

# BBGI PLC

No. 185/2025  
30 October 2025

## CORPORATES

**Company Rating:** A  
**Outlook:** Stable

**Last Review Date:** 30/09/24

### Company Rating History:

Date	Rating	Outlook/Alert
30/09/24	A	Stable
31/08/23	A-	Stable
19/01/23	A-	Alert Negative
27/10/22	A-	Stable
27/10/20	BBB+	Stable

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## RATIONALE

TRIS Rating affirms the company rating on BBGI PLC (BBGI) at “A” with a “stable” outlook. The “A” rating incorporates a three-notch uplift from the company’s stand-alone credit profile (SACP) of “bbb”, reflecting BBGI’s status as a “strategically important” subsidiary of Bangchak Corporation PLC (BCP, rated “A+/Stable”).

The SACP continues to reflect BBGI’s leading position in Thailand’s biofuel market, supported by secured feedstock and captive demand from major shareholders, as well as a prudent approach to investment and funding.

However, the SACP remains constrained by the company’s relatively small operating scale, the prevailing less-than-favorable government policies on biodiesel, lingering overcapacity in the Thai biofuel sector, and fluctuating product spreads.

## KEY RATING CONSIDERATIONS

### Strategically important subsidiary of BCP

We assess BBGI as a strategically important subsidiary of BCP, reflecting its role as BCP’s flagship entity in the biofuel and bio-based business. BBGI maintains a strong position in Thailand’s biofuel sector, ranking second in ethanol and fourth in biodiesel production capacity. BBGI’s biofuel plants also operate at utilization rates well above industry averages, supported by strong captive demand within the BCP group, particularly following BCP’s acquisition of Bangchak Sriracha PLC (BSRC) in late 2023.

BBGI plays a critical role in enabling BCP to secure biofuel supplies for blending into its petroleum products. Despite BBGI’s relatively modest business scale and earnings contribution compared with other major subsidiaries within the group, we view its operations as being important and fully integrated into BCP’s oil business.

We expect BBGI’s strategic alignment with BCP to deepen, following BCP’s recent announcement to integrate its biofuel operations with its refining and marketing business under a unified structure. We anticipate the new structure will help enhance group-wide synergies. Taking these factors into account, we expect BCP to continue providing financial and operational support to BBGI when necessary.

### Lowered investment outlay relieves pressure on financial leverage

We expect BBGI’s net debt to decline gradually to about THB2.0 billion by the end of 2025 and further to around THB1.0 billion by 2027, underpinned by a scaled-down investment plan. In our base-case scenario, BBGI’s total capital expenditures are projected at about THB600-THB800 million over 2025-2027. The planned outlay primarily covers maintenance spending and includes a THB250-million equity injection into the sustainable aviation fuel (SAF) project. This investment level marks a significant reduction from our previous estimate of THB3.3-THB3.7 billion, thereby easing pressure on BBGI’s financial leverage.

As a result, BBGI’s debt to EBITDA ratio is projected to decline to below 2.5 times in 2025 and reaching about 1.0-1.5 times in 2027. This decline in financial leverage is underpinned by our forecast of a moderate EBITDA of around THB800-THB900 million annually during 2025-2027. The earnings outlook is

supported by lower ethanol feedstock prices expected in 2026-2027 and moderate earnings growth potential in the biodiesel segment, notwithstanding ongoing regulatory uncertainties.

Nevertheless, we expect that returns from BBGI's previously invested high-value bio-based product initiatives are likely to be delayed. This is due to development challenges and the evolving nature of the target markets. Accordingly, our current forecast does not factor in material return contributions from the SAF project or the Contract Manufacturing Organization (CMO) project within the forecast horizon.

#### **High utilization rates partly mitigate earnings pressures**

We project BBGI's EBITDA from biodiesel (B100) operations to decline to around THB545-THB565 million in 2025, representing a year-on-year contraction of 25%. The decline is primarily attributed to the government's decision to reduce the mandatory biodiesel blend to 5% (B5) starting November 2024. This policy shift follows a period of heightened crude palm oil (CPO) prices during late 2024 to early 2025, and is expected to dampen industry-wide demand by 20%-25% in 2025. These developments have further pressured the biodiesel industry's margins, which have already been adversely affected by persistent overcapacity.

Despite these challenges, BBGI's biodiesel profitability continues to be supported by high utilization rates, driven by strong captive demand within the BCP group. In the first half of 2025, BBGI's B100 production reached 163 million liters (ML), reflecting 99% utilization and a scale advantage relative to peers. The company also generated incremental profit by trading B100 to meet demand exceeding its own production capacity.

Looking ahead, we expect a moderate recovery in industry demand as CPO prices ease from the second quarter of 2025. We anticipate the government will maintain its long-term support for biodiesel consumption to align with national net-zero targets and to absorb domestic palm oil output. Accordingly, we assume the average mandated B100 blend will rise to about 6% over the next three years. These factors are expected to support a recovery in BBGI's EBITDA from B100 operations to around THB670-THB700 million per year.

#### **Ethanol margin to recover, supported by improved feedstock outlook**

We expect BBGI's ethanol business to recover in the second half of 2025, with EBITDA projected at about THB160-THB180 million for the year. The recovery is anticipated to be driven by increased production in the latter half, supported by stable captive demand from the BCP group. This represents a rebound from the weak performance recorded in 2024 and early 2025, when ethanol prices were depressed due to an oversupply of cassava-based ethanol, following a sharp decline in cassava chip prices. As a result, BBGI posted a slight loss in 2024 and near break-even results in the first half of 2025, underscoring the business's sensitivity to volatile feedstock costs.

