BUY (Unchanged) | **TP: Bt 18.00** (From: Bt 17.00) | **17 MAY 2021**

Change in Numbers | **Upside : 50.0%**

Banpu Public Co Ltd (BANPU TB)

Getting back its mojo

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We maintain our BUY on BANPU and raise our TP to Bt18 from Bt17 mostly on higher coal prices. We expect a strong earnings recovery in 2021F with further growth in 2022F to help drive the share price. Rising coal and gas prices as well as strong 2Q-3Q21F results look set to be key catalysts.

Thanachart Securities

Strong outlook on all fronts

BANPU is getting its mojo back with a strong outlook on all fronts. First, coal prices continue to rise with the Newcastle Export Index (NEX) price touching $100/tonne and averaging $91 YTD vs. $59 in 2020. Secondly, the US natural gas price has also continued to increase and trades above $3/mmbtu vs $2.0 in 2020. After years of oversupply, both products now enjoy a more balanced market with the robust outlook likely to continue. Lastly, capacity growth and higher utilization rates should help drive earnings at BANPU's power and battery units. All this will likely help drive a strong 2021F earnings turnaround from the loss-making 2020 with a further 20% normalized EPS growth in 2022F.

Coal price upgrade

We lift our NEX coal price assumptions to $85/80 per tonne in 2021/22F from $70/72. We also raise our long-term assumption to $75/tonne from $72. YTD, the NEX has already averaged $91/tonne and is hovering above $100 now. As such, we think our assumption is conservative. We believe dwindling supply and high marginal costs will keep coal prices elevated (6% of high-CV coal supply costs $75/tonne or more). At the same time, demand looks to remain resilient with China and other Asian countries outgrowing consumption declines in the West. Offsetting the positive price impact are our lower production assumptions. We now estimate 19/21m tonnes of output from Indonesia in 2021/22F (vs. 21m tpa previously) and 11.5m tonnes of output from Australia in both years (a 0.5m tpa reduction). Still, higher coal prices mean coal profits are likely to be higher overall.

Natural gas going from strength to strength

BANPU's natural gas business in the US is benefiting from both volume growth and higher selling prices. Gas demand growth has been high, driven by LNG exports while supply growth looks to be slow with limited new rigs. This would help drive down the inventory level which is already below the five-year average for this time of year. We maintain our $3/mmbtu forecast which is still below the YTD average and futures price of $3.1/mmbtu.

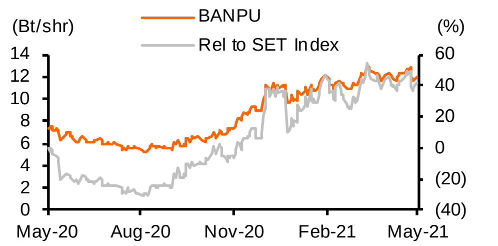
Battery remains a hidden gem

We believe new energy businesses, including lithium ion battery, remain as hidden value for BANPU. Management said Durapower, its 48%-owned Li-ion battery JV, should break even in 2H21 with production ramping up past 50% utilization. Demand is strong, driven by the European e-bus market. It maintains its expansion target of 3GWh of capacity by 2025F. We prospectively include Bt3/share in our TP based on 0.5GWh capacity rising to 1.5GWh only. See our note *BANPU – the NEXT chapter*, 18 January 2021 for more details on Durapower.

COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	71,332	86,154	92,037	90,311
Net profit	(1,786)	6,578	7,892	7,523
Consensus NP	—	4,885	5,485	5,606
Diff frm cons (%)	—	*34.7*	*43.9*	*34.2*
Norm profit	(4,122)	6,578	7,892	7,523
Prev. Norm profit	—	4,607	6,505	7,185
Chg frm prev (%)	—	*42.8*	*21.3*	*4.7*
Norm EPS (Bt)	(0.8)	1.3	1.5	1.5
Norm EPS grw (%)	na	na	20.0	(4.7)
Norm PE (x)	na	9.4	7.8	8.2
EV/EBITDA (x)	20.1	7.2	6.6	6.6
P/BV (x)	1.0	0.9	0.9	0.8
Div yield (%)	2.5	5.3	6.4	6.1
ROE (%)	na	10.2	11.5	10.3
Net D/E (%)	163.4	151.5	143.5	127.8

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 17-May-21 (Bt)	12.00
Market Cap (US$ m)	1,937.2
Listed Shares (m shares)	5,074.6
Free Float (%)	88.4
Avg Daily Turnover (US$ m)	31.8
12M Price H/L (Bt)	13.10/5.25
Sector	Energy
Major Shareholder	Vongkusolkit family 9.62%

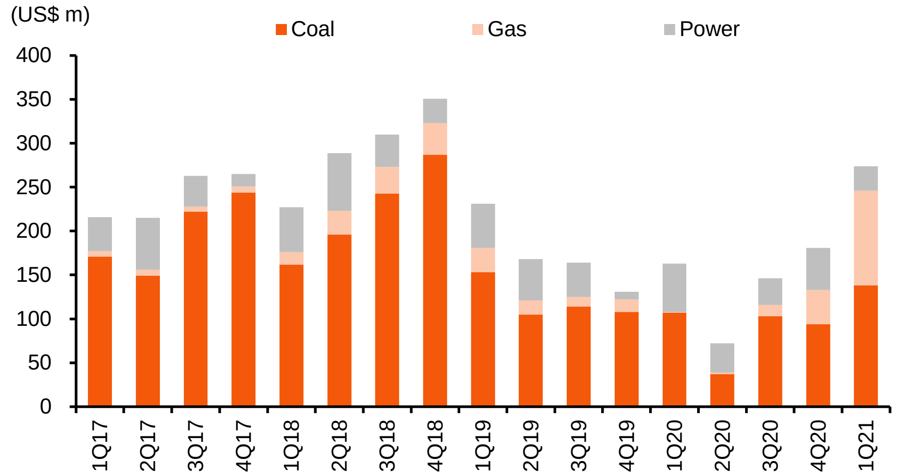
Sources: Bloomberg, Company data, Thanachart estimates

