Thanachart Securities

BUY (Unchanged)

Change in Numbers

TP: Bt 23.00 (From: Bt 18.00)

Upside : 50.3%

16 JUNE 2021

Banpu Public Co Ltd (BANPU TB)

Enduring strength

We maintain our BUY on BANPU and raise our TP to a Street-high Bt23 as we foresee structural changes that will support coal and gas prices in the years ahead. We also expect BANPU to make a successful transition to clean energy businesses.

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Riding structural changes

We see BANPU as a beneficiary of structural changes in its core businesses. First, we expect coal supply to be curtailed in the coming years with major producers phasing out production in order to achieve emissions targets. Secondly, the shift towards greater natural gas consumption, particularly in Asia, looks set to drive demand for US LNG exports. Lastly, growth in renewable investments creates opportunities for BANPU to increase its exposure to clean energy. We believe these trends will not be curtailed, and that they will continue to de-commoditize coal and gas price movements.

Paradigm shift in coal supply

We raise our coal price assumptions by $5/tonne to 90/85/80 $/tonne in 2021-23F as we expect seaborne coal supply to remain tight for the long term. This is driven by two major changes. First, mining companies are now much more focused on achieving carbon neutrality. This shift in mindset means the supply response will not be triggered just by higher prices alone. For instance, Glencore — the biggest coal miner in Australia — expects to reduce production by 55m tonnes by 2035, representing a 40% drop from 2019 output. Another major shift is in financing. As banks and investors shun coal investments, supplies can only be drawn from existing mines, thereby limiting potential new entrants and/or expansion by current players. Given that coal demand is set to grow (albeit slowly) through at least 2025F, the supply constraints will likely lead to a higher price environment.

Strong outlook for US LNG exports

We also see a more bullish outlook for the US natural gas market and raise our Henry Hub gas price assumption by $0.1/mmbtu to $3.1/mmbtu in 2021-23F. We see the biggest driver being demand which is set to grow on rising LNG exports. We believe LNG exports, particularly to Asia, can grow manyfold in the years ahead given the US's low-cost position and insatiable demand in Asia. We also estimate the Henry Hub net-back price could be as high as $6/mmbtu today based on the Asian LNG price.

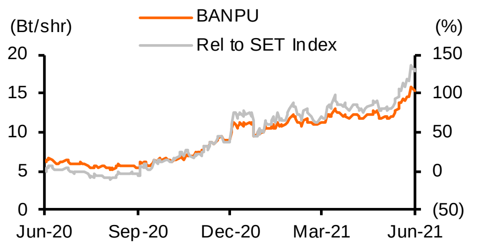
Opportunities to grow clean-energy exposure

BANPU has continued to pursue its "greener" energy approach to shifting its business portfolio. Most recently, it has invested in two solar power plants in Australia with BANPU itself (and not Banpu Power Pcl [BPP TB, BUY, Bt19.50]) taking the majority 90% stake. We believe this signifies future direction for the company towards direct exposure to clean energy.

COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	71,332	89,366	96,240	94,547
Net profit	(1,786)	7,533	9,207	8,829
Consensus NP	—	6,564	6,409	6,874
Diff frm cons (%)	—	*14.8*	*43.7*	*28.4*
Norm profit	(4,122)	7,533	9,207	8,829
Prev. Norm profit	—	6,578	7,892	7,523
Chg frm prev (%)	—	*14.5*	*16.7*	*17.4*
Norm EPS (Bt)	(0.8)	1.5	1.8	1.7
Norm EPS grw (%)	na	na	22.2	(4.1)
Norm PE (x)	na	10.3	8.4	8.8
EV/EBITDA (x)	21.7	7.2	6.4	6.4
P/BV (x)	1.2	1.2	1.1	1.0
Div yield (%)	2.0	4.9	5.9	5.7
ROE (%)	na	11.6	13.2	11.9
Net D/E (%)	163.4	147.9	139.5	123.4

