

*Disclaimer: The contents of this document/information remain the intellectual property of Maybank and no part of this is to be reproduced or transmitted in any form or by any means, including electronically, photocopying, recording or in any information storage and retrieval system without the permission in writing from Maybank. The contents of this document/information are confidential and its circulation and use are restricted.*

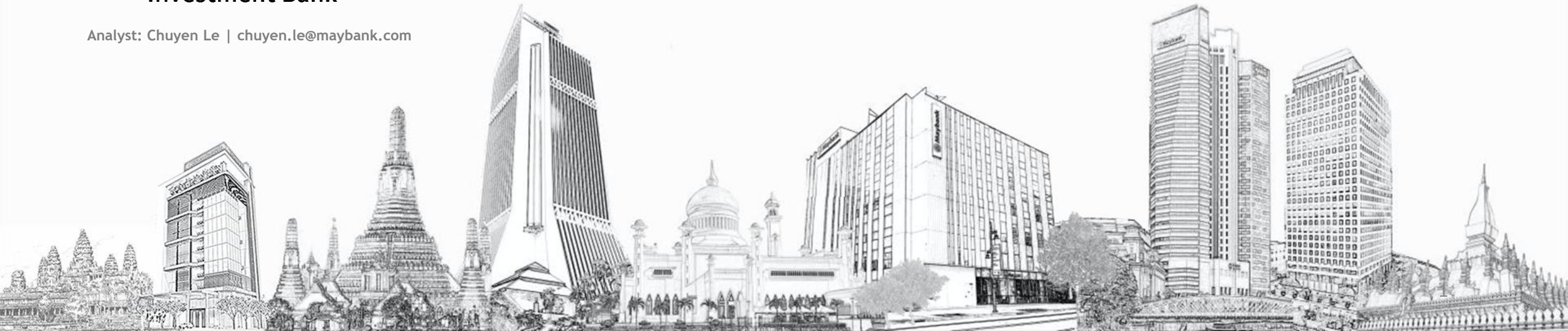
Maybank Investment Banking Group

# Binh Son Refinery (BSR VN) Non-rated



Investment Bank

Analyst: Chuyen Le | [chuyen.le@maybank.com](mailto:chuyen.le@maybank.com)





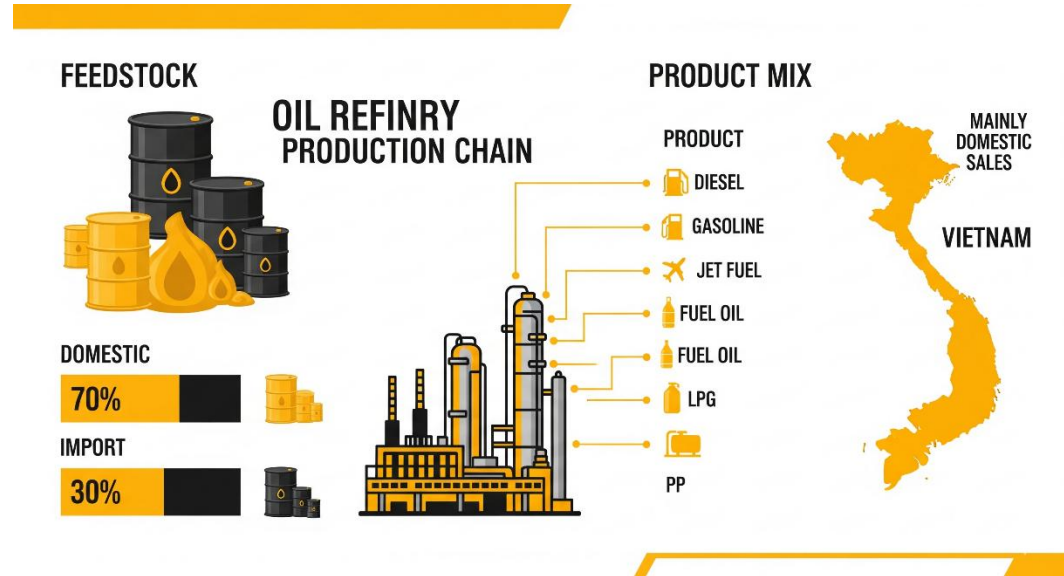
# Company description

## Company's proposition

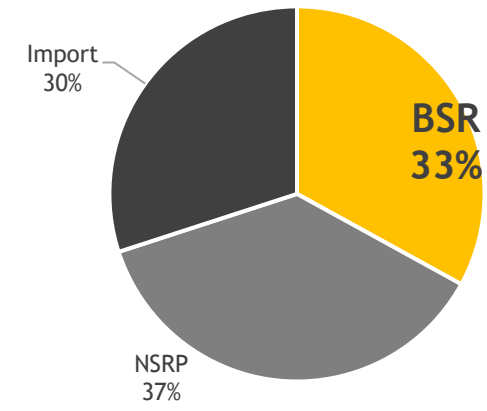
Binh Son Refining and Petrochemical (BSR) operates and owns (100%) Dung Quat refinery, one of Vietnam's two sole oil refineries, standing as a cornerstone of national energy security.

The facility boasts a robust processing capacity of **148,000 barrels per day**, which is equivalent to processing approximately **6.5 million tons of crude oil annually** to fuel the nation's economic growth.