Strong outlook on all fronts

BANPU's EBITDA has rebounded to 2017 level with more gas and less coal in the mix

We foresee a strong outlook for Banpu Pcl's (BANPU) main businesses. First, coal prices continue to increase with the Newcastle Export Index (NEX) price now touching \$100/tonne and averaging \$91/tonne YTD vs. \$59/tonne in 2020. Secondly, the US natural gas price has also continued to increase and now trades above \$3/mmbtu vs. \$2.0 in 2020. Following years of oversupply, both of these products now enjoy a more balanced market with the robust outlook likely to last into 2022F. Lastly, capacity growth and higher utilization rates should help drive earnings at BANPU's power and battery units.

Ex 1: EBITDA Has Recovered To 2017 Levels



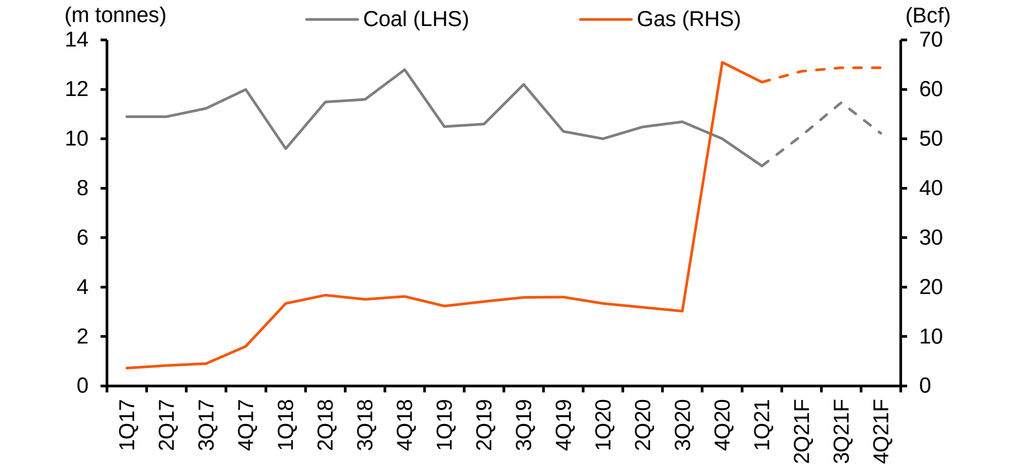
Sources: Company data, Thanachart

We note that BANPU's EBITDA has already recovered to its 2017 level. 1Q21 EBITDA already exceeded or matched the levels seen in 2017 and early 2018. This is despite the lagged coal price adjustment with BANPU's ASP typically lagging the NEX benchmark movement as coal is typically sold one to three months in advance. We also note that 1Q21 coal output was unusually low due to weather disruption in both Indonesia (heavy rain) and Australia (flooding) as well as the long-wall moving schedule in Australia. We expect volume to pick up significantly in subsequent periods with 3Q21F being the peak quarter.

We expect earnings growth to pick up pace in 2Q-3Q21F with greater coal volume and higher ASP

The one big difference between now and 2017-18 is the composition of earnings with the coal portion shrinking and the natural gas portion growing several-fold. This reflects management's strategy to shift to "greener" energy with natural gas being the primary area of focus. If we look at coal production, volume has continued to gradually decline over the past several years. This reflects BANPU's limited new investment in coal. At the same time, BANPU's gas production in the US has grown by more than 10x from the early 2017 level. This has been driven mainly by acquisitions. Gas volume actually tripled q-q in 4Q20 as the company finalized its acquisition of the Barnett shale gas asset from Devon Energy. Going forward, we expect a similar strategy with coal volume stagnant and natural gas output continuing to grow, albeit at a slower pace compared to the past few years.

Ex 2: Coal Production Has Gradually Declined While Gas Output Has Increased Sharply



Sources: Company data, Thanachart estimates

Note: Coal output includes Indonesia and Australia at 100% and China at a proportionate 40% equity stake

We upgrade coal price to 85 and 80 $/ton in 2021-22F— still well below YTD and spot prices

In this report, we have revised our assumptions for the coal business with a higher ASP partially offset by lower production volume. We discuss our coal price forecasts in more detail below. As for volume, we cut our assumptions for Indonesian mining output to 19m tonnes in 2021F and 21m tonnes in 2022-24F. These are roughly 5-10% lower than our previous forecasts. Similarly, production in Australia is now assumed to be only 11.5m tonnes vs. 12m tonnes previously. This reflects a more difficult mining operation.

Our coal volume forecasts are 5-12% below management target, leaving room for upside risk

Note, however, that our volume assumptions for both regions are 5-12% below management's targets. In Indonesia, BANPU targets coal sales of 23.2m tonnes in 2021 compared to 21.2m tonnes in 2020. With production typically accounting for 85% of sales (the other 15% being traded coal), production in Indonesia is likely to reach 20m tonnes this year if management's sales target were to be realized. In Australia, BANPU targets output of 13m tonnes in 2021. As such, there are potential upside risks to our volume forecasts if management can deliver on its target. In either case, we believe 1Q21 was likely the lowest quarter in terms of production because of weather-related disruption.