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 16-Jun-21 (Bt)	15.30
Market Cap (US$ m)	2,491.1
Listed Shares (m shares)	5,074.6
Free Float (%)	88.4
Avg Daily Turnover (US$ m)	38.2
12M Price H/L (Bt)	15.80/5.25
Sector	Energy
Major Shareholder	Vongkusolkit family 9.62%

Sources: Bloomberg, Company data, Thanachart estimates

Carbon neutrality to limit coal investments

Major mining companies are exiting coal business, potentially leading to lower supply in the coming years

We believe the main factor that will limit new coal investments is now emissions. This means coal supply may no longer be subjected to price movements, meaning that no matter how high the price, new capacities will always be limited. Global mining companies have either exited (e.g. Rio Tinto), have plans to exit (e.g. BHP) or have pledged to substantially reduce coal exposure (e.g. Glencore). Large, independent coal miners are also facing their own challenges with regards to operation and financing. For example, Peabody (the largest coal miner in the US) does not expect its 2021 volume to pick up from the 2020 level (105.5m tonnes) which itself was a 22% decline from its 2019 volume (136m tonnes).

Ex 1: Major Miners Are Exiting Coal Or Planning To Substantially Reduce Coal Output

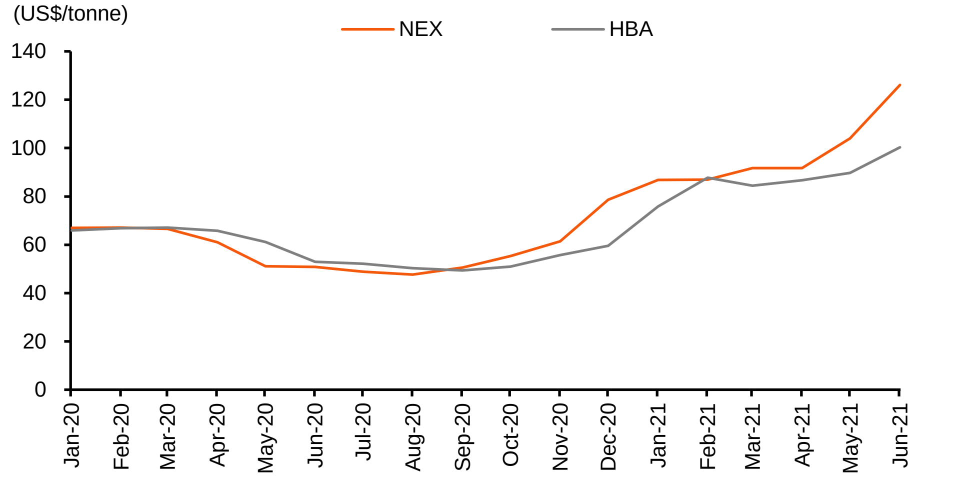
Company	Coal exit date	Note
Rio Tinto	2017	Rio Tinto was the first major miner to completely exit thermal coal
BHP	2022	BHP plans to exit coal in two years via a de-merger or asset sales
Anglo American	2023	AA plans to divest its S. African and Colombian mines by mid-2023
Glencore	-	Glencore plans to cut production by 40% by 2035 vs. the 2019 level

Sources: Company data, Thanachart estimates

We believe tight supply has been, and will remain, the key driver of coal price rally

This means supplies of coal from traditional exporting countries such as Australia, South Africa, or Colombia will be significantly curtailed. Major new investments will likely come from only state-owned mining companies in China. Even then, supplies look set to be limited. For example, China is still struggling with its coal supplies because of mining accidents and weather-related disruptions. These issues have been around for years, and we do not expect them to go away soon.