## BSR's production chain



Vietnam's petro supply breakdown



*BSR commands a significant 33% share of the domestic finished petroleum market, trailing closely behind the Nghi Son Refinery (37%), with international imports bridging the remaining 30% gap in national demand.*

Market cap (VNDb)	152,723
52-week high (VND)	39,600
52-week low (VND)	9,009
Shares issued (m)	5,007
3m average volume (VNDb)	579.5
Free float (%)	7.3

Major shareholders	%
Vietnam Oil & Gas Gr	92.1
Fubon Securities Inv	0.5
Morgan Stanley	0.1
Fundsight SA	0.0
Other	7.2

## Executive summary



### Feedstock Security & Operational Stability

BSR secures approximately **70% of its crude feedstock from domestic sources**, providing a strategic buffer that ensures operational continuity during periods of geopolitical distress (e.g., supply disruptions stemming from Middle East tensions). Currently, BSR supplies **one-third of Vietnam's total petroleum demand**, with a high probability of maintaining full operational capacity throughout the fiscal year.

### Strategic Positioning: The Middle Distillate Advantage

The company's refining configuration adheres closely to a "**Middle Distillate**" model. A high diesel yield of approximately **43%** provides a significant strategic buffer, effectively insulating BSR from the structural margin constraints currently weighing on Mogas (gasoline) profitability. While global gasoline capacity faces headwinds from softening demand, diesel continues to benefit from highly inelastic demand across the logistics, construction, and industrial sectors. These core economic pillars remain fundamentally tethered to global expansion and are significantly more resilient to the immediate pressures of electrification compared to the passenger vehicle segment. Consequently, this specialized, high-yield product mix secures a sustainable and defensive long-term demand runway for BSR.

### Superior Crack Spreads

A product mix weighted toward diesel enables BSR to realize **superior crack spreads** compared to global averages. According to our latest estimates, BSR is currently capturing crack spreads that exceed the peak levels recorded in 2022 following the Russia-Ukraine conflict.

### Valuation & Earnings Outlook

Based on current market conditions, we project BSR could achieve record-high earnings of VND 17.0t for FY2026, surpassing its previous 2022 peak, provided that Middle East tensions persist for at least another month. At the current share price of **VND 30,500**, this implies an attractive **forward P/E of 8.6x**.



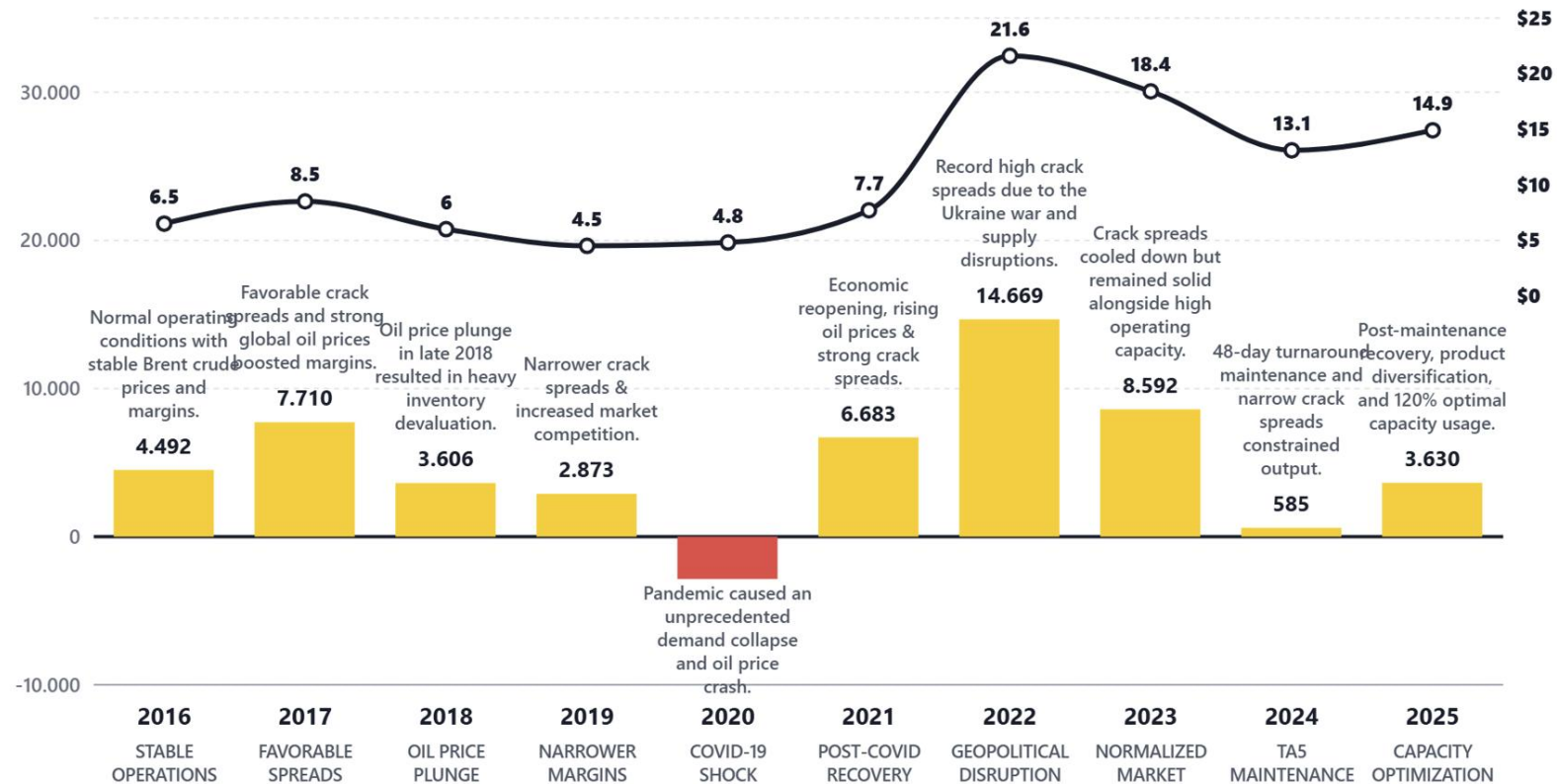
# Historical earnings summary

## BSR's Annual Net Profit

Binh Son Refining and Petrochemical (2016 - 2025)