Ex 3: Our Key Assumption Changes

Assumption	Unit	2021F	2022F	2023F	2024F
New					
NEX coal price	(US$/tonne)	85	80	75	75
Indonesia output	(m tonnes)	19	21	21	21
Australia output	(m tonnes)	12	12	12	12
Old					
NEX coal price	(US$/tonne)	70	72	72	72
Indonesia output	(m tonnes)	21	21	22	22
Australia output	(m tonnes)	12	12	12	12
Change					
NEX coal price	*(US$/tonne)*	*15*	*8*	*3*	*3*
Indonesia output	*(%)*	*(9.5)*	*0.0*	*(4.5)*	*(4.5)*
Australia output	*(%)*	*(4.2)*	*(4.2)*	*(4.2)*	*(4.2)*

Sources: Company data, Thanachart estimates

BANPU share price still lags behind both coal and gas price movements

Given our revised assumptions, we have upgraded our earnings estimates by 43% and 21% in 2021-22F as higher coal prices more than offset lower production volumes. This implies a strong earnings turnaround in 2021F from the loss-making 2020 with a further 20% normalized EPS growth in 2022F. We also raise our earnings estimates in 2023-24F by 4-5% to reflect higher coal prices. Our DCF-derived 12-month TP, using a 2022F base year, is now Bt18/share compared to Bt17 previously.

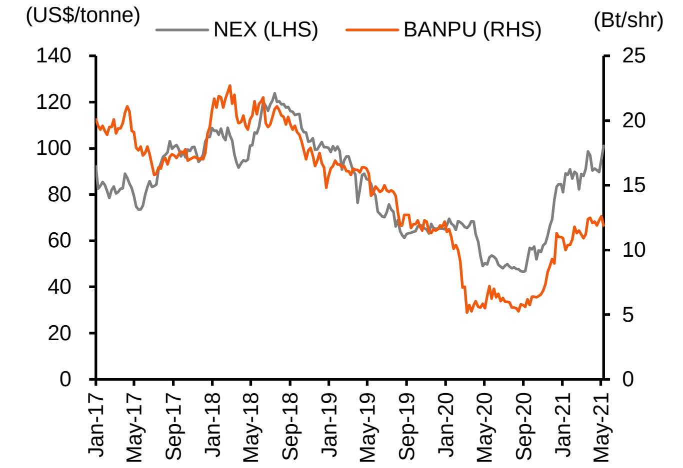
Ex 4: Earnings And TP Revisions

(Bt/shr)	Norm EPS						TP
	2019	2020	2021F	2022F	2023F	2024F	
New/actual	0.50	(0.80)	1.27	1.53	1.46	1.48	18.00
Old			0.89	1.26	1.39	1.43	17.00
Change (%)			*42.8*	*21.3*	*4.7*	*3.7*	*5.9*

Sources: Company data, Thanachart estimates

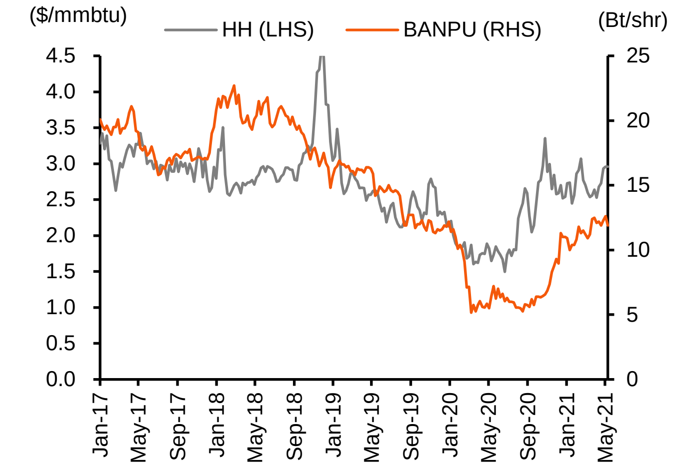
In terms of share price performance, BANPU has significantly lagged its commodity price benchmarks – both coal and gas prices. We believe further coal and gas price rallies and strong results in 2Q-3Q21F will be key catalysts for the stock.

Ex 5: BANPU vs. NEX Coal Price



Sources: Bloomberg, Thanachart estimates

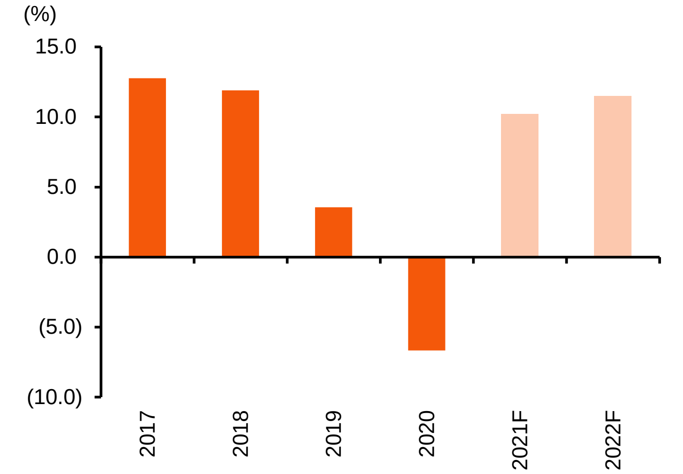
Ex 6: BANPU vs. Henry Hub (HH) Gas Price



Sources: Bloomberg, Thanachart estimates

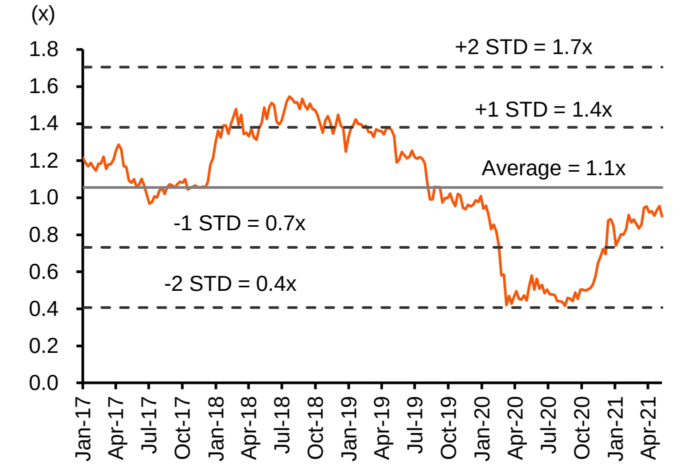
Valuation-wise, BANPU also remains cheap at just 0.9x 2021F P/BV despite rising ROE. We note that during the last up-cycle in 2017-18, stock traded as high as 1.5x P/BV. This suggests the stock could further re-rate in the current market.