Ex 2: Newcastle Export Index (NEX) And Indonesia's HBA Coal Price Benchmark



Sources: Company data, Thanachart

Tighter financing will make it harder to sustain coal output

Tighter financing for coal

We also see financing as a key limiting factor for future coal supplies. According to the Institute for Energy Economics and Financial Analysis, over 140 global banks and insurance companies have pledged to exit coal financing, both for new coal mines as well as coal-fired power plants; the full list can be found at: www.ieefa.org/finance-leaving-thermal-coal/. We think this list will continue to grow in the coming years. We believe the impacts will fall more on coal mining given that mines need continuous capital investment in new machineries to sustain production whereas existing coal-fired power plants can continue to operate for many decades. Therefore, from a financing perspective, we expect coal supplies to gradually decline whereas coal demand from the power sector will likely flatten out. The result would be a tighter coal demand/supply balance and a higher price environment.

Ex 3: Over 140 Financial Institutions Worldwide Have Placed Curbs On Coal Financing

Company	Country	Coal financing restrictions
CBA	Australia	Zero thermal coal exposure by 2030
NAB	Australia	Excludes thermal coal mining
Westpac	Australia	No financing for both coal mining and coal-fired power plants
BNP Paribas	France	Both coal mining and coal-fired power plants
Credit Agricole	France	Both coal mining and coal-fired power plants
SocGen	France	Both coal mining and coal-fired power plants
Deutsche Bank	Germany	Both coal mining and coal-fired power plants
Commerzbank	Germany	Both coal mining and coal-fired power plants
MUFG	Japan	No new financing for coal mining and coal-fired power plants
Mizuho	Japan	Ending all loans for coal by 2050
Banco Santander	Spain	Stop financial services for coal mining and power plants by 2030
HSBC	UK	No new project financing
Barclays	UK	Both coal mining and coal-fired power plants
Lloyds	UK	Both coal mining and coal-fired power plants
JP Morgan Chase	US	Will not refinance loans or existing coal plants
Citi	US	No new project financing for new coal mines or expansions

Sources: IEEFA, Thanachart

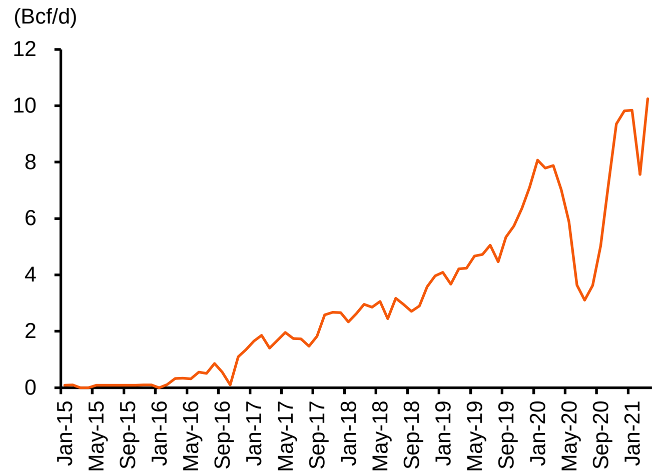
Note: This is a non-exhaustive list

Structural growth for US LNG exports

We see a structural growth for US LNG export, driven by demand in Asia

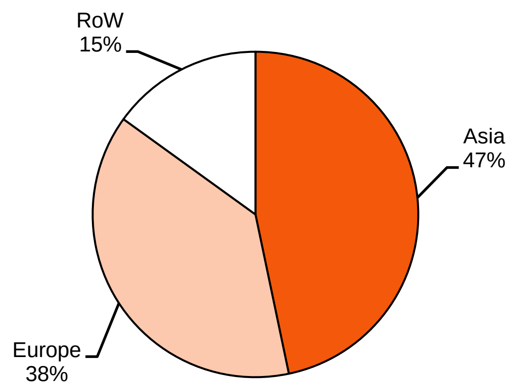
For the US natural gas market, we believe the biggest driving force will be demand for its LNG exports, particularly from Asia. Again, we think this demand is independent of prices as countries balance between meeting growing energy needs and managing carbon emissions. Over the past four years alone, US LNG exports have grown fivefold with most of those cargoes headed to Asia.