LEFT: VND BILLION | RIGHT: \$/BBL

Net Profit After Tax Crack Spread

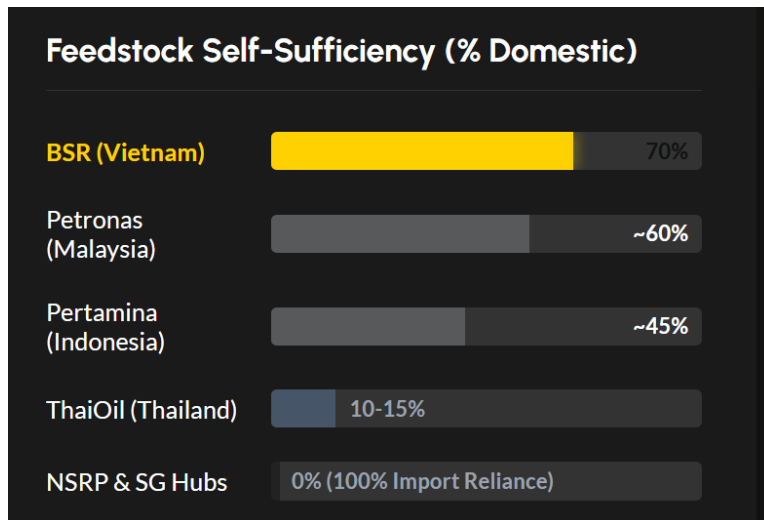




## Avoiding feedstock supply disruption: 70% is secured domestically

BSR has achieved a robust **70% self-sufficiency rate** in its crude oil feedstock, sourcing primarily from domestic oil fields.

For the remaining **30%**, BSR has proactively diversified its global supply chain to mitigate geopolitical risks. Key international sourcing regions now prominently include West Africa, the Mediterranean, and the Middle East.



*BSR's 70% domestic feedstock security creates a substantial "Economic Moat" within ASEAN. While major regional refining hubs are highly exposed to geopolitical shocks and freight rate volatility, BSR maintains superior operational stability.*

### Regulatory Moat (Resolution 36)

**Mar 2026 Catalyst:** Gov activated the 2022 O&G Law, mandating domestic fields to prioritize crude sales to local refineries. This legally guarantees BSR's feedstock access amidst Middle East disruptions.

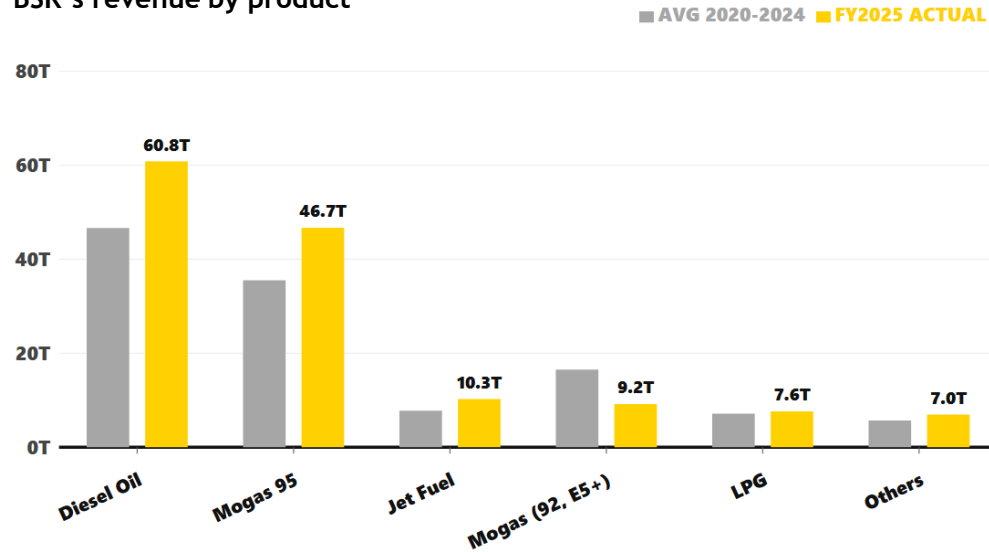
### Freight & Geopolitical Shield

Insulates gross margins from VLCC freight rate spikes and Middle East risk premiums, maintaining stable crack spreads and minimizing inventory holding costs.