Ex 7: Rising ROE



Sources: Company data, Thanachart estimates

Ex 8: P/BV Remains At A Steep Discount



Sources: Bloomberg, Thanachart estimates

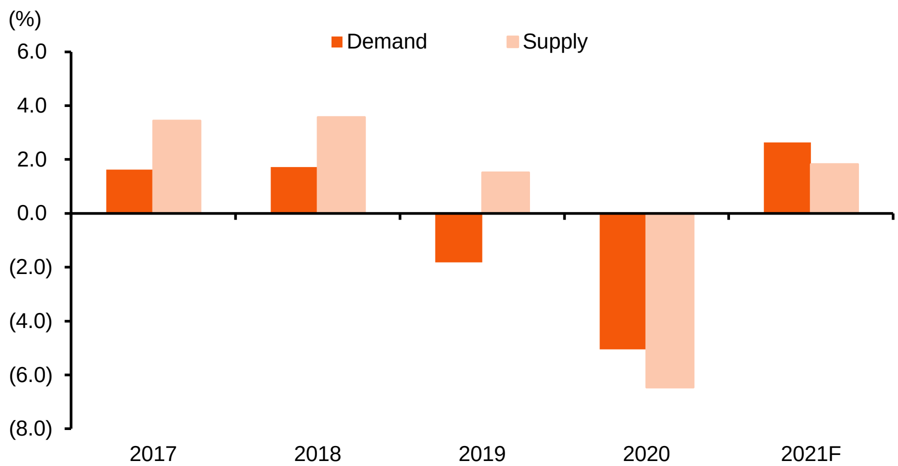
Coal price upgrades

We upgrade our NEX coal price estimates to 85 and 80 $/tonne for 2021-22F, up from 70 and 72 $/tonne, respectively. We also raise our long-term assumption to $75/tonne from $72/tonne. While these represent significant increases from our previous assumptions, they remain below the YTD average ($91/tonne) and spot price (over $100/tonne). We see two things supporting our more bullish view on coal prices: a tighter demand/supply balance in 2020-21F and higher production costs.

Global coal demand growth is outpacing coal supply in 2020-21F

Globally, we expect the coal demand/supply balance to tighten further in 2021F following a supply collapse that was even more severe than the pandemic-induced demand destruction in 2020. According to the IEA, coal demand is set to grow by 2.6% in 2021 after having contracted by 5% in 2020 because of the pandemic. Supply growth, on the other hand, is set to grow by just 1.8% in 2021 after having collapsed by 6.5% in 2020. We believe the tighter demand/supply balance will help support coal prices.

Ex 9: Global Coal Demand Growth Outpaces Supply Additions In 2020 And 2021F

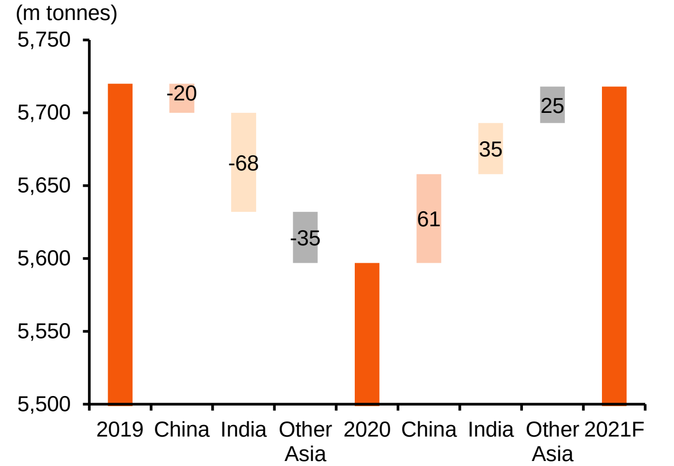


Sources: IEA, Thanachart estimates

Asia Pacific coal demand to rebound strongly while supply lags

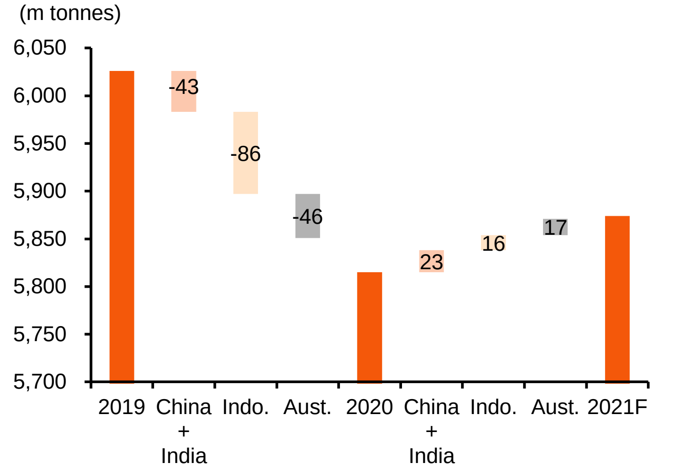
Looking at the Asia-Pacific region, we also foresee a tightening coal market in 2020 and 2021F. Whereas demand has fallen by 123m tonnes y-y in 2020, supply in the region has dropped by 175m tonnes. If we include Russia, which is fast becoming a major supplier to China, then regional supply in 2020 declined even more by 211m tonnes y-y. In 2021, most of the demand lost last year is expected by the IEA to fully recover with demand growth of 121m tonnes. However, the IEA expects supply to only make a partial comeback with a y-y increase of 56m tonnes. Adding Russia into the mix would add just another 3m tonnes and would not change the overall picture. The bottom line is that the coal market, particularly in the Asia-Pacific region, looks set to get much tighter in 2021F and into 2022F.

