

## BG Container Glass Pcl (BGC TB) - BUY

Siriporn Arunothai | Email: Siriporn.aru@thanachartsec.co.th

News update

### Restructuring of its utility business

- **BGC will swap SPM shares with BGE shares.**
  - **After all transaction completes, BGC will hold 19.9% in BGE.**
  - **We have a Neutral view for the transaction.**
  - **Maintain BUY at TP of Bt13.5.**
- BGC will swap Solar Power Management (SPM) shares with BG Energy Solution (BGE) shares. After the share swap, BGE will hold 100% stake in SPM and BGC will hold 27.27% in BGE.
  - BGC will sell 7.35% stake in BGE (after the share swap completes) to its parent "Bangkok Glass Pcl. (BG)". BGC thus will hold 19.9% stake in BGE.
  - SPM will enter into a loan agreement with BGE in the amount of not exceeding Bt270m in order to provide funding to SPM to repay debt to BGC.
  - SPM holds 67% stake in Phu Khanh Solar Power Joint Stock Company (PKS) who develops two solar power projects in Vietnam with a total capacity of 110 MW under 20-year contracts.
  - BGE operates renewable energy business including 11 projects solar rooftop projects with total capacity of 18.87 MW, 2 solar power plant projects in Vietnam with total capacity of 110 MW under 20-year contracts through 70% stake in MY SON 1 & MY SON 2; and 1 solar rooftop and 1 Organic Rankine Cycle (ORC) with a total capacity 3.82 MW through 75 % stake in BG ENSYS Company Limited (BGES).

We have Neutral view for the transaction.

1. SPM's swap price at Bt167.50 per BGE shares, implying total transaction value of Bt1.26bn (7.5 m BGE shares) vs. BGC's investment cost for SPM at Bt1.13bn. BGC will thus have net after-tax gain from the transaction of Bt120m which is likely to be booked in 4Q21.
2. We see profit contribution to BGC for pre and post transactions is not much different. Though BGC's earnings contribution from BGE is lower than SPM, BGC will receive cash of Bt608m from the disposal of BGE shares and SPM's loan repayment to reinvest in its core packaging business and new earnings contribution from its new investment will also help to add BGC's earnings.

### Key Valuations

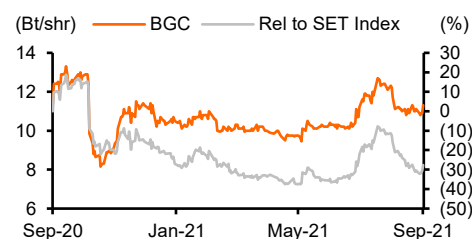
Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	10,968	12,336	13,483	14,082
Net profit	516	583	663	739
Norm net profit	516	583	663	739
Norm EPS (Bt)	0.7	0.8	1.0	1.1
Norm EPS gr (%)	0.9	12.8	13.8	11.4
Norm PE (x)	15.2	13.5	11.8	10.6
EV/EBITDA (x)	6.8	6.7	6.4	5.9
P/BV (x)	1.5	1.5	1.4	1.3
Div. yield (%)	4.1	4.5	5.1	5.6
ROE (%)	10.3	11.1	12.1	12.7
Net D/E (%)	151.4	148.8	139.1	120.6

