

CK Power Pcl (CKP TB) - BUY, Price Bt5.65, TP Bt7.50

Results Comment

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Strong 2Q21 profit, despite slightly lower-than-expected

- CKP reported normalized profit, excluding FX gain, at Bt700m in 2Q21, a strong improvement from a loss-making quarter last year and increased 6.7x from previous quarter. This comes in slightly weaker than we'd earlier expected due to a hidden FX loss in shared profit from Xayaburi project.
- Total revenue was at B2.18bn in 2Q21, up 27% y-y and 10% q-q, mainly due to stronger power generation from Nam-Ngum 2 hydropower plant. Contribution from BIC SPP-plant was weak this quarter as it went down for a planned maintenance.
- Total SG&A expense went up 26% y-y and 11% q-q to Bt127m in 2Q21, as the company joined in various CSR campaign to alleviate Covid-19 impacts on the locals.
- EBITDA thus grew 105% y-y and 13% q-q, thanks to a strong output from the hydropower project.
- Equity income increased significantly to Bt532m this quarter, mainly from strong power generation from Xayaburi project, vs. the loss last year due to the drought and improved q-q from higher rainfall this quarter.
- We expect strong earnings growth continues into 3Q21F as it would be the peak season for hydropower output. Note that CKP has increased its stakes in Xayaburi project to 42.5% (from 37.5%), such that a higher share profit would be seen from 3Q21F onward. We maintain BUY.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	1,711	2,013	1,334	1,985	2,180	Revenue	10	27	47	8,940	8,867
Gross profit	151	493	(76)	525	636	Gross profit	21	321	38	3,058	2,828
SG&A	101	100	121	115	127	SG&A	11	26	56	434	467
Operating profit	50	393	(196)	411	509	Operating profit	24	914	35	2,624	2,361
EBITDA	438	785	197	797	900	EBITDA	13	105	40	4,240	3,991
Other income	120	118	119	116	116	Other income	0	(4)	45	517	458
Other expense						Other expense			na		
Interest expense	243	244	255	262	267	Interest expense	2	10	55	963	867
Profit before tax	(73)	267	(333)	264	357	Profit before tax	35	na	29	2,179	1,951
Income tax	(6)	5	(9)	8	16	Income tax	101	na	34	70	127
Equity & invest. income	(88)	679	145	(32)	532	Equity & invest. income	na	na	50	993	1,267
Minority interests	68	(120)	190	(120)	(173)	Minority interests	na	na	26	(1,126)	(1,001)
Extraordinary items	(9)	11	(4)	11	7	Extraordinary items	(35)	na	na		
Net profit	(95)	831	8	115	707	Net profit	517	na	42	1,976	2,091
Normalized profit	(86)	821	12	104	700	Normalized profit	574	na	41	1,976	2,091
EPS (Bt)	(0.01)	0.10	0.00	0.01	0.09	EPS (Bt)	517	na	42	0.24	0.26
Normalized EPS (Bt)	(0.01)	0.10	0.00	0.01	0.09	Normalized EPS (Bt)	574	na	41	0.24	0.26
Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21	(%)	2Q20	3Q20	4Q20	1Q21	2Q21
Cash & ST investment	4,731	5,616	8,901	5,935	6,367	Sales growth	(21.4)	9.2	(31.8)	21.3	27.4
A/C receivable	1,285	1,437	1,054	1,512	1,705	Operating profit growth	(86.5)	208.2	na	1,234.0	913.8
Inventory						EBITDA growth	(40.2)	58.5	(66.9)	90.7	105.5
Other current assets	556	682	611	1,255	918	Norm profit growth	na	2,701.3	na	na	na
Investment	11,622	12,118	12,711	14,516	16,667	Norm EPS growth	na	2,644.4	na	na	na
Fixed assets	9,019	9,025	8,919	8,814	8,697	Gross margin	8.8	24.5	(5.7)	26.5	29.2
Other assets	35,687	35,202	34,842	34,454	34,074	Operating margin	2.9	19.5	(14.7)	20.7	23.3
Total assets	62,899	64,080	67,038	66,487	68,429	EBITDA margin	25.6	39.0	14.8	40.1	41.3
S-T debt	6,533	6,534	5,544	5,544	1,539	Norm net margin	(5.0)	40.8	0.9	5.2	32.1
A/C payable	646	689	620	825	849	D/E (x)	0.8	0.8	0.9	0.9	0.8
Other current liabilities	99	100	111	109	1,895	Net D/E (x)	0.7	0.6	0.6	0.7	0.7
L-T debt	20,726	21,211	24,961	24,445	28,198	Interest coverage (x)	1.8	3.2	0.8	3.0	3.4
Other liabilities	742	753	764	768	791	Interest rate	3.6	3.5	3.5	3.5	3.6
Minority interest	11,513	11,489	11,264	11,225	11,347	Effective tax rate	8.2	2.0	2.8	3.0	4.5
Shareholders' equity	22,642	23,305	23,774	23,571	23,812	ROA	(0.5)	5.2	0.1	0.6	4.2
Working capital	639	748	434	687	856	ROE	(1.5)	14.3	0.2	1.8	11.8
Total debt	27,259	27,745	30,505	29,989	29,736						
Net debt	22,528	22,129	21,605	24,054	23,369						

Sources: Company data, Thanachart estimates

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