Ex 10: Asia-Pacific Coal Demand Growth



Sources: IEA, Thanachart estimates

Ex 11: Asia-Pacific Coal Supply Growth

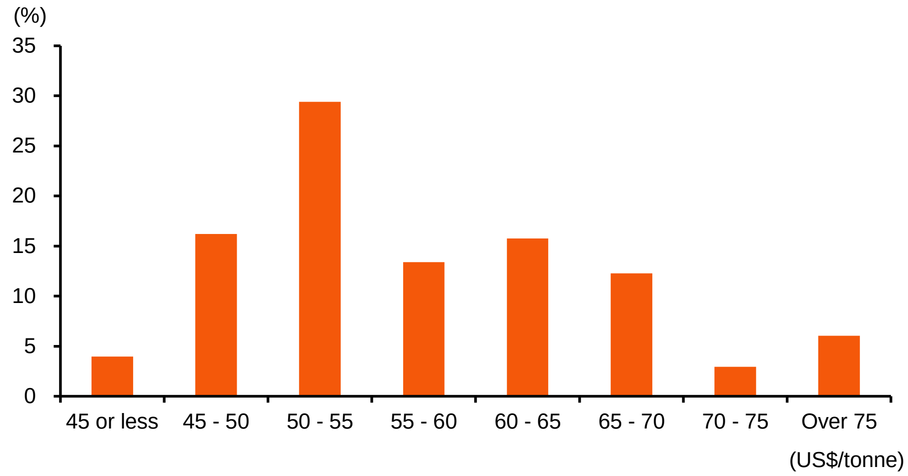


Sources: IEA, Thanachart estimates

Over 6% of high CV coal costs $75/ton or more to produce. This is the basis for our LT price assumption

We also think the global cost curve will be key in determining coal prices going forward. According to the IEA's cost curve analysis, nearly 40% of seaborne high calorific value (CV) coal supplies would not be viable at the NEX price in 2020 ($58.9/tonne). In fact, over 6% of supplies would not be viable at a NEX price below $75/tonne. This means – at the very least – that we are highly unlikely to see NEX price falling below $75/tonne over the medium term.

Ex 12: Breakdown Of High CV Coal* Supplies By Production Cost (US$/tonne)



Sources: IEA, Thanachart

Note: *High CV coal is assumed to be those with a calorific value of 5,700kcal/kg or higher

Natural gas going from strength to strength

US gas market is tightening in 2021-22F with demand growth driven by export and supply limited

We remain bullish on US natural gas prices. While consumption in the US is likely to remain stagnant, exports are growing strongly which should help push up overall dry natural gas demand. According to the US Energy Information Administration (EIA), net exports of natural gas via LNG and pipelines grew by nearly 4x between 2018 and 2020 to 7.5Bcfd. Export growth looks set to remain strong at 38% y-y in 2021F followed by another 11% growth in 2022F. At the same time, supply is likely to remain flat in 2021F before picking up to 2.3% growth in 2022F. These demand/supply figures suggest that the US natural gas market will likely be in deficit in 2021-22F.

Ex 13: US Dry Natural Gas Demand/supply Forecasts

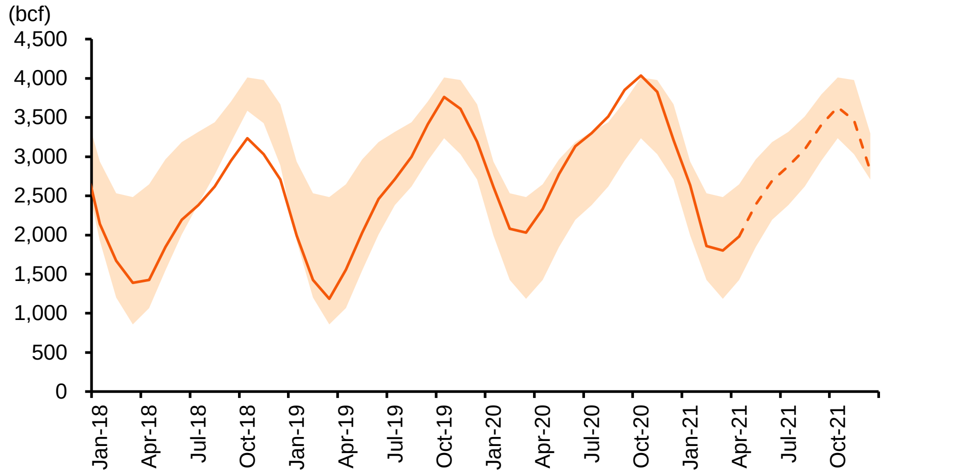
(Bcfd)	2018	2019	2020	2021F	2022F
Consumption	82.57	85.15	83.25	82.64	82.53
Net exports	1.98	5.24	7.46	10.32	11.46
Total demand	84.55	90.39	90.71	92.96	93.99
Supply	84.31	93.06	91.35	91.06	93.12
Surplus/(deficit)	**(0.24)**	**2.67**	**0.64**	**(1.90)**	**(0.87)**

Sources: EIA, Thanachart estimates

US natural gas inventory is already below 5-year average and could run to 5-year low by end-2021F

This brings us to inventory data which we believe is the real driver of natural gas prices. Inventory peaked in October 2020 as demand destruction due to COVID-19 led to a severe oversupply. However, the market has been on the mend since, with inventory falling to 3% below the five-year average by the end of April 2021. Going forward, inventory could fall towards its five-year low by the end of 2021F given the expected supply deficit.

