

Ethanol turnaround was key

- A healthy 4Q24 net profit of THB68m from ethanol turnaround
- SAF is now on track to drive earnings up in 2025E
- Maintain BUY and a TP of THB8.0

Things went well as expected

BBGI reported a 4Q24 net profit of THB68m, up 648% q-q but down 14% y-y, in line with our estimate but 5% lower than consensus forecast. Key points are 1) higher sales volumes for ethanol to 82.46ml (+65% y-y, +60% q-q) on lower feedstock cost but lower sales volume for biodiesel; 2) lower selling price for ethanol but higher selling price for biodiesel due to the changes in feedstock costs; 3) rising gross profit to THB254m, up 78% q-q and 32% y-y on lower feedstock costs particularly molasses.

Solid performance from biodiesel

Biodiesel witnessed higher net profit and gross profit in 4Q24 due to rising sales volume from additional demand from ESSO acquired by BCP in 4Q23 and higher selling price on tighter CPO supply. Revenue from biodiesel was THB4.3b, up 59% y-y, on the sharp rise in sales volume to 103m litres (+32% y-y, -8% q-q) as a result of the acquisition of BSRC in 4Q23.

Ethanol unit finally turned around

Ethanol business saw a sign of relief, if not shout of joy, for the margin recovery. While the high-cost inventory was booked in 4Q24, BBGI should start to see the feedstock cost of molasse sharply plunge from THB6,500/t in 4Q24 to THB4,500/t in 1Q25, translating to THB4/litre lower feedstock cost per liter. We project ethanol business to turn around in 2025E, posting a net profit of THB50-100m vs a big loss of THB300-400m in 2024, based on our estimate.

From nice 4Q24 to bright outlook in 2025E

We project NP in 2025 to reach THB1b mark, driven by 1) the stronger net profit from biodiesel on a projected high selling price on the supply reduction; 2) a turnaround for ethanol on higher utilization rate and lower feedstock cost of molasse; and 3) earnings from Sustainable Aviation Fuel (SAF) scheduled to start production in 2Q25.

Time to reload for the superb growth ahead

We maintain BUY and our SoTP TP of THB8.0. We think the pains of excessively high molasse cost in 2023-24, the suboptimal running of biodiesel and ethanol, and the advent of SAF and biotechnology businesses, will turn BBGI from a commodity, price-taker producer to a specialty, margin-maker play, likely to surprise the market on the significant upsides to reach THB1.0b net profit mark in 2025E.

Analyst

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ESG Rating : AA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	8.00
VS. BB Consensus TP (%)	+37.9%
Share Price (THB)	4.12
Upside/Downside	+94.2%

Share Data

Market Cap (THB m)	5,957.52
Par (THB)	2.50
Free Float (%)	24.66
Issued shares (m shares)	1,446

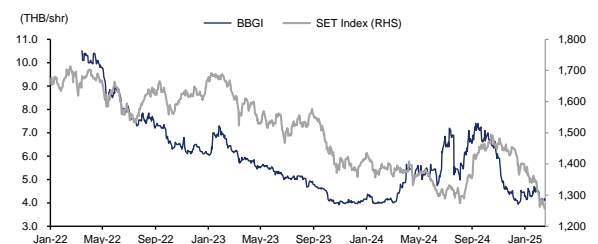
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	22,192	17,610	17,298	17,599
Net profit	215	1,079	1,116	1,394
Core net profit	215	1,079	1,116	1,394
vs Consensus (%)		39.9	34.9	na
Net profit growth (%)	2,080.1	401.9	3.4	24.9
Core net profit growth (%)	2,080.1	401.9	3.4	24.9
EPS (THB)	0.15	0.75	0.77	0.96
Core EPS (THB)	0.15	0.75	0.77	0.96
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.05	0.30	0.31	0.39
P/E (x)	28.10	5.52	5.34	4.27
P/BV (x)	0.65	0.58	0.54	0.50
ROE (%)	2.30	11.01	10.48	12.16
Dividend yield (%)	1.20	7.25	7.50	9.36

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(1.88)	(9.91)	(32.03)	(6.28)
Market	4.69	3.43	(29.52)	4.44
12M High/Low (THB)				7.55 / 3.92



Major Shareholders (%) as of 5 Mar 2024

Bangchak Corporation PCL.	45.00
Khon Kaen Sugar Industry PCL	29.88

Company Profile

The Company performed through Holding Company within 1) the business of Biofuel including Ethanol, Biodiesel, and 2) High Value Bio-Based Products in Health and Well-Being which utilizing advanced technology.

