i>4.5</i>	<i>7.8</i>	<i>105.6</i>	<i>32.6</i>	<i>17.5</i>
<i>EV/EBITDA (x)</i>	<i>2.7</i>	<i>3.5</i>	<i>24.5</i>	<i>9.3</i>	<i>7.8</i>
<i>EV/FCF (x)</i>	<i>6.5</i>	<i>2.5</i>	<i>7.5</i>	<i>5.1</i>	<i>-4.6</i>
<i>PBR (x)</i>	<i>1.3</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.1</i>
<i>PSR (x)</i>	<i>0.4</i>	<i>0.4</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>
<i>EV/sales (x)</i>	<i>0.3</i>	<i>0.2</i>	<i>0.6</i>	<i>0.6</i>	<i>0.5</i>
<i>Dividend yield (%)</i>	<i>2.0%</i>	<i>3.3%</i>	<i>3.3%</i>	<i>1.4%</i>	<i>1.4%</i>

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BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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