Ex 14: US Natural Gas Storage Could Fall Towards Five-year Low By The End Of 2021F

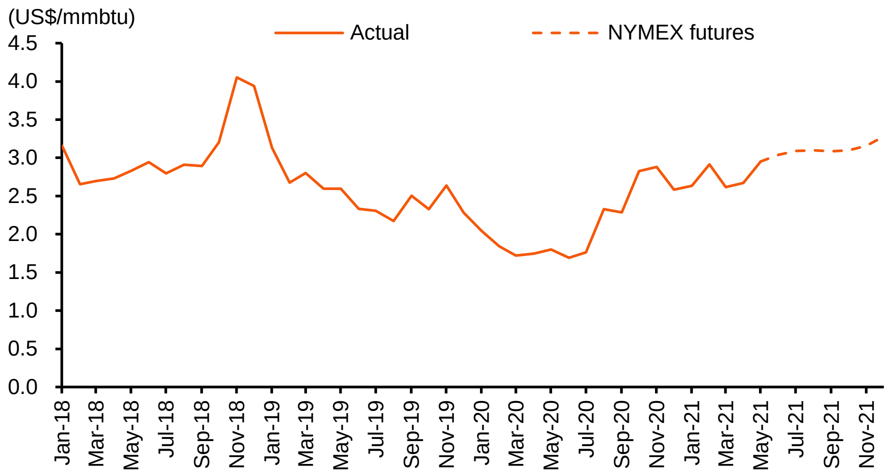


Sources: EIA, Thanachart estimates

Our gas price assumption of $3/mmbtu is below both YTD and futures prices of $3.1/mmbtu

Indeed, the market has started to price in rising gas prices through the rest of the summer and into winter. Year-to-date, the spot gas price at Henry Hub has averaged $3.1/mmbtu. Futures prices from June 2021 through the end of this year also average $3.1/mmbtu. We believe that prices could touch $3.5/mmbtu or more if inventories fall towards the five-year minimum later this winter.

Ex 15: US Natural Gas Price At Henry Hub



Sources: EIA, Bloomberg, Thanachart

Ex 16: 12-month DCF-derived TP Calculation Using A Base Year Of 2022F

(Bt m)		2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	Terminal Value
Coal EBITDA and equity income		32,541	31,669	32,751	33,536	34,668	35,753	36,953	38,073	38,997	41,081	41,980	-
Free cash flow		5,713	9,618	10,760	11,984	13,252	14,469	15,745	16,986	18,112	19,861	21,065	304,528
PV of free cash flow		5,297	8,269	8,575	8,856	8,976	9,066	9,143	9,143	9,035	9,165	8,766	116,967
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.3												
WACC (%)	7.9												
Terminal growth (%)	2.0												

BANPU's sum-of-the-parts valuation	(Bt m)
PV of cash flow	211,259
Less: net debt	137,800
Less: minority interest	36,571
Equity value - coal & gas	36,888
Battery	16,074
Power and others	40,342
Total equity value	**93,304**
# of Shares	5,162
Total value per share (Bt/sh)	**18.0**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 17: Valuation Comparison With Regional Peers

Company	Code	Country	EPS Growth		PE		P/BV		EV/EBITDA		Div. yield	
			21F (%)	22F (%)	21F (x)	22F (x)	21F (x)	22F (x)	21F (x)	22F (x)	21F (%)	22F (%)
New Hope Corp	NHC AU	Australia	(34.4)	17.1	12.1	10.4	0.6	0.6	5.2	5.1	6.9	4.9
Whitehaven Coal Ltd	WHC AU	Australia	na	na	na	17.6	0.5	0.4	11.5	4.9	0.0	1.2
China Shenhua Energy	601088 CH	China	14.9	1.1	8.9	8.8	1.1	1.0	4.4	4.4	7.2	7.0
Datong Coal Industry	601001 CH	China	94.0	(21.6)	7.6	9.7	1.4	1.2	3.7	4.6	na	na
Guizhou Panjiang Ref. Coal	600395 CH	China	29.6	15.2	9.8	8.5	1.7	1.6	5.6	5.6	5.4	5.4
Kailuan Energy	600997 CH	China	na	na	na	na	0.9	0.9	4.5	4.8	8.5	8.9
Pingdingshan Tianan Coal	601666 CH	China	49.9	11.0	8.0	7.2	1.0	0.9	5.8	5.5	7.2	7.9
Yang Quan Coal Industry	600348 CH	China	43.6	(7.6)	7.4	8.0	0.6	0.5	4.5	4.6	4.8	4.8
Yanzhou Coal Mining	600188 CH	China	44.3	1.8	6.8	6.6	1.1	1.1	6.4	6.4	9.0	9.1
China Coal Energy	1898 HK	Hong Kong	59.5	(1.9)	7.5	7.6	0.6	0.5	5.5	5.4	4.0	3.8
Indo Tambangraya Megah	ITMG IJ	Indonesia	73.3	9.6	8.8	8.0	1.1	1.1	3.5	3.4	6.8	11.9
Bukit Asam Tbk PT	PTBA IJ	Indonesia	33.8	8.4	8.0	7.4	1.4	1.3	4.7	4.4	7.8	9.7
Semirara Mining Corp.	SCC PM	Philippines	67.3	29.3	8.2	6.4	1.1	1.0	4.6	3.6	6.0	7.9
Banpu Pcl *	BANPU TB	Thailand	na	20.0	9.4	7.8	0.9	0.9	7.2	6.6	5.3	6.4
Average			**43.3**	**6.9**	**8.5**	**8.8**	**1.0**	**0.9**	**5.5**	**5.0**	**6.1**	**6.8**