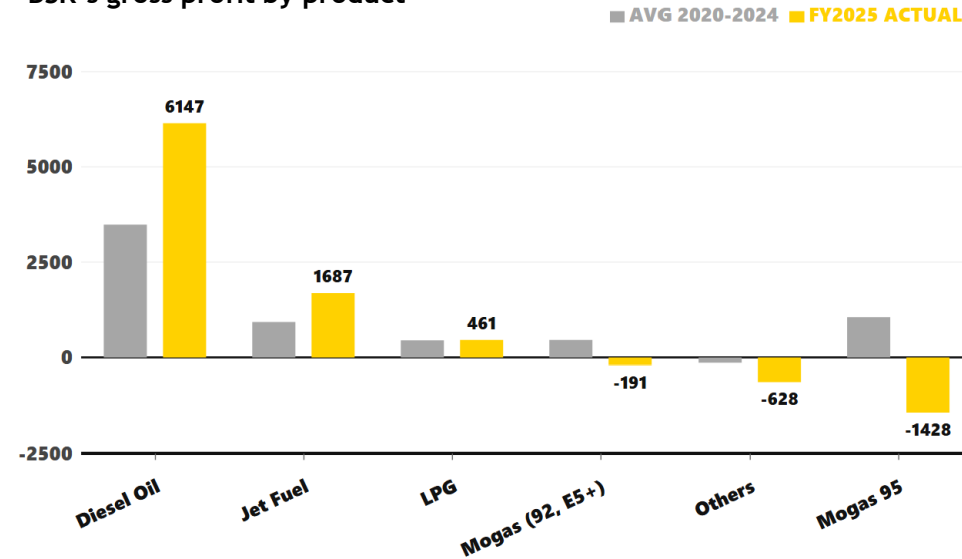


## BSR's product mix tilting towards Diesel Oil, a strategic positioning

BSR's revenue by product



BSR's gross profit by product



Refinery yield benchmark: BSR vs. global

PRODUCT CATEGORY	WORLD AVG	US BENCH.	EUROPE BENCH.	BSR (2025)
Diesel / Gasoil	30-35%	25-30%	40-45%	43%
Gasoline (Mogas)	25-30%	45-50%	20-25%	39%
Jet Fuel	8-10%	10%	10%	7%
Fuel Oil / Others	25-30%	10-15%	20%	11%

*The Diesel Anchor: BSR's Diesel yield (43%) sits at the top end of the global. This confirms that BSR is configured as a "Middle Distillate" refinery.*

### Insulation from the EV Transition

While Light Distillates (Gasoline) will be impacted first due to the rapid electrification of passenger vehicles, Middle Distillate (such as BSR) is more resilient. BSR targets the industrial, logistics, and heavy-freight sectors—segments where battery technology is not yet a viable substitute. This provides BSR with a longer "demand runway" than gasoline-heavy refineries.

### Strategic Alignment with Domestic Growth

Vietnam's economy is currently in a high-growth industrial phase. Construction, manufacturing, and agricultural logistics are DO-intensive. BSR's yield profile is perfectly synchronized with the domestic demand mix.

### Capture of Industrial Crack Spreads

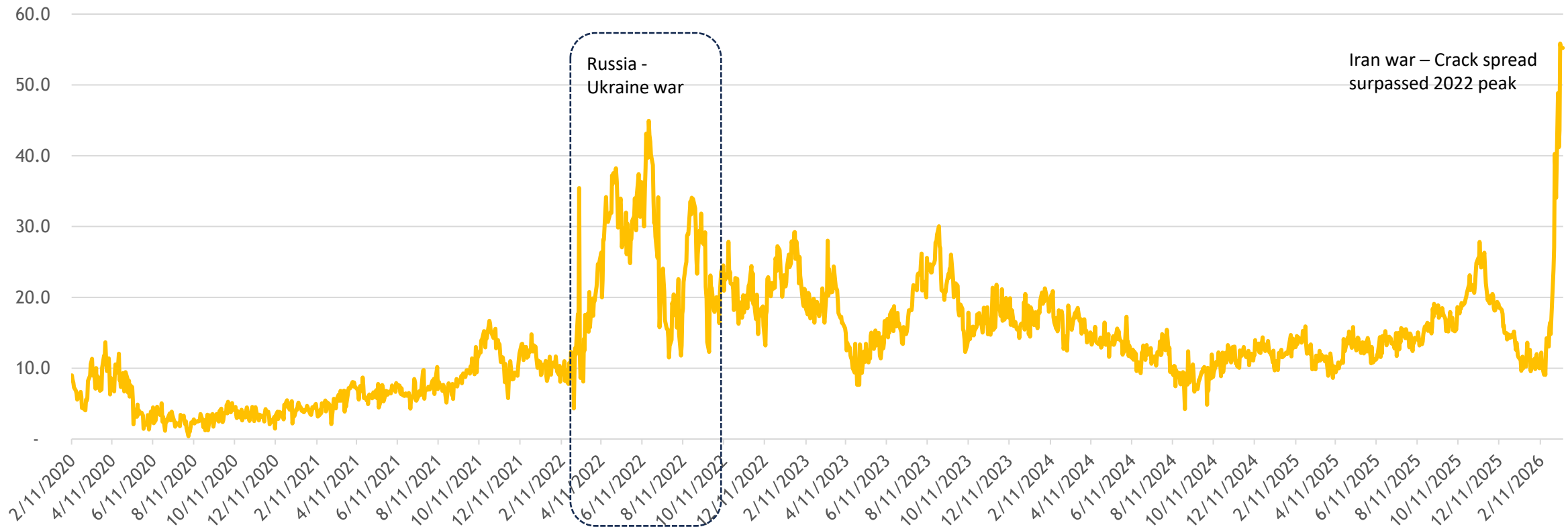
Global diesel crack spreads have remained more resilient than gasoline spreads. BSR's ability to direct nearly half its output to this high-margin segment, helping to maintain a positive 4.3% overall margin despite losses in the gasoline segment.

## BSR's product mix tilting towards Diesel Oil, a strategic positioning



The current Singapore's benchmark distilled products prices, which Vietnam uses to calculate domestic retail petroleum prices, suggest that BSR is enjoying an **effective crack spread** which **exceeds the 2022 peak**

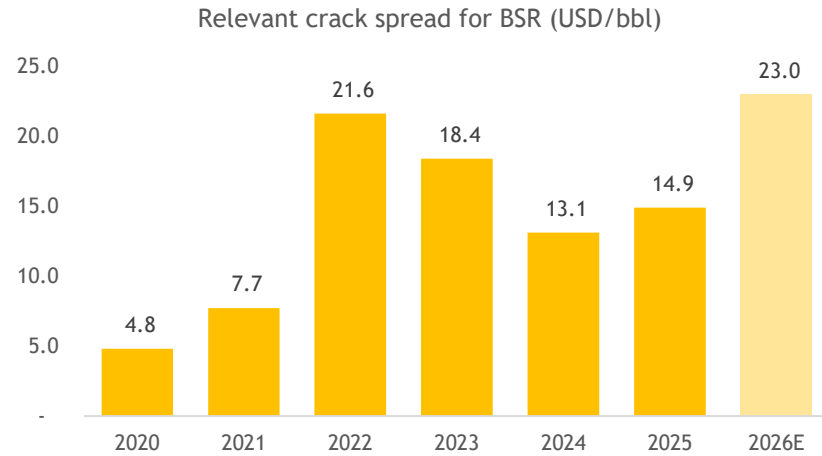
Estimated crack spread (MSVN's calculation; USD/bbl) relevant to BSR based on current product mix



