BEC World Pcl (BEC TB) - BUY, Price Bt13.10, TP Bt17.00

Results Comment

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Strong 2Q21, slightly below expected

- BEC posted a norm profit of Bt188m in 2Q21, growing by 33% q-q and turnaround from a norm loss of Bt267m in 2Q20. This was lower than our and the market's estimate on higher administrative expense. Revenue and gross margin were strong as expected.
- Key drivers for 2Q21 were higher advertising income, higher content sales, and a lower cost base from cost-cutting efforts.
- Despite Covid-19 third outbreak, BEC's advertising income in 2Q21 (accounts for 81% of total revenue) increased by 38% y-y and 4% q-q, thanks to BEC's major program reshuffle in May this year after the return of anchor news reporter Mr. Sorayuth Suthassanachinda.
- Copyright and sales of goods revenues in 2Q21 (accounts for 19% of total revenue) was flat y-y and increased by 111% q-q. The copyright revenue was generated from the activities of selling copyright of BEC's programs to overseas and revenues from online platform.
- Operating profit margin increased to 16.6% in 2Q21 vs. -17.7% in 2Q20 and 14.4% in 1Q21. The margin improvement was mainly resulted from operating leverage and BEC's cost cut through a decline in production expense, airtime slot adjustment, and downsizing the organization
- 6M21 accounts for 37% of our full year projection. We expect Stronger earnings in 2H21F supported by a full quarter of program reshuffling and higher content sales recognition. We now see only 5% downside to our 2021 full year forecast. Maintain BUY.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21
Revenue	1,184	1,323	1,718	1,308	1,505
Gross profit	**163**	**372**	**702**	**335**	**457**
SG&A	374	282	318	146	207
Operating profit	(210)	90	384	188	250
EBITDA	**296**	**548**	**860**	**727**	**828**
Other income	14	8	14	11	12
Other expense	0	0	0	0	0
Interest expense	30	30	28	24	24
Profit before tax	**(226)**	**68**	**370**	**175**	**238**
Income tax	78	25	46	33	50
Equity & invest. income	(1)	(0)	(0)	0	0
Minority interests	38	17	4	(0)	0
Extraordinary items	0	0	(68)	(3)	(4)
Net profit	**(267)**	**60**	**259**	**139**	**185**
Normalized profit	**(267)**	**60**	**327**	**142**	**188**
EPS (Bt)	(0.13)	0.03	0.13	0.07	0.09
Normalized EPS (Bt)	(0.13)	0.03	0.16	0.07	0.09

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	15	27	47	6,022	6,891
Gross profit	**36**	**180**	**44**	**1,787**	**2,204**
SG&A	42	(45)	59	596	644
Operating profit	33	na	37	1,191	1,559
EBITDA	**14**	**180**	**47**	**3,285**	**3,655**
Other income	12	(14)	77	30	34
Other expense					
Interest expense	(0)	(19)	49	99	100
Profit before tax	**36**	**na**	**37**	**1,122**	**1,494**
Income tax	49	(37)	37	224	299
Equity & invest. income					
Minority interests					
Extraordinary items					
Net profit	**33**	**na**	**36**	**898**	**1,195**
Normalized profit	**33**	**na**	**37**	**898**	**1,195**
EPS (Bt)	33	na	36	0.45	0.60
Normalized EPS (Bt)	33	na	37	0.45	0.60

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21
Cash & ST investment	2,597	2,751	2,598	3,057	3,588
A/C receivable	1,111	1,148	1,117	934	937
Inventory	4	4	2	2	2
Other current assets	156	202	171	65	110
Investment	27	27	0	0	0
Fixed assets	315	304	268	243	209
Other assets	6,135	5,841	5,362	5,424	5,094
Total assets	**10,346**	**10,277**	**9,519**	**9,727**	**9,941**
S-T debt	338	348	0	0	2,999
A/C payable	564	710	474	516	535
Other current liabilities	733	505	344	378	376
L-T debt	2,999	2,999	2,999	2,999	0
Other liabilities	624	600	293	281	285
Minority interest	27	10	0	0	0
Shareholders' equity	**5,062**	**5,106**	**5,409**	**5,552**	**5,746**
Working capital	550	442	645	420	404
Total debt	3,336	3,347	2,999	2,999	2,999
Net debt	**739**	**596**	**401**	**(58)**	**(588)**

Financial Ratios					
(%)	2Q20	3Q20	4Q20	1Q21	2Q21
Sales growth	(43.4)	(39.0)	(15.1)	(20.1)	27.1
Operating profit growth	na	na	na	na	na
EBITDA growth	(51.2)	(1.5)	51.7	82.4	179.6
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	13.8	28.1	40.8	25.6	30.4
Operating margin	(17.7)	6.8	22.3	14.4	16.6
EBITDA margin	25.0	41.4	50.1	55.6	55.0
Norm net margin	(22.5)	4.5	19.0	10.9	12.5
D/E (x)	0.7	0.7	0.6	0.5	0.5
Net D/E (x)	0.1	0.1	0.1	(0.0)	(0.1)
Interest coverage (x)	9.9	18.5	30.9	30.1	34.3
Interest rate	3.6	3.5	3.5	3.2	3.2
Effective tax rate	(34.8)	36.6	12.5	19.0	20.9
ROA	(9.9)	2.3	13.2	5.9	7.7
ROE	(20.5)	4.7	24.9	10.4	13.3

Sources: Company data, Thanachart estimates

B.Grimm Power Pcl (BGRIM TB) - BUY, Price Bt42.5, TP Bt52

Results Comment

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Strong 2Q21's profit, much better-than-expected