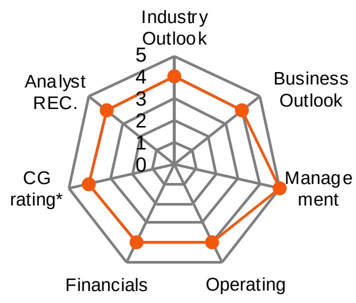
Sources: Bloomberg, * Thanachart estimates
Based on 17 May 2021 closing prices

COMPANY DESCRIPTION

Banpu Pcl (BANPU) is a leading regional energy company. It operates coal mines in Indonesia, Australia and China. It also has investments in the power businesses in Thailand, Laos, China and Japan. In recent years, the company has significantly expanded its footprint in US shale gas as well as invested in new energy businesses including battery (Durapower) and EV (Fomm).

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Reduced operating risk due to greater geographical diversification. It also has footprint across energy value chain.
- Operations more reliable than peers', which don't own port facilities and/or power plants.

W — Weakness

- Coal price volatility still impacts earnings though diversifications in recent years has greatly reduced BANPU's dependence on coal.
- Relatively high financial leverage.

O — Opportunity

- BANPU could look to grow its US shale gas business after having established a firm footing.
- New energy businesses such as lithium-ion battery and electric vehicles (EV) offer strong growth potential.

T — Threat

- Regulatory risk and environmental concerns.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	13.33	18.00	35%
Net profit 21F (Bt m)	5,260	6,578	25%
Net profit 22F (Bt m)	5,719	7,892	38%
Consensus REC	**BUY: 7**	**HOLD: 3**	**SELL: 4**

HOW ARE WE DIFFERENT FROM THE STREET?

- We are 25-38% higher than consensus on 2021-22F earnings forecasts likely due to our bullish view on coal and gas prices..
- Our TP is consequently 35% higher than consensus.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A weaker-than-expected coal or gas price environment would present the key downside risk to our earnings and TP.
- Lower-than-expected growth in the power business would present a secondary downside risk to our TP.

Source: Thanachart

We expect a strong earnings turnaround in 2021F followed by further growth in 2022F

INCOME STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	85,718	71,332	86,154	92,037	90,311
Cost of sales	63,737	57,768	54,735	57,472	57,919
Gross profit	**21,981**	**13,564**	**31,419**	**34,566**	**32,391**
% gross margin	25.6%	19.0%	36.5%	37.6%	35.9%
Selling & administration expenses	21,059	17,128	19,489	21,108	20,914
Operating profit	**922**	**(3,564)**	**11,930**	**13,458**	**11,478**
% operating margin	1.1%	-5.0%	13.8%	14.6%	12.7%
Depreciation & amortization	10,535	13,543	15,623	17,035	17,830
EBITDA	**11,457**	**9,979**	**27,553**	**30,492**	**29,307**
% EBITDA margin	13.4%	14.0%	32.0%	33.1%	32.5%
Non-operating income	5,367	2,309	1,128	1,018	1,004
Non-operating expenses	(168)	(199)	(320)	(320)	(300)
Interest expense	(5,657)	(5,420)	(7,356)	(7,064)	(7,191)
Pre-tax profit	**463**	**(6,874)**	**5,382**	**7,092**	**4,991**
Income tax	2,436	269	2,153	2,837	1,996
After-tax profit	**(1,973)**	**(7,143)**	**3,229**	**4,255**	**2,995**
% net margin	-2.3%	-10.0%	3.7%	4.6%	3.3%
Shares in affiliates' Earnings	6,444	4,239	5,518	6,302	6,896
Minority interests	(1,905)	(1,217)	(2,169)	(2,665)	(2,367)
Extraordinary items	(2,962)	2,336	0	0	0
NET PROFIT	**(395)**	**(1,786)**	**6,578**	**7,892**	**7,523**
Normalized profit	**2,567**	**(4,122)**	**6,578**	**7,892**	**7,523**
EPS (Bt)	(0.1)	(0.3)	1.3	1.5	1.5
Normalized EPS (Bt)	0.5	(0.8)	1.3	1.5	1.5

BANPU's leverage remains high but is manageable

BALANCE SHEET

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
ASSETS:					
Current assets:	41,095	47,301	44,219	46,007	45,585
Cash & cash equivalent	16,388	23,777	16,836	16,836	16,836
Account receivables	7,415	7,482	8,261	8,826	8,660
Inventories	4,782	3,935	4,499	4,724	4,760
Others	12,510	12,107	14,623	15,621	15,328
Investments & loans	49,711	51,389	54,404	58,109	58,705
Net fixed assets	58,796	77,523	82,015	82,110	81,426
Other assets	93,710	105,435	105,620	112,844	110,928
Total assets	**243,312**	**281,648**	**286,258**	**299,069**	**296,644**
LIABILITIES:					
Current liabilities:	47,026	66,405	43,699	45,748	43,896
Account payables	1,798	2,025	975	1,023	1,031
Bank overdraft & ST loans	13,716	24,856	15,464	15,730	14,965
Current LT debt	16,417	24,520	11,134	11,325	10,775
Others current liabilities	15,095	15,003	16,126	17,669	17,125
Total LT debt	**103,749**	**112,559**	**128,039**	**130,243**	**123,907**
Others LT liabilities	13,084	18,129	23,549	25,167	24,893
Total liabilities	**163,859**	**197,092**	**195,287**	**201,158**	**192,697**
Minority interest	18,286	22,211	24,381	27,045	29,413
Preferreds shares	0	0	0	0	0
Paid-up capital	5,162	5,075	5,162	5,162	5,162
Share premium	15,372	15,372	15,372	15,372	15,372
Warrants	0	0	0	0	0
Surplus	(25,675)	(19,348)	(19,348)	(19,348)	(19,348)
Retained earnings	**66,308**	**61,245**	**65,405**	**69,679**	**73,349**
Shareholders' equity	61,167	62,344	66,591	70,866	74,535
Liabilities & equity	**243,312**	**281,648**	**286,258**	**299,069**	**296,644**