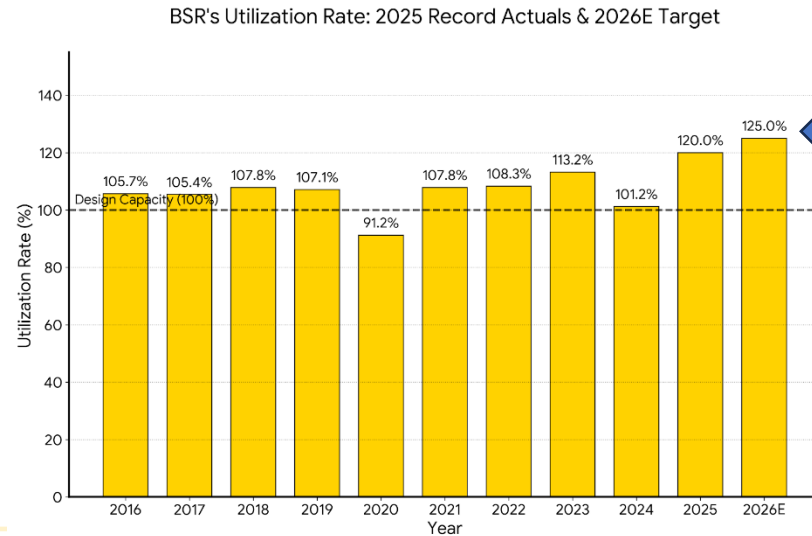
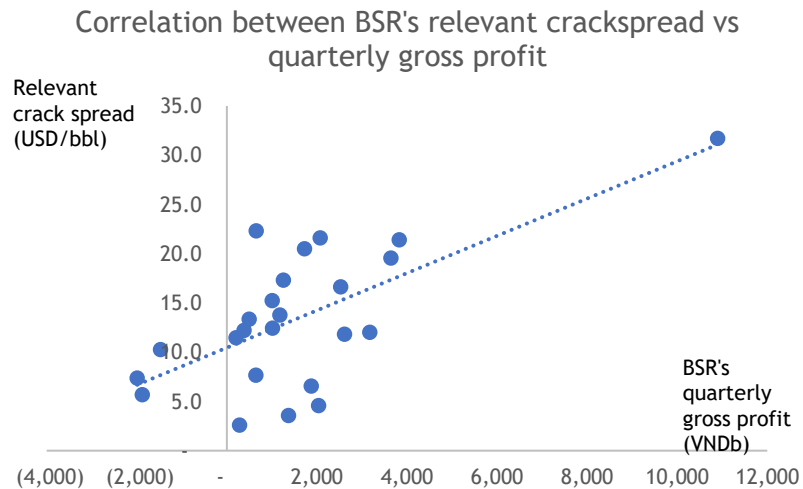
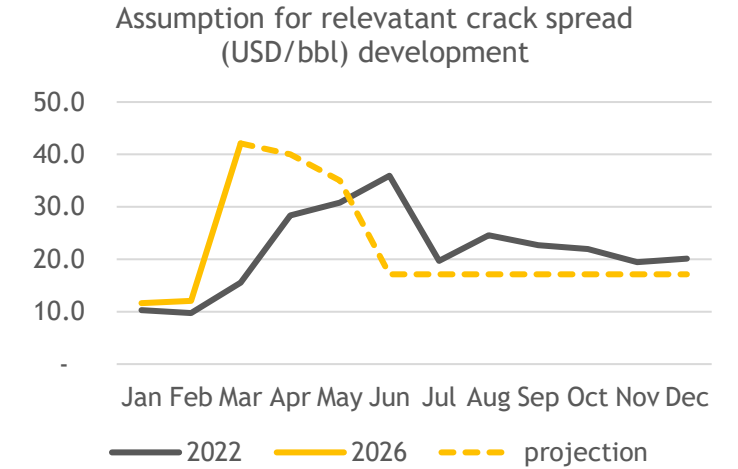
Acknowledgement: We have constructed a “**relevant crack spread**” for BSR based on three key factors: (i) Singapore refined product prices, which serve as the benchmark for Vietnam’s retail fuel pricing; (ii) Dated Brent as a proxy for crude input costs; and (iii) BSR’s specific product mix. While this proxy spread does not perfectly replicate BSR’s actual realized prices and costs, it serves as a reliable indicator of the company’s profit margin trends.



## Key metrics projection: avg. crack spread can reach all time high for 2026



2026E average relevant crack spread for BSR is based on assumption that the ME conflict end 1 month, such that the crack spread will drop from the peak avg. of USD40/bbl (as of Mar'26) to USD17/bbl in Jun'26 and sustain to year end.