Source: SETSMART, SET

Exhibit 1: Summary of 4Q24/2024 operations

	4Q23	3Q24	4Q24			2023	2024	chg. (y-y%)
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	
Revenue	4,240	5,365	6,659	24.1	57.1	13,757	22,192	(38.0)
Operating costs	(3,881)	(5,209)	(6,454)	23.9	66.3	(13,196)	(21,371)	(38.3)
EBITDA	359	156	205	31.4	(42.9)	561	820	(31.6)
EBITDA margin (%)	8.5	2.9	3.1	nm	nm	4.1	3.7	nm
Depn & amort.	(119)	(121)	(119)	(1.5)	0.6	(469)	(479)	(2.1)
EBIT	241	35	86	146.4	(64.4)	92	341	(73.1)
Interest expense	(18)	(20)	(19)	(3.8)	8.0	(78)	(78)	0.2
Interest & invt inc	-	-	-	nm	nm	-	-	nm
Other income	16	4	55	1,239.0	239.7	117	103	14.1
Associates' contrib	(2)	(1)	(5)	nm	nm	(11)	(12)	nm
Exceptionals	-	-	4	nm	nm	-	-	nm
Pretax profit	237	18	120	573.2	(49.3)	120	354	(66.0)
Tax	(5)	(7)	1	120.8	129.6	(20)	(18)	8.8
Tax rate (%)	2.1	39.6	(1.2)	nm	nm	16.4	5.1	nm
Minority interests	(33)	(23)	(54)	nm	nm	(91)	(121)	nm
Net profit	199	(12)	68	647.6	(65.9)	10	215	(95.4)
Non-recurring	199	(12)	64	614.2	(68.0)	10	215	(95.4)
Core net profit	0.14	(0.01)	0.05	647.6	(65.9)	0.01	0.15	(95.4)
EPS (THB)	0.14	(0.01)	0.04	614.2	(68.0)	0.01	0.15	(95.4)
Core EPS (THB)	4,240	5,365	6,659	24.1	57.1	13,757	22,192	(38.0)

Sources: BBGI; Globlex Research

Exhibit 2: 4Q24/2024 key performance

	4Q23	3Q24	4Q24	(q-q%)	(y-y%)	2023	2024	(y-y%)
Sales volume (m litres)								
Ethanol	50	52	82	59.7	64.6	145	200	38.4
Biodiesel	78	112	103	(7.8)	32.4	277	451	62.6
Average reference price (THB/litre)								
Ethanol	30	30	28	(8.0)	(7.5)	29	30	1.6
Biodiesel	34	36	43	21.6	27.8	34	38	12.7

Sources: BBGI; Globlex Research

Exhibit 3: SoTP target price

Cost of equity assumptions (%)				Cost of debt assumptions (%)			
Risk free rate		2.3		Pretax cost of debt			3.4
Market risk premium		8.5		Marginal tax rate			.
Stock beta		1.50					
Cost of equity, Ke		11.6		Net cost of debt, Kd			2.7
Weight applied		30.0		Weight applied			70.0
WACC (%)		5.4					
SOP valuation estimate							
SOP valuation estimate	% holding	THB m	P/E (x)	THB/share	Valuation methodology		
Biodiesel (BBF1)	100.0	616	12	0.4	FY25E 12x P/E, an industry peers' average		
Biodiesel (BBF2)	100.0	1,835	12	1.3	FY25E 12x P/E, an industry peers' average		
Refined Glycerin	100.0	716	15	0.5	FY25E 12x P/E, an industry peers' average		
Total biodiesel value		3,168		2.2			
Ethanol (KGI - Bo Ploy)	100.0	920	10	0.6	FY25E 10x P/E, an industry peers' average		
Ethanol (KGI - Nam Phong)	100.0	3,133	10	2.2	FY25E 10x P/E, an industry peers' average		
Ethanol (BBE)	85.0	1,172	10	0.8	FY25E 10x P/E, an industry peers' average		
Total ethanol value		5,225		3.6			
SAF	20.0	3,354		2.3	DCF		
BBFB CDMO	75.0	330		0.2	DCF		
Total HVP value		3,683		2.5			
Investment in UBE	12.5	494		0.3	At THB1.0/share value		
Net debt		(341)		(0.2)	FY24E net debt		
Minorities		(619)		(0.4)	FY24E minority interest		
Residual ordinary equity		11,116		8.0			

Sources: BBGI, Globlex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	2,260	547	954	1,793	2,877
Account receivable	1,204	1,847	2,200	2,373	2,549
Inventories	1,090	1,074	805	793	793
Others	386	799	634	623	633
Non-current assets					
Net fixed assets	5,829	5,707	6,105	5,803	5,500
Others	2,866	3,755	3,755	3,755	3,755
Total Assets	13,635	13,728	14,452	15,139	16,108

Current liabilities					
Account payable	857	907	680	670	670
ST borrowing	1,812	1,889	1,001	1,002	1,002
Others	197	349	277	272	276
Long-term liabilities					
Long-term debts	696	1,124	2,000	2,000	2,000
Others	137	99	99	99	99
Total liabilities	3,699	4,368	4,057	4,043	4,048
Pai-up capital	3,615	3,615	3,615	3,615	3,615
Retained earnings	1,887	2,028	3,035	3,720	4,668
Others	3,895	3,660	3,660	3,660	3,660
Minority interest	539	57	85	101	117
Shareholders' equity	9,937	9,360	10,395	11,096	12,060

