

## CK Power Pcl (CKP TB) - BUY

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## News update

## Strong output in the peak month

- **Generation from hydropower plants grew 6% y-y**
- **XPCL hit a monthly new-high**
- **Some downside on the NN-2 project**
- **Still expect strong earnings trend in 3Q21F**

Total electricity generation from two hydropower plants increased 6% y-y and 25% m-m to 1,138GWh in August, which is a seasonally peak month for electricity generation from hydropower in Indochina region. Water flow in Mekong River reached a similar level to the last year's peak. However, Nam Ngum River had a lower water inflow compared to the same period last year, which we foresee it as a small downside to our 4Q21F's earnings forecast. Operation of gas-fired SPP plant improved slightly m-m with higher power demand from industrial users.

- **Xayaburi (XPCL, hydro, 482MW):** XPCL generated 897GWh of electricity in August, up 4% y-y and 18% q-q. This was in-line with our expectation backed by higher water availability this year. Average water flow rate was at 5,210 cm/s this month, 2% weaker than last year.
- **Nam Ngum 2 (NN2, hydro, 283MW):** Electricity delivered by NN2 was at 241GWh in August, up 13% y-y and 61% m-m. Having said that, water inflow to its reservoir looked weak at only 878MCM during this peak month, which was 37% lower than the same period last year. This creates only minimal impact to CKP's 3Q21F earnings, but we foresee some downside to NN2's power generation in 4Q21F from this lower-than-expected water inflow.
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** Electricity sale was flat y-y but grew 4% m-m to 136GWh, likely from a recovery of industrial activities given easing Covid-19 measures from the government. Steam sale continued to drop 10%, compared to the same period last year.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from its solar farms increased 36% y-y to 1.89GWh this August, thanks to higher generation efficiency after CKP has done upgrading solar panels in all its projects.

## Key Valuations

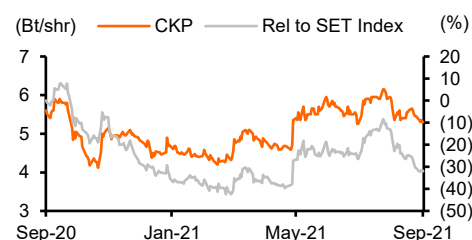
Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	6,695	8,642	8,821	8,923
Net profit	405	2,043	2,210	2,207
Norm net profit	394	2,043	2,210	2,207
Norm EPS (Bt)	0.0	0.3	0.3	0.3
Norm EPS gr (%)	53.0	418.6	8.2	(0.1)
Norm PE (x)	109.4	21.1	19.5	19.5
EV/EBITDA (x)	35.2	19.0	18.4	18.3
P/BV (x)	1.8	1.7	1.6	1.6
Div. yield (%)	0.7	1.9	2.6	3.1
ROE (%)	1.7	8.3	8.5	8.2
Net D/E (%)	61.7	53.8	47.1	48.4

Source: Thanachart estimates

## Stock Data

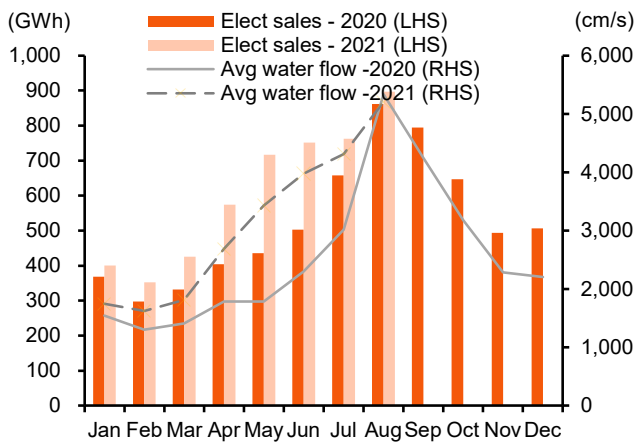
Closing price (Bt)	5.30
Target price (Bt)	7.50
Market cap (US\$ m)	1,318.9
Avg daily turnover (US\$ m)	4.2
12M H/L price (Bt)	6.15/4.12

## Price Performance



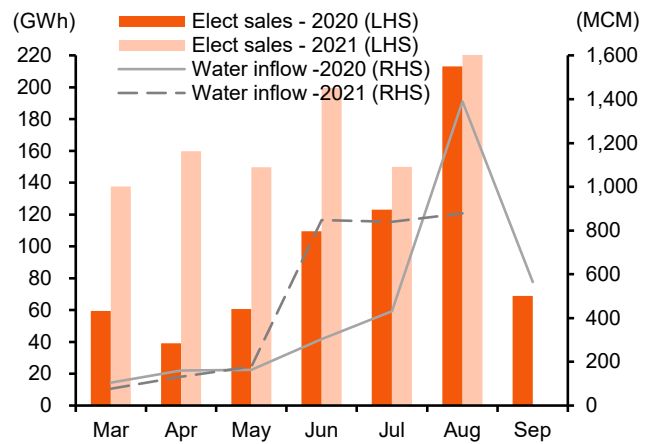
Source: Bloomberg

**Ex 1: Strong Output From XPCL As Expected**



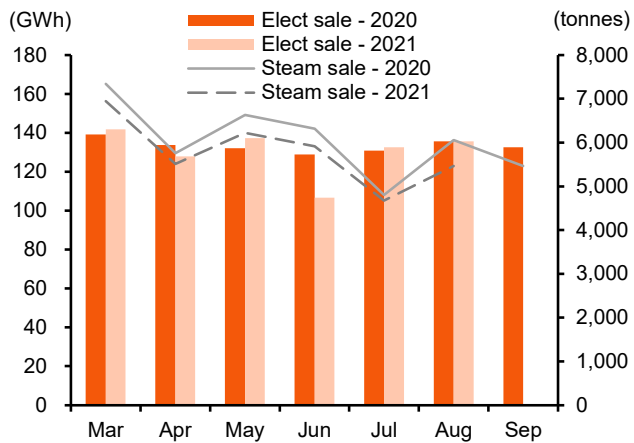
Source: Company data

**Ex 2: Weak Water Inflow To NN2 Project In August**



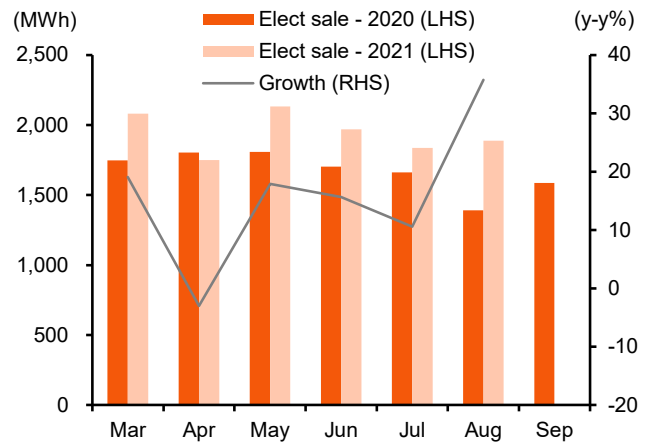
Source: Company data

**Ex 3: Not Much Changes To SPP Plant's Performance**



Source: Company data

**Ex 4: Higher Generation Efficiency In Solar Plants**



Source: Company data

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