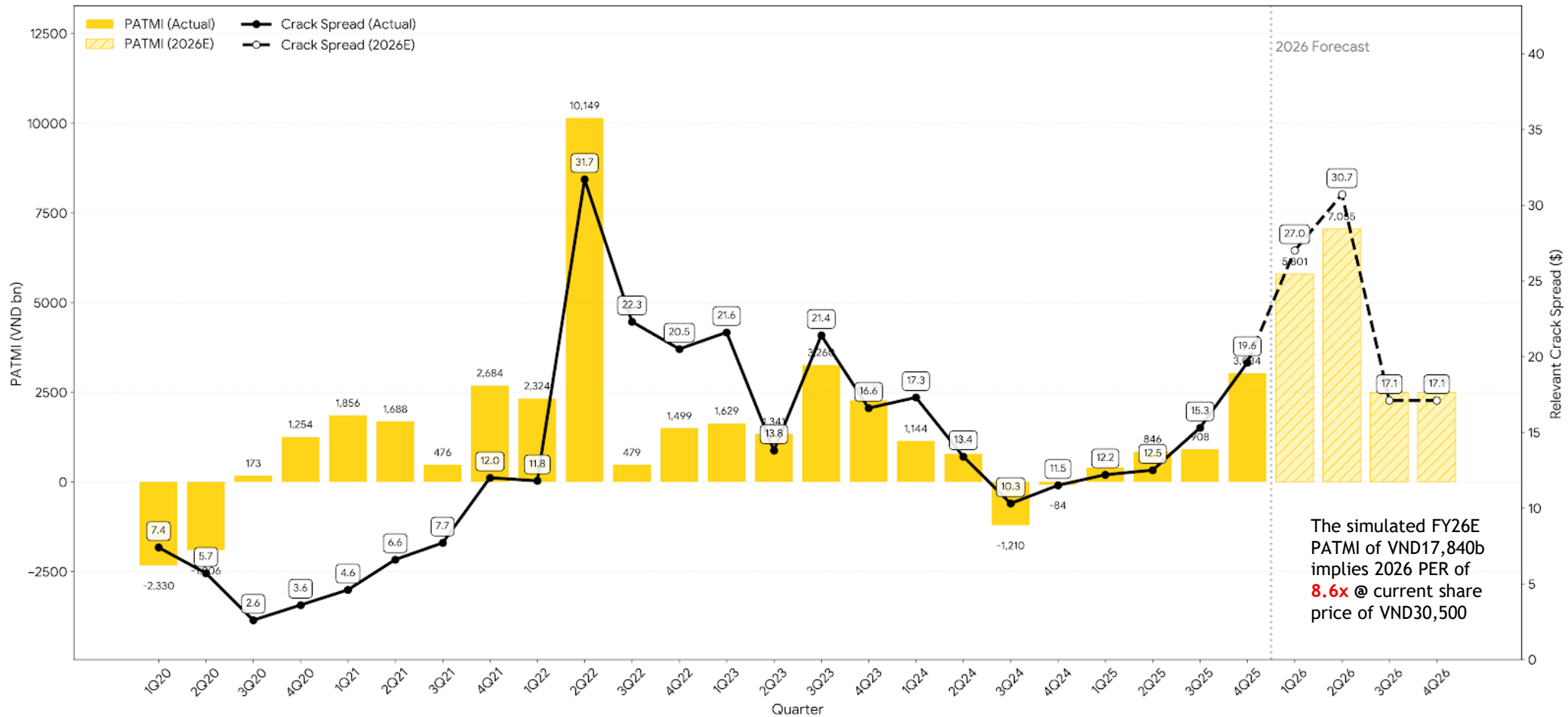


Major maintenance in 2024 will technically help BSR to maintain high utilization rate throughout 2026. BSR is maintaining utilization rate of 125% vs. 2022's of 108%.



## A brief simulation for BSR's 2026 earnings

BSR: Quarterly PATMI vs. Crack Spread (Actual vs. 2026 Estimates)



Our simulation is **based on the assumption that BSR will maintain the feedstock volumes required for its operations**. Currently, BSR secures 70% of its crude from domestic oil and gas fields, importing the remaining 30%. While geopolitical tensions in the Middle East pose a threat to Vietnam's crude imports, we anticipate that government initiatives to prioritize procurement from domestic operators will limit the impact of any supply shortage to a marginal ~5%. The simulated quarterly earnings strips out inventory effect for simplicity.



# Dung Quat Refinery Upgrade & Expansion: capacity enhancement to 171,000 bpd and transition to EURO V Standard



Total Investment

**VND 36.4 Trillion**

~ USD 1.45 Billion



Target COD

**Year 2028**

37 months from EPC



Emission Standard

**EURO V**

Meets Gov mandate



Utilisation Boost

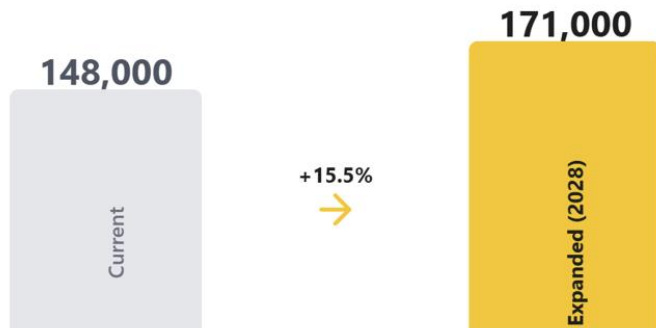
**+15.5%**

Higher efficiency

Despite the substantial project capex, funding is expected to be seamless thanks to BSR's robust balance sheet and net cash position. Its cash balance stood at VND 42.1t at the end of 2025, comfortably exceeding the VND 36.3t requirement. This is further bolstered by strong anticipated cash flows from this year's superior earnings outlook.