Source: Thanachart estimates

### Stock Data

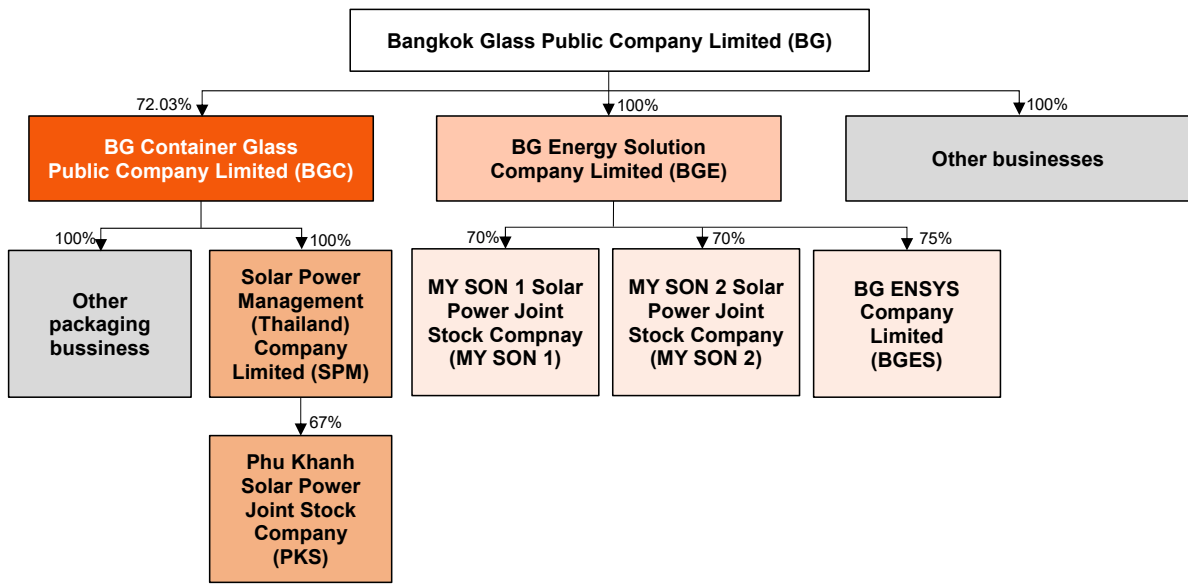
Closing price (Bt)	11.30
Target price (Bt)	13.50
Market cap (US\$ m)	240.2
Avg daily turnover (US\$ m)	1.8
12M H/L price (Bt)	13.40 / 8.15

### Price Performance



Source: Bloomberg

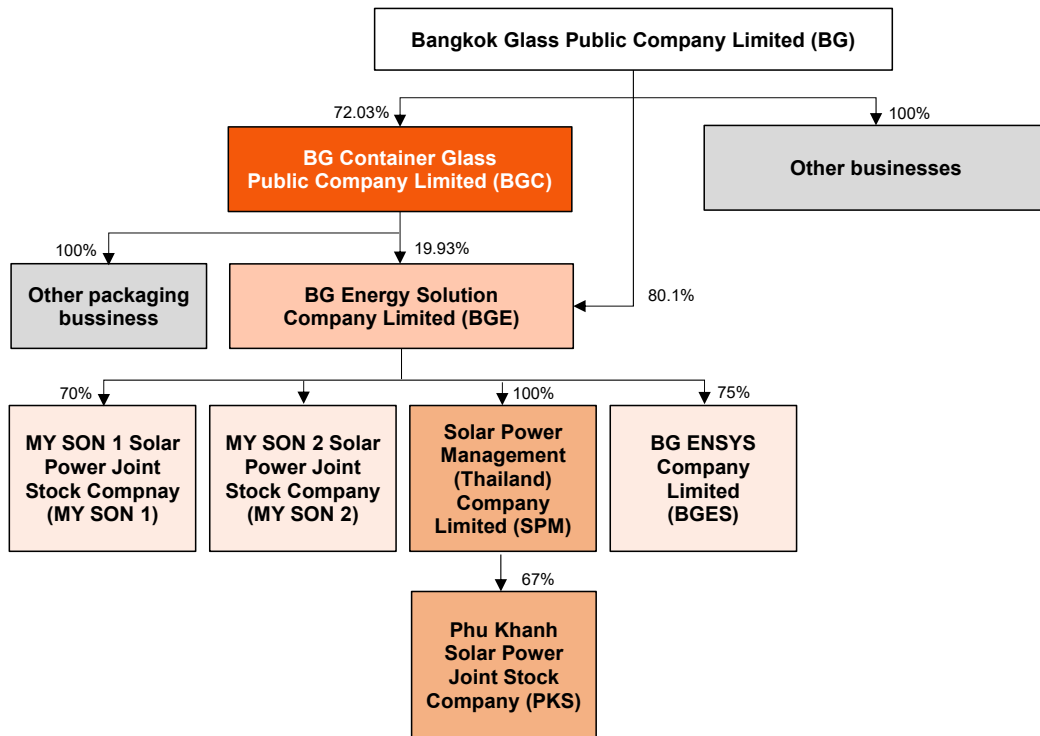
Ex 1: Shareholding Structure Before the transaction



- XT 1 and XT 2

Source: Company data

Ex 2: Shareholding Structure Post transaction



- XT 1 and XT 2

Source: Company data

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