Ex 4: US LNG Exports



Sources: EIA, Thanachart

Ex 5: Asia Made Up Half Of All US LNG Exports In 2020



Sources: EIA, Thanachart

We expect growth in LNG exports to continue for decades. Based on data from the Federal Energy Regulatory Commission (FERC), 11.3Bcf/d of LNG capacity is already in operation. A further 8.4Bcf/d of capacity is being constructed and another 22.1Bcf/d has already been approved but has not yet started construction. There are several more projects that are in pre-approval process that could add to further growth in the years ahead. All told, we believe US LNG export capacity could quadruple over the next decade. If all of these units run at full capacity (and we have no reason to suspect why they won't), LNG exports could make up a larger share of US gas demand than the volume consumed by the country's power sector currently.

US LNG liquefaction capacity could quadruple over the next decade

Ex 6: US LNG Projects

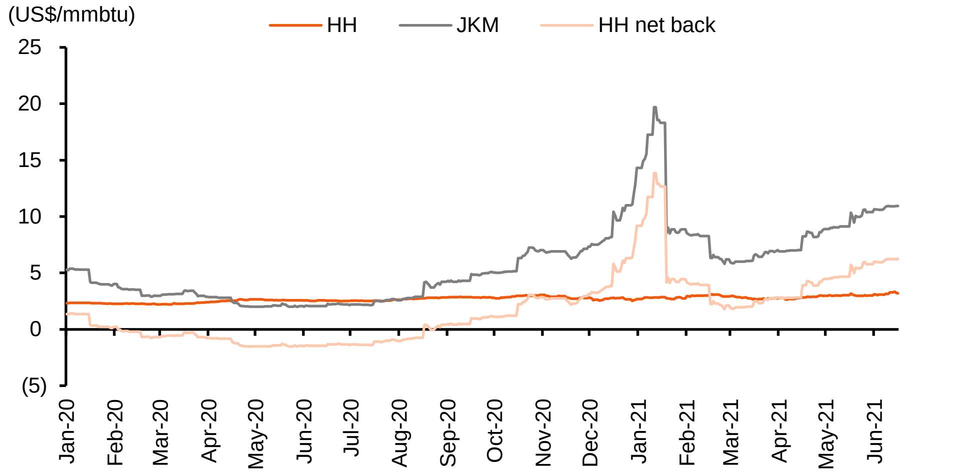
Project	Location	Capacity
In operation		
Trans-Foreland	Kenai, AK	0.20
Cheniere/Sabine Pass LNG Trains 1-5	Sabine Pass, LA	3.50
Dominion-Cove Point	Covepoint, MD	0.82
Cheniere/Corpus Christi LNG Trains 1-3	Corpus Christi, TX	2.16
Sempra-Cameron LNG Trains 1-3	Hackberry, LA	2.15
Southern LNG	Elba Island, GA	0.35
Freeport LNG Trains 1-3	Freeport, TX	2.13
Total in operation		**11.31**
Under construction		
Cheniere/Sabine Pass LNG Train 6	Sabine Pass, LA	0.70
Venture Global Calcasieu Pass	Cameron Parish, LA	1.41
Exxonbile-Golden Pass	Sabine Pass, LA	2.26
Driftwood LNG	Calcasieu, LA	4.00
Total under construction		**8.37**
Approved, not under construction		
Lake Charles LNG	Lake Charles, LA	2.20
Magnolia LNG	Lake Charles, LA	1.19
Sempra-Cameron LNG Trains 4-5	Hackberry, LA	1.41
Port Arthur LNG Trains 1-2	Port Arthur, LA	1.86
Freeport LNG Train 4	Freeport, TX	0.72
Gulf LNG	Pascagoula, MS	1.50
Eagle LNG Partners	Jacksonville, FL	0.13
Venture Global LNG	Plaquemines Parish, LA	3.40
Texas LNG Brownsville	Brownsville, TX	0.55
Rio Grande LNG-Next Decade	Brownsville, TX	3.60
Cheniere/Corpus Christi LNG	Corpus Christi, LA	1.86
Jordan Cove	Coos Bay, OR	1.08
Alaska Gasline	Nikiski, AK	2.63
Total approved, not under construction		**22.13**

