Banpu Public Co Ltd (BANPU TB) - BUY

News Update

Chak Reungsinpinya | Email: chak.reu@thanachartsec.co.th

Investment in US gas-fired power plant

- **BANPU to hold 89% effective interest in a Texas power plant**
- **768MW capacity for $430m consideration**
- **Expect profit contribution of Bt700m p.a. to BANPU**
- **Likely the first of many deals to come**

- BANPU announced it is buying a gas-fired power plant in Texas, USA. We see the deal as earnings/value accretive and another step towards a greener portfolio mix. Maintain BUY.
- The asset: The asset is a 768MW combined-cycle gas-fired power plant in Bell County, Texas. The plant has been in operation since July 2014 and is operating in ERCOT (Electric Reliability Council of Texas) power market. The acquisition price is $430m
- Deal structure: BANPU is investing indirectly via two subsidiaries that will give it 89% effective ownership. Half of the investment will be made by its 79%-owned utilities subsidiary Banpu Power (BPP TB, BUY, TP Bt22.50, covered by Nuttapop Prasitsuksant). The other half of the investment will be made by BKV Corp, BANPU's 96%-owned subsidiary that current engages in natural gas exploration and production in the US. We believe financing will be 60% debt and 40% equity.
- Earnings impacts: We estimate earnings contribution of Bt700m for BANPU on a full-year basis. This is equivalent to 8% of our 2022F profit forecast.
- We believe this is the first of many such deals in the near future.

Key Valuations

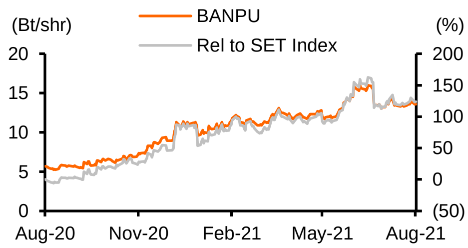
Y/E Dec (Bt m)	2020	2021F	2022F	2023F
Revenue	71,332	89,366	96,240	94,547
Net profit	(1,786)	7,533	9,207	8,829
Norm net profit	(4,122)	7,533	9,207	8,829
Norm EPS (Bt)	(0.8)	1.5	1.8	1.7
Norm EPS gr (%)	na	na	22.2	(4.1)
Norm PE (x)	na	9.2	7.5	7.8
EV/EBITDA (x)	20.8	6.9	6.2	6.2
P/BV (x)	1.1	1.0	1.0	0.9
Div. yield (%)	2.2	5.5	6.7	6.4
ROE (%)	na	11.6	13.2	11.9
Net D/E (%)	163.4	147.9	139.5	123.4

Source: Thanachart estimates

Stock Data

Closing price (Bt)	13.60
Target price (Bt)	23.00
Market cap (US$ m)	2,069
Avg daily turnover (US$ m)	47.8
12M H/L price (Bt)	16.00/5.25

Price Performance



Source: Bloomberg

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