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	2.9	61.3	(20.6)	(1.8)	1.7
Operating profit	(2.7)	46.2	69.2	0.7	21.8
EBITDA	(2.7)	46.2	69.2	0.7	21.8
Net profit	(51.7)	2,080.1	401.9	3.4	24.9
Core net profit	(51.7)	2,080.1	401.9	3.4	24.9
EPS	(51.7)	2,080.1	401.9	3.4	24.9
Core EPS	(51.7)	2,080.1	401.9	3.4	24.9
Profitability (%)					
Gross margin	6.6	5.7	10.9	10.6	12.2
Operation margin	4.1	3.7	7.9	8.1	9.7
EBITDA margin	4.1	3.7	7.9	8.1	9.7
Net margin	0.1	1.0	6.1	6.5	7.9
ROE	0.1	2.3	11.0	10.5	12.2
ROA	1.3	3.0	8.6	8.3	9.7
Stability					
Interest bearing debt/equity (x)	0.3	0.3	0.3	0.3	0.2
Net debt/equity (x)	0.0	0.3	0.2	0.1	0.0
Interest coverage (x)	1.2	4.4	7.9	8.0	11.1
Interest & ST debt coverage (x)	0.0	0.2	0.7	0.7	1.0
Cash flow interest coverage (x)	0.5	(0.0)	0.4	0.4	0.4
Current ratio (x)	1.7	1.4	2.3	2.9	3.5
Quick ratio (x)	1.2	0.8	1.6	2.1	2.8
Net debt (THB m)	248	2,467	2,047	1,209	125
Activity					
Asset turnover (X)	1.0	1.6	1.2	1.2	1.1
Days receivables	28.0	25.1	41.9	48.2	51.0
Days inventory	28.2	18.9	21.8	18.9	18.7
Days payable	23.1	15.4	18.5	15.9	15.8
Cash cycle days	33.1	28.6	45.3	51.2	53.9

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	13,757	22,192	17,610	17,298	17,599
Cost of goods sold	(12,847)	(20,929)	(15,694)	(15,468)	(15,456)
Gross profit	910	1,262	1,916	1,830	2,142
Operating expenses	(349)	(442)	(528)	(432)	(440)
Operating profit	561	820	1,388	1,397	1,702
EBIT	92	341	785	795	1,100
Depreciation	(469)	(479)	(602)	(602)	(602)
EBITDA	561	820	1,388	1,397	1,702
Non-operating income					
Other incomes	117	91	50	54	54
Other non-op income	0	12	0	0	0
Non-operating expense					
Interest expense	(78)	(78)	(99)	(99)	(99)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	(11)	(12)	501	506	511
Pre-tax Profit	120	354	1,237	1,256	1,566
Extraordinary items	0	0	0	0	0
Current taxation	(20)	(18)	(130)	(123)	(155)
Minorities	(91)	(121)	(28)	(16)	(17)
Net Profit	10	215	1,079	1,116	1,394
Core net profit	10	215	1,079	1,116	1,394
EPS (THB)	0.01	0.15	0.75	0.77	0.96
Core EPS (THB)	0.01	0.15	0.75	0.77	0.96

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	10	215	1,079	1,116	1,394
Depre. & amortization	469	479	602	602	602
Change in working capital	1,284	(838)	(218)	(165)	(182)
Others	0	0	0	0	0
Investment cash flow	567	554	438	1,151	1,456
Net CAPEX	(442)	(465)	(602)	(602)	(602)
Change in LT investment	1,009	1,019	1,040	1,754	2,059
Change in other assets	0	0	0	0	0
Free cash flow	2,330	410	1,902	2,705	3,271
Financing cash flow					
Change in share capital	0	0	0	0	0
Net change in debt	(482)	(505)	12	(1)	0
Dividend paid	(723)	(434)	(145)	(864)	(893)
Others	(279)	(1,185)	(1,362)	(1,001)	(1,293)
Net cash flow	846	(1,714)	407	839	1,085
Per share (THB)					
EPS	0.01	0.15	0.75	0.77	0.96
Core EPS	0.01	0.15	0.75	0.77	0.96
CFPS	0.39	0.56	1.18	1.20	1.39
BVPS	6.50	6.43	7.13	7.60	8.26
Sales/share	9.51	15.35	12.18	11.96	12.17
EBITDA/share	0.39	0.57	0.96	0.97	1.18
DPS	0.05	0.05	0.30	0.31	0.39
Valuation					
P/E (x)	609.8	28.1	5.5	5.3	4.3
P/BV (x)	0.64	0.65	0.58	0.54	0.50
Dividend yield (%)	1.20	1.20	7.25	7.50	9.36
Dividend payout ratio (%)	732.88	33.62	40.00	40.00	40.00

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

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

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

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

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: 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: 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: 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.