Source: FERC

We believe the significant growth in LNG exports could mean the Henry Hub gas price will be increasingly tied to the Asian LNG price. Based on our calculation, the Henry Hub net-back price, as implied by the Asian spot LNG price, could reach as high as $6/mmbtu. We also believe this is in line with the pricing of contracted LNG based on an oil-linked formula at a $70/bbl oil price.

Asian LNG price could support US gas price of as much as $6/mmbtu vs about $3.2 now

Ex 7: US Gas Price At Henry Hub Vs. Asian Spot LNG Price (JKM) & HH Net-Back Price



Sources: Company data, Thanachart

We have raised our coal and gas price assumptions to reflect our more bullish view on tight coal supply and strong US gas demand. We now assume the Newcastle coal price at $90/85/80 per tonne in 2021-23F, a $5/tonne increase from our previous assumptions. For the Henry Hub gas price, we assume $3.1/mmbtu over the next three years, a $0.1/mmbtu increase across the board.

We have upgraded both our coal and gas price assumptions

Ex 8: Key Assumption Changes

Assumption	Unit	2021F	2022F	2023F	2024F
New					
Newcastle coal price	(US$/tonne)	90.0	85.0	80.0	80.0
Henry Hub gas price	(US$/mmbtu)	3.1	3.1	3.1	3.1
Old					
Newcastle coal price	(US$/tonne)	85.0	80.0	75.0	75.0
Henry Hub gas price	(US$/mmbtu)	3.0	3.0	3.0	3.0
Change					
Newcastle coal price	(US$/tonne)	5.0	5.0	5.0	5.0
Henry Hub gas price	(US$/mmbtu)	0.1	0.1	0.1	0.1

Sources: Company data, Thanachart estimates

Consequently, we have raised our earnings estimates by 16-19% in 2021-24F and lifted our DCF-derived 12-month TP, using a 2022F base year, to Bt23/share from Bt18 previously. Note that our TP upgrade also incorporates a higher value for Banpu Power Pcl (BPP TB, BUY, Bt19.50).

Ex 9: Earnings Revisions

(Bt/shr)	Norm EPS				TP
	2021F	2022F	2023F	2024F	
New	1.48	1.81	1.74	1.76	23.00
Old	1.27	1.53	1.46	1.48	18.00
Change (%)	*16.5*	*18.7*	*19.4*	*19.0*	*27.8*

Sources: Company data, Thanachart estimates

Ex 10: 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		35,806	35,150	36,413	37,366	38,552	39,688	40,938	42,105	43,074	45,202	46,142	-
Free cash flow		5,613	9,817	11,140	12,691	14,069	15,381	16,751	18,086	19,304	21,144	22,437	324,367
PV of free cash flow		5,204	8,440	8,878	9,378	9,529	9,637	9,728	9,735	9,630	9,757	9,338	124,588
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	223,842
Less: net debt	136,187
Less: minority interest	37,277
Equity value - coal & gas	50,378
Battery	16,074
Power and others	48,539
Total equity value	**114,992**
# of Shares	5,075
Total value per share (Bt/sh)	**23.0**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 11: Valuation Comparison With Regional Peers

