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Binh Son Refinery (BSR)

3Q21 performance spiked from 3Q20 low

3Q21 business results sharply increased from 3Q20 low

— Binh Son Refinery (BSR) announced 3Q21 consolidated post-tax earnings of the parent company at VND476 billion (2.75 times higher than that of 3Q20) on net revenue of VND17,679 billion (+94.3% YoY). The spike was explained by the low figure recorded over the same period in 2020 as BSR suspended production for maintenance in 51 days (from August 12 to October 1, 2020). However, 3Q21 net profit is 72% lower than that of 2Q21 as a result of decreased production worsened by the COVID-19 pandemic. BSR recorded 9M21 earnings of VND4 trillion (up strongly from a loss of VND4 billion in 9M20) on revenue of VND66,587 billion (+63.1% YoY).

— In 2021, BSR set a target for production of 6.5 million tons, equivalent to post-tax earnings of VND870 billion on revenue of VND70,898 billion, assuming average oil price is USD45/barrel. Thus, BSR's 9M21 profit and revenue delivered 471% and 94% of the full-year plan respectively.

— 3Q21 consumption reached 1,113 thousand tons (+20.2% YoY, -35% QoQ). 3Q inventories doubled compared to early 2021. However, September consumption increased by 93 thousand tons compared to August 2021. The recovery will remain positive for the rest of 2021.

— BSR benefited from low-priced inventories thanks to rising oil prices

— At the end of October, Brent oil price was USD84 per barrel (7% and 15.2% higher than that of September and August respectively; doubling the 2020 average at USD42/barrel). Low consumption during 3Q resulted in large inventories by the end of 3Q, helping BSR to own a large amount of low-priced goods, which can bring potential profits in 4Q.

— We expect BSR's business results to be positive in 4Q21

— We expect BSR's 4Q21 business results to be positive, supported by: (1) higher oil prices which may help BSR's profit to increase thanks to low-priced inventories; (2) better post-pandemic consumption helped by the recovery of domestic transportation activities and gas demand; and (3) Government's policy on strengthening the management of petroleum import activities and prioritizing the use of domestic supply.

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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