

CK Power Pcl (CKP TB) - BUY, Price Bt5.15, TP Bt7.50**Results Comment**

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Strong 3Q21 profit, in-line

- CKP reported normalized profit (excluding Bt190m FX gain) at Bt1.05bn in 3Q21, up strongly 35% y-y and 63% q-q, in-line with our forecast. Very strong electricity output from Xayaburi project (XPCL) was more than offset a slightly weaker-than-expected generation from Nam Ngum 2 (NN2).
- Total revenue grew 19% y-y and 10% q-q to Bt2.4bn in 3Q21, driven by higher output from NN2 hydropower plant in its peak quarter and higher electricity volume sale from BIC gas-fired power project.
- Gross profit also improved 43% y-y and 11% q-q to Bt707m, thanks to strong revenue from NN2 while higher volume sale in BIC could offset its lower margin pressured by higher gas cost.
- Higher shared profit from subsidiaries, mainly XPCL, by 33% y-y and 78% q-q was the key earnings growth for driver 3Q21. Stronger output and higher electricity selling price given weaker baht against US dollar were its two major supporting factors.
- We maintain our earnings forecast and our BUY rating on CKP, expecting a positive news from official announcement of a granted PPA for its new major hydropower project as a potential share price catalyst. Having said that, we flag for a weaker profit q-q in 4Q21F due to a seasonally lower output from its hydropower 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	2,013	1,334	1,985	2,180	2,395	Revenue	10	19	76	8,642	8,821
Gross profit	493	(76)	525	636	707	Gross profit	11	43	84	2,227	2,270
SG&A	100	121	115	127	110	SG&A	(14)	9	69	513	550
Operating profit	393	(196)	411	509	597	Operating profit	17	52	88	1,715	1,720
EBITDA	785	197	797	900	1,014	EBITDA	13	29	81	3,330	3,350
Other income	118	119	116	116	113	Other income	(2)	(4)	73	473	411
Other expense						Other expense			na		
Interest expense	244	255	262	267	266	Interest expense	(0)	9	73	1,088	1,018
Profit before tax	267	(333)	264	357	444	Profit before tax	24	67	97	1,100	1,113
Income tax	5	(9)	8	16	26	Income tax	64	379	142	35	72
Equity & invest. income	634	276	(157)	474	846	Equity & invest. income	78	33	71	1,639	1,848
Minority interests	(120)	190	(120)	(173)	(219)	Minority interests	na	na	77	(661)	(679)
Extraordinary items	56	(135)	135	65	190	Extraordinary items	194	242	na		
Net profit	831	8	115	707	1,235	Net profit	75	49	101	2,043	2,210
Normalized profit	776	143	(21)	642	1,045	Normalized profit	63	35	82	2,043	2,210
EPS (Bt)	0.10	0.00	0.01	0.09	0.15	EPS (Bt)	75	49	101	0.25	0.27
Normalized EPS (Bt)	0.10	0.02	(0.00)	0.08	0.13	Normalized EPS (Bt)	63	35	82	0.25	0.27
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	5,616	9,053	5,935	6,367	7,021	Sales growth	9.2	(31.8)	21.3	27.4	19.0
A/C receivable	1,437	1,054	1,512	1,705	1,912	Operating profit growth	208.2	na	1,234.0	913.8	52.0
Inventory						EBITDA growth	58.5	(66.9)	90.7	105.5	29.1
Other current assets	682	459	1,255	918	566	Norm profit growth	2,547.7	na	na	na	34.7
Investment	12,118	12,711	14,516	16,667	17,127	Norm EPS growth	2,493.9	na	na	na	34.7
Fixed assets	9,025	8,919	8,814	8,697	8,599	Gross margin	24.5	(5.7)	26.5	29.2	29.5
Other assets	35,202	34,842	34,454	34,074	33,678	Operating margin	19.5	(14.7)	20.7	23.3	24.9
Total assets	64,080	67,038	66,487	68,429	68,903	EBITDA margin	39.0	14.8	40.1	41.3	42.3
S-T debt	6,534	5,544	5,544	1,539	2,818	Norm net margin	38.5	10.7	(1.0)	29.5	43.6
A/C payable	689	620	825	849	1,109	D/E (x)	0.8	0.9	0.9	0.8	0.9
Other current liabilities	100	111	109	1,895	106	Net D/E (x)	0.6	0.6	0.7	0.7	0.7
L-T debt	21,211	24,961	24,445	28,198	28,204	Interest coverage (x)	3.2	0.8	3.0	3.4	3.8
Other liabilities	753	764	768	791	801	Interest rate	3.5	3.5	3.5	3.6	3.5
Minority interest	11,489	11,264	11,225	11,347	11,351	Effective tax rate	2.0	2.8	3.0	4.5	5.9
Shareholders' equity	23,305	23,774	23,571	23,812	24,515	ROA	4.9	0.9	(0.1)	3.8	6.1
Working capital	748	434	687	856	803	ROE	13.5	2.4	(0.3)	10.8	17.3
Total debt	27,745	30,505	29,989	29,736	31,021						
Net debt	22,129	21,453	24,054	23,369	24,001						

Sources: Company data, Thanachart estimates

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