Company	Code	Country	EPS Growth 21F (%)	EPS Growth 22F (%)	PE 21F (x)	PE 22F (x)	P/BV 21F (x)	P/BV 22F (x)	EV/EBITDA 21F (x)	EV/EBITDA 22F (x)	Div. yield 21F (%)	Div. yield 22F (%)
New Hope Corp	NHC AU	Australia	(15.6)	11.9	14.4	12.8	0.9	0.9	6.5	6.6	5.0	4.5
Whitehaven Coal Ltd	WHC AU	Australia	na	na	na	15.8	0.7	0.6	15.4	5.5	0.0	1.4
China Shenhua Energy	601088 CH	China	17.0	1.2	8.9	8.8	1.1	1.0	4.3	4.3	7.7	7.4
Datong Coal Industry	601001 CH	China	na	(3.5)	6.4	6.6	1.4	1.2	3.1	3.1	na	na
Guizhou Panjiang Ref. Coal	600395 CH	China	19.9	12.3	10.7	9.6	1.7	1.6	4.3	4.3	5.3	5.3
Kailuan Energy	600997 CH	China	na	na	na	na	0.9	0.8	na	na	4.9	5.4
Pingdingshan Tianan Coal	601666 CH	China	56.0	11.4	8.2	7.4	1.1	1.0	5.8	5.4	7.2	7.7
Yang Quan Coal Industry	600348 CH	China	56.4	0.8	8.4	8.3	0.8	0.8	5.0	5.0	4.8	5.3
Yanzhou Coal Mining	600188 CH	China	45.5	0.9	7.6	7.5	1.2	1.1	6.4	6.5	7.2	7.3
China Coal Energy	1898 HK	Hong Kong	75.8	(5.8)	7.0	7.4	0.6	0.6	5.1	5.1	4.1	3.9
Indo Tambangraya Megah	ITMG IJ	Indonesia	na	(2.9)	7.7	7.9	1.3	1.3	3.4	3.6	7.4	10.5
Bukit Asam Tbk PT	PTBA IJ	Indonesia	33.7	(1.1)	8.0	8.1	1.4	1.3	4.7	4.6	6.2	7.7
Semirara Mining Corp.	SCC PM	Philippines	85.2	21.1	8.7	7.2	1.4	1.3	5.2	4.5	9.1	10.0
Banpu Pcl *	BANPU TB	Thailand	na	22.2	10.3	8.4	1.2	1.1	7.2	6.4	4.9	5.9
Average			**41.5**	**5.7**	**8.8**	**8.9**	**1.1**	**1.0**	**5.9**	**5.0**	**5.7**	**6.3**

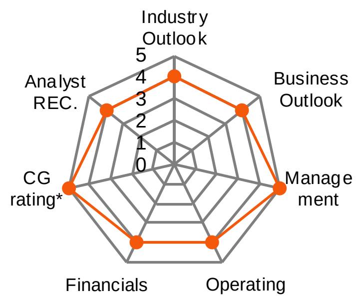
Sources: Bloomberg, * Thanachart estimates
Based on 16 June 2021 closing prices

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)	15.25	23.00	51%
Net profit 21F (Bt m)	6,564	7,533	15%
Net profit 22F (Bt m)	6,409	9,207	44%
Consensus REC	**BUY: 8**	**HOLD: 3**	**SELL: 3**

HOW ARE WE DIFFERENT FROM THE STREET?

- We are 15% and 44% ahead of consensus on 2021-22F earnings, likely due to higher coal price assumption
- Our TP is consequently 51% higher than the Street's.