Sources: Company data, Thanachart estimates

We expect cash flows to improve in 2021-22F

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	463	(6,874)	5,382	7,092	4,991
Tax paid	(2,587)	(543)	(2,002)	(2,885)	(1,968)
Depreciation & amortization	10,535	13,543	15,623	17,035	17,830
Chg In working capital	3,509	1,006	(2,393)	(740)	137
Chg In other CA & CL / minorities	(7,019)	7,560	3,975	6,894	6,617
Cash flow from operations	**4,901**	**14,692**	**20,585**	**27,396**	**27,606**
Capex	(8,995)	(32,269)	(20,000)	(17,000)	(17,000)
Right of use	0	(2,149)	(300)	(300)	(300)
ST loans & investments	0	0	0	0	0
LT loans & investments	251	(1,678)	(3,015)	(3,705)	(597)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	21,336	(4,767)	5,420	(5,435)	1,796
Cash flow from investments	**12,592**	**(40,863)**	**(17,895)**	**(26,440)**	**(16,101)**
Debt financing	428	30,596	(7,299)	2,662	(7,652)
Capital increase	0	(87)	87	0	0
Dividends paid	(3,613)	(2,030)	(2,419)	(3,618)	(3,854)
Warrants & other surplus	(17,885)	5,080	0	0	0
Cash flow from financing	**(21,070)**	**33,559**	**(9,630)**	**(956)**	**(11,506)**
Free cash flow	**(4,093)**	**(17,578)**	**585**	**10,396**	**10,606**

BANPU's valuation remains attractive in our view

VALUATION

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	24.1	na	9.4	7.8	8.2
Normalized PE - at target price (x)	36.2	na	14.1	11.8	12.4
PE (x)	na	na	9.4	7.8	8.2
PE - at target price (x)	na	na	14.1	11.8	12.4
EV/EBITDA (x)	15.7	20.1	7.2	6.6	6.6
EV/EBITDA - at target price (x)	18.4	23.2	8.4	7.7	7.7
P/BV (x)	1.0	1.0	0.9	0.9	0.8
P/BV - at target price (x)	1.5	1.5	1.4	1.3	1.2
P/CFO (x)	12.6	4.2	3.0	2.3	2.2
Price/sales (x)	0.7	0.9	0.7	0.7	0.7
Dividend yield (%)	5.0	2.5	5.3	6.4	6.1
FCF Yield (%)	(6.6)	(28.4)	0.9	16.8	17.1
(Bt)					
Normalized EPS	0.5	(0.8)	1.3	1.5	1.5
EPS	(0.1)	(0.3)	1.3	1.5	1.5
DPS	0.6	0.3	0.6	0.8	0.7
BV/share	11.8	12.1	12.9	13.7	14.4
CFO/share	0.9	2.8	4.0	5.3	5.3
FCF/share	(0.8)	(3.4)	0.1	2.0	2.1

Sources: Company data, Thanachart estimates

We expect ROE to improve to double-digit levels in 2021-22F

FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Growth Rate					
Sales (%)	(24.0)	(16.8)	20.8	6.8	(1.9)
Net profit (%)	na	na	na	20.0	(4.7)
EPS (%)	na	na	na	20.0	(4.7)
Normalized profit (%)	(74.4)	na	na	20.0	(4.7)
Normalized EPS (%)	(74.4)	na	na	20.0	(4.7)
Dividend payout ratio (%)	(783.6)	(86.7)	50.0	50.0	50.0
Operating performance					
Gross margin (%)	25.6	19.0	36.5	37.6	35.9
Operating margin (%)	1.1	(5.0)	13.8	14.6	12.7
EBITDA margin (%)	13.4	14.0	32.0	33.1	32.5
Net margin (%)	(2.3)	(10.0)	3.7	4.6	3.3
D/E (incl. minor) (x)	1.7	1.9	1.7	1.6	1.4
Net D/E (incl. minor) (x)	1.5	1.6	1.5	1.4	1.3
Interest coverage - EBIT (x)	0.2	na	1.6	1.9	1.6
Interest coverage - EBITDA (x)	2.0	1.8	3.7	4.3	4.1
ROA - using norm profit (%)	1.0	na	2.3	2.7	2.5
ROE - using norm profit (%)	3.6	na	10.2	11.5	10.3
DuPont					
ROE - using after tax profit (%)	na	na	5.0	6.2	4.1
- asset turnover (x)	0.3	0.3	0.3	0.3	0.3
- operating margin (%)	7.1	na	14.8	15.4	13.5
- leverage (x)	3.6	4.3	4.4	4.3	4.1
- interest burden (%)	7.6	472.7	42.3	50.1	41.0
- tax burden (%)	na	na	60.0	60.0	60.0
WACC (%)	7.9	7.9	7.9	7.9	7.9
ROIC (%)	(2.0)	(2.0)	3.6	4.0	3.3
NOPAT (Bt m)	(3,927)	(3,564)	7,158	8,075	6,887
invested capital (Bt m)	178,661	200,502	204,391	211,327	207,345

Sources: Company data, Thanachart estimates

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