Looking ahead, rising domestic sugarcane output is expected to lead to lower molasses-based production costs, supporting margin recovery from late 2025 through 2027. At the same time, we expect annual sales volumes to remain high, in the range of 250-260 ML during 2026-2027. With this, we anticipate further improvement in ethanol earnings over the period, with EBITDA forecast at around THB290-THB310 million per year.

#### **Adequate liquidity**

We assess BBGI's liquidity as adequate. As of June 2025, the company's sources of funds comprised THB371 million in cash on hand, undrawn short-term credit facilities from financial institutions totalling about THB7 billion, and projected funds from operations (FFO) of THB740-THB780 million over the next 12 months. These liquidity sources are sufficient to cover the company's debt repayments and capital expenditure requirements over the same period, totaling THB1.9 billion. This includes THB1.5 billion in short-term borrowings, THB289 million in the current portion of long-term loans, and about THB130-THB140 million in committed capital expenditures.

#### **Debt structure**

At the end of June 2025, BBGI reported total consolidated debt of THB2.76 billion of which about THB1.64 billion, or 59% was classified as priority debt. The priority debt primarily comprises borrowings at the subsidiary level, including THB510 million in secured loans. The high proportion of priority debt indicates significant structural subordination risk for the company's senior unsecured creditors.

#### **BASE-CASE ASSUMPTIONS**

Key assumptions underpinning TRIS Rating's base-case forecast for 2025-2027 are as follows:

- Ethanol annual production to increase to and remain in the 250-260 ML range.
- Biodiesel annual production to stay within the 320-330 ML range.
- Annual revenue in the THB18.0-THB19.0 billion range.

- EBITDA margin to range from 4.2%-4.8%.
- Maintenance and committed expansion investments to add up to THB600-THB800 million.

#### **RATING OUTLOOK**

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The “stable” outlook reflects our expectation that BBGI’s EBITDA will remain above THB800 million during 2025-2027, supported by lower ethanol feedstock costs and a potential increase in the mandated biodiesel blend.

We also expect BBGI to keep its debt to EBITDA ratio below 3.5 times over the forecast horizon. Furthermore, BBGI’s strategic importance within the group is expected to remain unchanged.

#### **RATING SENSITIVITIES**

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A rating downgrade could occur if BBGI’s SACP or BCP’s group credit profile (GCP) is revised downward. Conversely, the potential for rating upside is limited since the company rating on BBGI is capped at one notch below the GCP.

BBGI’s SACP could be revised downward if its operating performance deviates materially from our baseline forecast or if its debt-funded investments substantially exceed our expectations. Upside potential on the SACP is unlikely over the next 12-18 months.

Any change in the company’s strategic relevance to the group could also lead to a revision of the company rating.

#### **COMPANY OVERVIEW**

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BBGI produces fuel-grade ethanol and biodiesel mainly for the BCP group to blend into gasohol and regular diesel. As of June 2025, BBGI’s installed capacity was 0.8 ML/D for ethanol and 1.0 ML/D for biodiesel. After BCP completed the acquisition of BSRC (formerly Esso (Thailand) PLC) in August 2023, BBGI’s sales have been directed mainly to the enlarged BCP oil retailing network, strengthening its plant utilization profile.

Complementing this demand linkage, the company secures molasses for ethanol production through long-term and domestic procurement arrangements. It holds a contract granting the first right to purchase molasses from KSL’s four main sugar mills. Cassava for ethanol and crude palm oil for biodiesel are also procured locally through Thai suppliers and markets.

BBGI was formed in October 2017 through the amalgamation of the biofuel businesses of BCP and KSL. The company listed in March 2022. After the IPO, BCP held 45% and KSL held 30% of BBGI. While biofuels remain the core business, BBGI is expanding into biotechnology. Key initiatives include a precision fermentation manufacturing business and an investment in sustainable aviation fuel (SAF) through a joint venture led by BCP. The close link to BCP’s refining and marketing network supports efficient operations and disciplined growth.

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\*

Unit: Mil. THB

	Jan-Jun 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	9,192	22,283	13,846	13,419	14,132
Earnings before interest and taxes (EBIT)	140	422	223	194	836
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	389	926	717	634	1,298
Funds from operations (FFO)	337	790	611	520	1,121
Adjusted interest expense	38	80	82	109	128
Capital expenditures	118	327	218	388	484
Total assets	13,085	13,728	13,635	14,106	12,907
Adjusted debt	2,478	2,558	321	236	4,347
Adjusted equity	9,172	9,360	9,937	10,281	6,904
<b>Adjusted Ratios</b>					
EBITDA margin (%)	4.2	4.2	5.2	4.7	9.2
Pretax return on permanent capital (%)	2.4 **	3.4	1.7	1.6	7.1
EBITDA interest coverage (times)	10.2	11.6	8.7	5.8	10.1
Debt to EBITDA (times)	3.1 **	2.8	0.4	0.4	3.3
FFO to debt (%)	27.1 **	30.9	190.3	220.5	25.8
Debt to capitalization (%)	21.3	21.5	3.1	2.2	38.6

\* Consolidated financial statements

\*\* Annualized with trailing 12 months

## RELATED CRITERIA

- Group Rating Methodology, 25 August 2025
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

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**BBGI PLC (BBGI)**

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<b>Company Rating:</b>	A
<b>Rating Outlook:</b>	Stable

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**TRIS Rating Co., Ltd.**

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