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

Strong earnings turnaround in 2021-22F driven by higher coal and gas prices

We expect leverage to gradually come down

INCOME STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	85,718	71,332	89,366	96,240	94,547
Cost of sales	63,737	57,768	55,324	58,123	58,573
Gross profit	**21,981**	**13,564**	**34,042**	**38,118**	**35,975**
% gross margin	25.6%	19.0%	38.1%	39.6%	38.0%
Selling & administration expenses	21,059	17,128	19,762	21,495	21,301
Operating profit	**922**	**(3,564)**	**14,280**	**16,622**	**14,674**
% operating margin	1.1%	-5.0%	16.0%	17.3%	15.5%
Depreciation & amortization	10,535	13,543	15,623	17,134	18,115
EBITDA	**11,457**	**9,979**	**29,903**	**33,757**	**32,788**
% EBITDA margin	13.4%	14.0%	33.5%	35.1%	34.7%
Non-operating income	5,367	2,309	1,154	1,052	1,038
Non-operating expenses	(168)	(199)	(320)	(320)	(300)
Interest expense	(5,657)	(5,420)	(7,356)	(6,991)	(7,173)
Pre-tax profit	**463**	**(6,874)**	**7,758**	**10,363**	**8,239**
Income tax	2,436	269	3,103	4,145	3,296
After-tax profit	**(1,973)**	**(7,143)**	**4,655**	**6,218**	**4,943**
% net margin	-2.3%	-10.0%	5.2%	6.5%	5.2%
Shares in affiliates' Earnings	6,444	4,239	5,518	6,302	6,896
Minority interests	(1,905)	(1,217)	(2,640)	(3,312)	(3,011)
Extraordinary items	(2,962)	2,336	0	0	0
NET PROFIT	**(395)**	**(1,786)**	**7,533**	**9,207**	**8,829**
Normalized profit	**2,567**	**(4,122)**	**7,533**	**9,207**	**8,829**
EPS (Bt)	(0.1)	(0.3)	1.5	1.8	1.7
Normalized EPS (Bt)	0.5	(0.8)	1.5	1.8	1.7

BALANCE SHEET

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
ASSETS:					
Current assets:	41,095	47,301	45,120	47,176	46,764
Cash & cash equivalent	16,388	23,777	16,836	16,836	16,836
Account receivables	7,415	7,482	8,569	9,229	9,066
Inventories	4,782	3,935	4,547	4,777	4,814
Others	12,510	12,107	15,168	16,335	16,047
Investments & loans	49,711	51,389	54,404	58,109	58,705
Net fixed assets	58,796	77,523	82,015	84,010	85,041
Other assets	93,710	105,435	105,620	113,736	111,934
Total assets	**243,312**	**281,648**	**287,159**	**303,031**	**302,444**
LIABILITIES:					
Current liabilities:	47,026	66,405	44,031	46,496	44,733
Account payables	1,798	2,025	985	1,035	1,043
Bank overdraft & ST loans	13,716	24,856	15,302	15,690	14,979
Current LT debt	16,417	24,520	11,018	11,297	10,785
Others current liabilities	15,095	15,003	16,726	18,474	17,926
Total LT debt	**103,749**	**112,559**	**126,703**	**129,912**	**124,024**
Others LT liabilities	13,084	18,129	24,341	26,205	25,939
Total liabilities	**163,859**	**197,092**	**195,076**	**202,613**	**194,695**
Minority interest	18,286	22,211	24,851	28,163	31,174
Preferreds shares	0	0	0	0	0
Paid-up capital	5,162	5,075	5,075	5,075	5,075
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**	**66,134**	**71,156**	**75,476**
Shareholders' equity	61,167	62,344	67,233	72,255	76,575
Liabilities & equity	**243,312**	**281,648**	**287,159**	**303,031**	**302,444**