- BGRIM reported a normalized profit at Bt840m, up 27% y-y and 35% q-q. The strong growth was driven mainly by stronger power demand from industrial users as their production getting recovered from easing Covid-19 impacts.
- Total revenue grew 2% y-y and 10% q-q to Bt11.5bn in 2Q21. The growth y-y was since higher electricity sold to IUs (from recovery of industrial activities and expanding customer base) more than offset a slight drop of volume sold to EGAT. The strong q-q growth was from lower maintenance days.
- Gross margin improved to 22.6% in 2Q21, from 22.3% in 1Q20 and 19.7% in 2Q20, thanks to a plant efficiency improvement program and a higher revenue mix from solar farms those outweighed negative impact from a rise in gas cost.
- A good cost control was another major earnings driver. Total SG&A fell 13% y-y (flat q-q) to Bt409m in 2Q21. Total SG&A-to-sales ratio thus came down to 3.6% this quarter, from 3.9% in 1Q21 and 4.2% in 2Q20, given a much stronger revenue.
- BGRIM announces Bt0.15/share interim dividend with an XD date of 26 August with a payment date on 10 September 2021.
- We foresee some upside to our earnings forecast this year as its 1H21's profit already made up 53% of our number, while we expect BGRIM's earnings to still be strong in 2H21F from rising electricity sold to IU and contribution from upcoming M&As.
- We maintain BUY.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21
Revenue	11,243	11,186	10,435	10,453	11,475
Gross profit	**2,210**	**2,449**	**2,267**	**2,326**	**2,590**
SG&A	470	478	599	411	409
Operating profit	1,740	1,972	1,667	1,915	2,181
EBITDA	**3,144**	**3,377**	**3,061**	**3,227**	**3,499**
Other income	76	40	42	28	45
Other expense	0	0	0	0	0
Interest expense	731	738	820	889	715
Profit before tax	**1,085**	**1,274**	**889**	**1,054**	**1,511**
Income tax	20	59	100	110	128
Equity & invest. income	27	(10)	15	50	(9)
Minority interests	(428)	(500)	(287)	(370)	(534)
Extraordinary items	696	(547)	59	(13)	181
Net profit	**1,360**	**158**	**576**	**611**	**1,021**
Normalized profit	**663**	**705**	**517**	**624**	**840**
EPS (Bt)	0.52	0.06	0.22	0.23	0.39
Normalized EPS (Bt)	0.25	0.27	0.20	0.24	0.32

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	10	2	48	45,521	51,910
Gross profit	**11**	**17**	**50**	**9,776**	**11,918**
SG&A	(0)	(13)	42	1,960	2,261
Operating profit	14	25	52	7,816	9,657
EBITDA	**8**	**11**	**51**	**13,181**	**15,691**
Other income	63	(41)	28	259	295
Other expense			na	0	0
Interest expense	(20)	(2)	48	3,347	3,966
Profit before tax	**43**	**39**	**54**	**4,728**	**5,986**
Income tax	16	523	50	473	599
Equity & invest. income	na	na	98	42	27
Minority interests	na	na	58	(1,546)	(1,982)
Extraordinary items	na	(74)	na	0	0
Net profit	**67**	**(25)**	**59**	**2,751**	**3,433**
Normalized profit	**35**	**27**	**53**	**2,751**	**3,433**
EPS (Bt)	67	(25)	59	1.06	1.32
Normalized EPS (Bt)	35	27	53	1.06	1.32

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21
Cash & ST investment	20,872	20,334	20,389	21,764	23,505
A/C receivable	7,485	7,448	6,818	5,589	8,280
Inventory	1,035	1,037	1,033	1,079	1,109
Other current assets	1,592	1,578	1,638	1,686	1,595
Investment	1,364	1,247	1,070	1,079	1,099
Fixed assets	76,888	78,326	80,300	81,341	82,687
Other assets	16,930	17,008	19,447	20,612	20,872
Total assets	**126,167**	**126,978**	**130,696**	**133,151**	**139,147**
S-T debt	3,379	11,086	20,785	20,606	17,434
A/C payable	18,904	11,843	5,641	6,444	6,085
Other current liabilities	520	411	567	1,207	597
L-T debt	60,273	59,669	58,361	58,473	68,066
Other liabilities	6,315	6,225	6,038	5,275	5,894
Minority interest	10,030	10,563	11,834	12,170	12,282
Shareholders' equity	**26,746**	**27,181**	**27,470**	**28,975**	**28,788**
Working capital	(10,384)	(3,358)	2,210	225	3,305
Total debt	63,652	70,756	79,146	79,080	85,500
Net debt	**42,780**	**50,422**	**58,756**	**57,316**	**61,995**

Financial Ratios					
(%)	2Q20	3Q20	4Q20	1Q21	2Q21
Sales growth	3.5	(4.8)	(7.3)	(6.9)	2.1
Operating profit growth	5.8	(1.1)	15.0	3.4	25.3
EBITDA growth	14.3	2.6	10.5	1.3	11.3
Norm profit growth	34.4	0.7	21.8	(7.4)	26.6
Norm EPS growth	34.4	0.7	21.8	(7.4)	26.6
Gross margin	19.7	21.9	21.7	22.3	22.6
Operating margin	15.5	17.6	16.0	18.3	19.0
EBITDA margin	28.0	30.2	29.3	30.9	30.5
Norm net margin	5.9	6.3	5.0	6.0	7.3
D/E (x)	1.7	1.9	2.0	1.9	2.1
Net D/E (x)	1.2	1.3	1.5	1.4	1.5
Interest coverage (x)	4.3	4.6	3.7	3.6	4.9
Interest rate	4.5	4.4	4.4	4.5	3.5
Effective tax rate	1.9	4.6	11.2	10.4	8.4
ROA	2.1	2.2	1.6	1.9	2.5
ROE	9.9	10.5	7.6	8.8	11.6

Sources: Company data, Thanachart estimates