## Crude Processing Capacity (bbl/day)

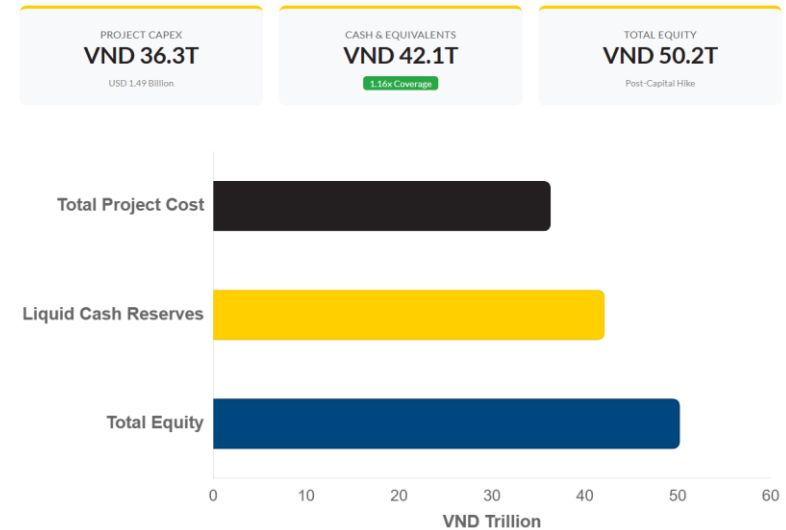


- **Quality Upgrade:** Meets mandatory Euro V environmental standards, ensuring product marketability.
- **Margin Expansion:** Complete elimination of low-margin Fuel Oil (FO) in favor of high-value Jet A-1 and Petrochemicals.
- **Feedstock Flexibility:** Reduces dependency on domestic Bach Ho sweet crude by increasing sour crude processing capability.



## Project Timeline

- **2023 - 2024**  
Updated FEED & Government Approval (Decision 968/QD-BSR)
- **Late 2025**  
Target for EPC Contract Bidding & Signing
- **2026 - 2027**  
Main Construction & Installation Phase (37 Months)
- **2028**  
Target Commercial Operation Date (COD) & Euro V Compliance





## Addressing key market's concerns

**Strategic Question: Will the Government require BSR to sacrifice profits to subsidize fuel prices during the current period of tension?**

We believe the risk of the Government mandating BSR to sacrifice its corporate interests for domestic fuel subsidies is **negligible**, based on the following:

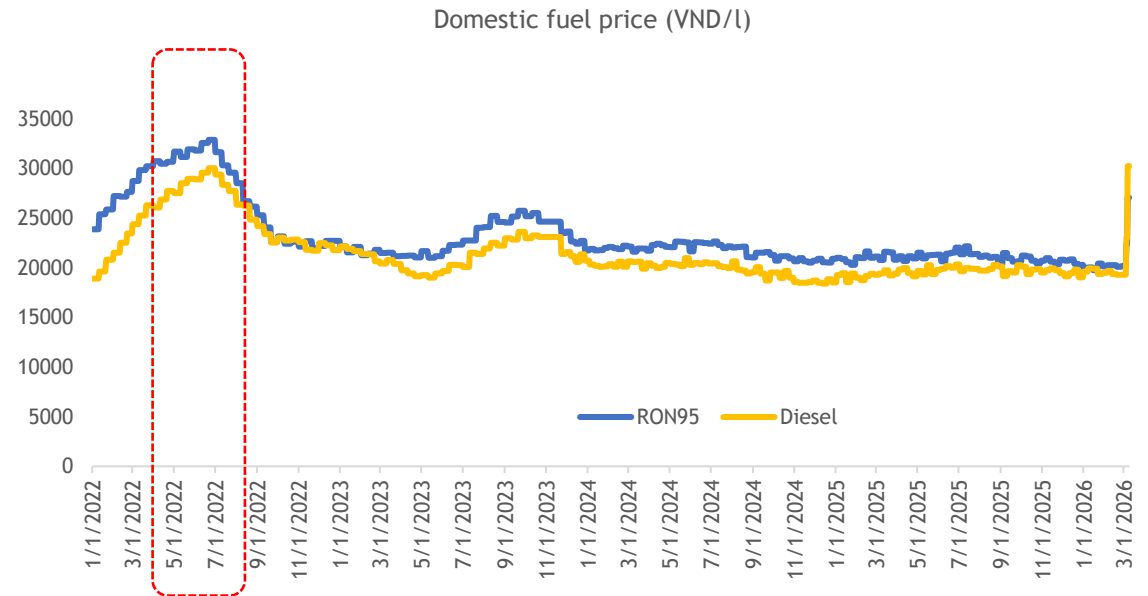
### 1. Diminishing Returns of Profit Sacrifice

•**The 21% Factor:** BSR accounts for ~30% of domestic market share, with 70% of its feedstock sourced domestically. Effectively, only 21% of Vietnam's fuel supply is "domestic-origin" via BSR.

•**Impact Analysis:** Even in an extreme stress test where BSR sacrifices 50% of its FY26 profit (est. VND 17tn), the resulting national price reduction would be a mere ~10% for a duration of only **3 weeks**. The cost of violating market principles far outweighs these marginal, short-term benefits.

### 2. Historical Precedent (2022 Crisis)

•During the 2022 Russia-Ukraine shock, retail prices exceeded VND 30,000/liter for four months. The Government maintained its commitment to market mechanisms without raiding refinery margins. Given the current tensions have lasted less than a month, a pivot toward radical intervention is highly unlikely.



Despite domestic fuel prices remaining elevated for nearly four months during the Russia-Ukraine conflict, the Government refrained from intervening in refinery profit margins.