Sources: Company data, Thanachart estimates

BANPU generates high cash flows from operation

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	463	(6,874)	7,758	10,363	8,239
Tax paid	(2,587)	(543)	(2,942)	(4,193)	(3,266)
Depreciation & amortization	10,535	13,543	15,623	17,134	18,115
Chg In working capital	3,509	1,006	(2,739)	(839)	133
Chg In other CA & CL / minorities	(7,019)	7,560	4,019	6,931	6,606
Cash flow from operations	**4,901**	**14,692**	**21,719**	**29,396**	**29,827**
Capex	(8,995)	(32,269)	(20,000)	(19,000)	(19,000)
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)	6,213	(6,082)	1,691
Cash flow from investments	**12,592**	**(40,863)**	**(17,103)**	**(29,087)**	**(18,206)**
Debt financing	428	30,596	(8,912)	3,876	(7,112)
Capital increase	0	(87)	0	0	0
Dividends paid	(3,613)	(2,030)	(2,645)	(4,185)	(4,509)
Warrants & other surplus	(17,885)	5,080	0	0	0
Cash flow from financing	**(21,070)**	**33,559**	**(11,557)**	**(309)**	**(11,621)**
Free cash flow	**(4,093)**	**(17,578)**	**1,719**	**10,396**	**10,827**

BANPU looks attractive at current valuation

VALUATION

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	30.8	na	10.3	8.4	8.8
Normalized PE - at target price (x)	46.3	na	15.5	12.7	13.2
PE (x)	na	na	10.3	8.4	8.8
PE - at target price (x)	na	na	15.5	12.7	13.2
EV/EBITDA (x)	17.1	21.7	7.2	6.4	6.4
EV/EBITDA - at target price (x)	20.6	25.6	8.5	7.6	7.6
P/BV (x)	1.3	1.2	1.2	1.1	1.0
P/BV - at target price (x)	1.9	1.9	1.7	1.6	1.5
P/CFO (x)	16.1	5.3	3.6	2.6	2.6
Price/sales (x)	0.9	1.1	0.9	0.8	0.8
Dividend yield (%)	3.9	2.0	4.9	5.9	5.7
FCF Yield (%)	(5.2)	(22.4)	2.2	13.4	13.9
(Bt)					
Normalized EPS	0.5	(0.8)	1.5	1.8	1.7
EPS	(0.1)	(0.3)	1.5	1.8	1.7
DPS	0.6	0.3	0.7	0.9	0.9
BV/share	11.8	12.3	13.2	14.2	15.1
CFO/share	0.9	2.9	4.3	5.8	5.9
FCF/share	(0.8)	(3.4)	0.3	2.0	2.1

Sources: Company data, Thanachart estimates

We expect improvement in operating metrics due mainly to higher coal and gas prices

FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Growth Rate					
Sales (%)	(24.0)	(16.8)	25.3	7.7	(1.8)
Net profit (%)	na	na	na	22.2	(4.1)
EPS (%)	na	na	na	22.2	(4.1)
Normalized profit (%)	(74.4)	na	na	22.2	(4.1)
Normalized EPS (%)	(74.4)	na	na	22.2	(4.1)
Dividend payout ratio (%)	(783.6)	(85.2)	50.0	50.0	50.0
Operating performance					
Gross margin (%)	25.6	19.0	38.1	39.6	38.0
Operating margin (%)	1.1	(5.0)	16.0	17.3	15.5
EBITDA margin (%)	13.4	14.0	33.5	35.1	34.7
Net margin (%)	(2.3)	(10.0)	5.2	6.5	5.2
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	1.2
Interest coverage - EBIT (x)	0.2	na	1.9	2.4	2.0
Interest coverage - EBITDA (x)	2.0	1.8	4.1	4.8	4.6
ROA - using norm profit (%)	1.0	na	2.6	3.1	2.9
ROE - using norm profit (%)	3.6	na	11.6	13.2	11.9
DuPont					
ROE - using after tax profit (%)	na	na	7.2	8.9	6.6
- asset turnover (x)	0.3	0.3	0.3	0.3	0.3
- operating margin (%)	7.1	na	16.9	18.0	16.3
- leverage (x)	3.6	4.3	4.4	4.2	4.1
- interest burden (%)	7.6	472.7	51.3	59.7	53.5
- 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)	4.3	4.9	4.1
NOPAT (Bt m)	(3,927)	(3,564)	8,568	9,973	8,804
invested capital (Bt m)	178,661	200,502	203,420	212,318	209,526

Sources: Company data, Thanachart estimates

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