

B.Grimm Power Pcl (BGRIM TB) - BUY, Price Bt41.00, TP Bt54.00**Results Comment**

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

Weak 3Q21 profit, in-line

- BGRIM reported Bt571m normalized profit (excluded loss on FX) in 3Q21, down 23% y-y and 44% q-q in a like-for-like basis due to a strong surge in domestic gas price and a planned maintenance in three of its plants. Interest expense also rose significantly as BGRIM starts to convert its bridging loans in recently completed projects into higher-cost long-term debts.
- Gross profit dropped 13% y-y and 18% q-q to Bt2.1bn in 3Q21 as impacts from a rise of domestic gas price to Bt268/mmbtu (+14% y-y and +12% q-q) and a higher maintenance cost given planned overhaul in its three gas-fired SPP plants.
- This is despite electricity volume sold to industrial users (IUs) grew strongly 17% y-y and 2% q-q.
- Total SG&A lowered 14% y-y to Bt413m in 3Q21, thanks to its strong cost control during Covid-19 pandemic. EBITDA thus fell by only 8% y-y and 11% q-q to Bt3.1bn this quarter.
- Despite BGRIM's 9M21 profit already made up 81% of our forecast for 2021F, we maintain our numbers since we expect its profit to be weaker in 4Q21F on continuing surge of domestic gas price.
- As we see a sharp fall in its share price has already reflected this weak earnings trend from rising gas cost, we maintain our BUY rating on BGRIM, expecting its earnings to improve in 1H22F from higher national tariff price and profit contribution from newly acquired projects.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	11,186	10,435	10,453	11,475	11,714	Revenue	2	5	74	45,635	52,003
Gross profit	2,449	2,267	2,326	2,590	2,130	Gross profit	(18)	(13)	69	10,178	11,948
SG&A	478	599	411	409	413	SG&A	1	(14)	69	1,778	2,029
Operating profit	1,972	1,667	1,915	2,181	1,717	Operating profit	(21)	(13)	69	8,401	9,920
EBITDA	3,377	3,061	3,227	3,499	3,112	EBITDA	(11)	(8)	71	13,767	15,959
Other income	40	42	28	45	57	Other income	28	42	71	183	208
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	738	820	889	715	922	Interest expense	29	25	73	3,442	4,053
Profit before tax	1,274	889	1,054	1,511	852	Profit before tax	(44)	(33)	66	5,141	6,075
Income tax	59	100	110	128	55	Income tax	(57)	(6)	57	514	607
Equity & invest. income	(10)	15	50	(9)	14	Equity & invest. income	na	na	131	42	27
Minority interests	(460)	(288)	(348)	(363)	(240)	Minority interests	na	na	53	(1,786)	(1,881)
Extraordinary items	(244)	60	(35)	10	(124)	Extraordinary items	na	na	na	0	0
Net profit	501	576	611	1,021	447	Net profit	(56)	(11)	72	2,882	3,613
Normalized profit	745	516	646	1,011	571	Normalized profit	(44)	(23)	77	2,882	3,613
EPS (Bt)	0.19	0.22	0.23	0.39	0.17	EPS (Bt)	(56)	(11)	72	1.11	1.39
Normalized EPS (Bt)	0.29	0.20	0.25	0.39	0.22	Normalized EPS (Bt)	(44)	(23)	77	1.11	1.39
Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21		3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	20,334	20,389	21,764	23,505	26,830	Sales growth	(4.8)	(7.3)	(6.9)	2.1	4.7
A/C receivable	7,448	6,818	5,589	8,280	8,395	Operating profit growth	(1.1)	15.0	3.4	25.3	(12.9)
Inventory	1,037	1,033	1,079	1,109	1,069	EBITDA growth	2.6	10.5	1.3	11.3	(7.8)
Other current assets	1,578	1,638	1,686	1,595	2,559	Norm profit growth	6.4	21.6	(5.3)	50.0	(23.4)
Investment	1,247	1,070	1,079	1,099	1,016	Norm EPS growth	6.4	21.6	(5.3)	50.0	(23.4)
Fixed assets	78,326	80,300	81,341	82,687	81,496	Gross margin	21.9	21.7	22.3	22.6	18.2
Other assets	17,008	19,447	20,612	20,872	21,146	Operating margin	17.6	16.0	18.3	19.0	14.7
Total assets	126,978	130,696	133,151	139,147	142,512	EBITDA margin	30.2	29.3	30.9	30.5	26.6
S-T debt	11,086	20,785	20,606	17,434	7,855	Norm net margin	6.7	4.9	6.2	8.8	4.9
A/C payable	11,843	5,641	6,444	6,085	6,709	D/E (x)	1.9	2.0	1.9	2.1	2.2
Other current liabilities	411	567	1,207	597	688	Net D/E (x)	1.3	1.5	1.4	1.5	1.5
L-T debt	59,669	58,361	58,473	68,066	80,662	Interest coverage (x)	4.6	3.7	3.6	4.9	3.4
Other liabilities	6,225	6,038	5,275	5,894	6,381	Interest rate	4.4	4.4	4.5	3.5	4.2
Minority interest	10,563	11,834	12,170	12,282	10,803	Effective tax rate	4.6	11.2	10.4	8.4	6.5
Shareholders' equity	27,181	27,470	28,975	28,788	29,414	ROA	2.4	1.6	2.0	3.0	1.6
Working capital	(3,358)	2,210	225	3,305	2,755	ROE	11.1	7.6	9.2	14.0	7.8
Total debt	70,756	79,146	79,080	85,500	88,517						
Net debt	50,422	58,756	57,316	61,995	61,687						

Sources: Company data, Thanachart estimates

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