## Key financial metrics

FYE Dec (VND b)	FY22A	FY23A	FY24A	FY25A
<b>Key Metrics</b>				
P/E (x)	10.6	18.4	242.6	29.5
P/BV (x)	3.0	2.7	2.8	2.5
P/NTA (x)	3.0	2.7	2.8	2.5
Net dividend yield (%)	1.4	1.4	-	-
FCF yield (%)	5.1	8.3	0.5	3.7
EV/EBITDA (x)	1.5	2.9	29.1	7.1
EV/EBIT (x)	1.7	3.8	-	10.6
<b>INCOME STATEMENT (VND b)</b>				
Revenue	167,123.7	147,423.4	123,027.1	141,578.2
Gross profit	16,096.4	9,759.5	491.1	6,048.7
EBITDA	16,864.7	10,374.2	1,498.4	6,686.2
Depreciation & Amortisation	2,192.1	2,270.3	2,220.8	2,201.9
EBIT	14,672.7	8,103.9	(722.4)	4,484.3
Net interest income / (exp)	-	-	-	-
Associates & JV	-	-	-	-
Other pretax income	916.5	1,535.4	1,458.4	-
Pretax profit	15,585.8	9,639.3	736.0	5,947.0
Income tax	916.5	1,046.8	144.9	757.7
Minorities	(56.5)	(57.2)	(40.0)	3.3
Reported net profit	14,725.8	8,649.8	631.1	5,185.9
<b>BALANCE SHEET (VND b)</b>				
Cash & Short Term Investments	25,025.4	38,122.3	43,017.3	43,761.7
Accounts receivable	16,097.4	13,982.9	11,894.6	12,810.4
Inventory	16,809.0	15,530.9	15,891.0	12,634.7
Tangible assets	19,159.7	17,022.1	14,372.6	13,184.8
Intangible assets	190.2	244.5	195.5	133.1
Investment in Associates & JVs	10.0	9.8	9.5	9.5
Other assets	656.7	637.8	2,293.6	1,568.2
<b>Total assets</b>	<b>78,487.9</b>	<b>86,594.7</b>	<b>88,386.9</b>	<b>85,068.6</b>
ST interest bearing debt	8,954.4	10,970.3	15,856.5	10,504.2
Accounts payable	14,835.8	14,616.1	14,473.4	11,291.2
LT interest bearing debt	-	-	-	-
Other liabilities	3,507.4	3,739.5	2,518.9	2,787.8
<b>Total Liabilities</b>	<b>27,297.6</b>	<b>29,326.0</b>	<b>32,848.9</b>	<b>24,583.2</b>
Shareholders Equity	51,255.4	57,393.3	55,505.7	60,453.3
Minority Interest	(65.1)	(124.6)	32.3	32.1
<b>Total shareholder equity</b>	<b>51,190.3</b>	<b>57,268.7</b>	<b>55,538.0</b>	<b>60,485.4</b>
<b>Total liabilities and equity</b>	<b>78,487.9</b>	<b>86,594.7</b>	<b>88,386.9</b>	<b>85,068.6</b>
<b>CASH FLOW (VND b)</b>				
Pretax profit	15,585.8	9,639.3	736.0	5,947.0
Depreciation & amortisation	2,192.1	2,270.3	2,220.8	2,201.9
Adj net interest (income)/exp	(8,724.1)	3,085.9	(517.5)	(901.4)
Change in working capital	(917.7)	(886.5)	(522.5)	(390.0)
Other operating cash flow	-	-	-	-
Cash flow from operations	7,985.2	12,976.8	1,329.3	6,574.2
Capex	(219.5)	(228.1)	(519.4)	(854.3)
Free cash flow	7,765.7	12,748.7	809.9	5,719.9
Dividends paid	(1,346.9)	(2,165.5)	(2,180.5)	(12.5)
Equity raised / (purchased)	-	-	-	-
Change in Debt	(1,917.6)	1,989.0	6,013.4	(5,352.4)
Other invest/financing cash flow	-	-	-	-
Effect of exch rate changes	(11.1)	524.8	252.2	389.5
<b>Net cash flow</b>	<b>6,507.4</b>	<b>(5,852.5)</b>	<b>11,994.4</b>	<b>(21,369.2)</b>

FYE Dec (VND b)	FY22A	FY23A	FY24A	FY25A
<b>Key Ratios</b>				
<b>Growth ratios (%)</b>				
Revenue growth	65.3	(11.8)	(16.5)	15.1
EBITDA growth	91.2	(38.5)	(85.6)	346.2
EBIT growth	125.4	(44.8)	-	-
Pretax growth	124.6	(38.2)	(92.4)	708.0
Net profit growth	120.1	(42.3)	(92.4)	723.2
<b>Profitability ratios (%)</b>				
EBITDA margin	10.1	7.0	1.2	4.7
EBIT margin	8.8	5.5	(0.6)	3.2
Pretax profit margin	9.3	6.5	0.6	4.2
Payout ratio	15.1	26.1	-	-
<b>DuPont analysis</b>				
Net profit margin (%)	8.8	5.9	0.5	3.7
Revenue/Assets (x)	2.3	1.8	1.4	1.6
Assets/Equity (x)	1.6	1.5	1.5	1.5
ROE (%)	32.4	15.3	1.1	8.9
ROA (%)	20.3	10.5	0.7	6.0
<b>Liquidity &amp; Efficiency</b>				
Cash conversion cycle	36.7	40.7	42.1	34.7
Days receivable outstanding	32.0	37.2	38.5	31.8
Days inventory outstanding	32.8	42.9	46.9	38.4
Days payables outstanding	28.1	39.4	43.3	35.5
Dividend cover (x)	6.6	3.8	-	-
Current ratio (x)	2.2	2.4	2.2	3.0
<b>Leverage &amp; Expense Analysis</b>				
Asset/Liability (x)	2.9	3.0	2.7	3.5
Net gearing (%)	net cash	net cash	net cash	net cash
Net interest cover (x)	58.0	28.2	(2.8)	16.4
Debt/EBITDA (x)	0.5	1.1	10.6	1.6
Capex/revenue (%)	0.1	0.2	0.4	0.6

Source: Cmppany, Maybank Kim Eng