CK Power Pcl (CKP TB) - BUY

News Update

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Seasonally lower output m-m

- **Output from hydro plants fell 22% m-m in October**
- **Water inflow to XPCL slightly weaker y-y**
- **Strong NN2 compared to a low base last year**
- **CKP looks less attractive into a drought season**

Total electricity generation from two hydropower plants still grew by 10% y-y to 745GWh in October 2021, thanks to a higher reserved water from a rainy season compared to last year. However, it continued to drop in a m-m basis at 25% m-m on seasonal impact of lower rainfall into a Winter season in Indochina region. This is in-line with our expectation, but we believe this will result as less attractiveness of the stocks for the investors, since the electricity generation from its hydropower plants would likely to continue a declining trend into a drought season in 1H22F.

- **Xayaburi (XPCL, hydro, 482MW):** Output from XPCL declined 21% m-m and 4% y-y to 618GWh in October (-13% m-m and -2% y-y in September). The weakness m-m was due to an end of rainy season in Indochina region, thus lower rainfall into Mekong River and XPCL project. A drop from the same period last year was directly due to a 7% y-y lower water availability in the Mekong River.
- **Nam Ngum 2 (NN2, hydro, 283MW):** Electricity generation from NN2 was at 127GWh in October, up strongly 330% y-y since CKP decided to preserve water thus exceptionally low output last year. However, it fell 24% m-m, a similar trend with XPCL due to declining water inflow seasonally. Water inflow to its reservoir was weaker than last year at 309mcm this month (-7% y-y).
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** BIC continues its improving trend, with 13% y-y higher electricity and 15% y-y higher steam sales in October. We believe this was driven by higher power demand from industrial users post Covid-19 and less number of maintenance days this month.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from its solar farms increased 27% y-y to 1.78GWh in October, thanks to benefits from a solar panel upgrade and a slight shift of rainfall period this year.

Key Valuations

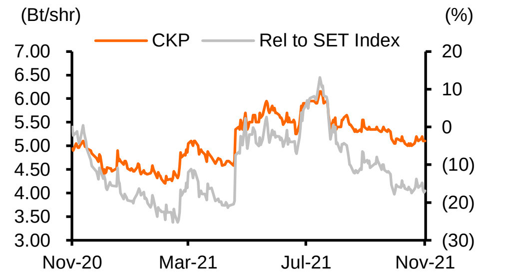
Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	6,695	8,642	8,821	8,923
Net profit	405	2,043	2,210	2,207
Norm net profit	394	2,043	2,210	2,207
Norm EPS (Bt)	0.0	0.3	0.3	0.3
Norm EPS gr (%)	53.0	418.6	8.2	(0.1)
Norm PE (x)	105.3	20.3	18.8	18.8
EV/EBITDA (x)	34.3	18.5	17.9	17.8
P/BV (x)	1.7	1.6	1.6	1.5
Div. yield (%)	0.7	2.0	2.7	3.2
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

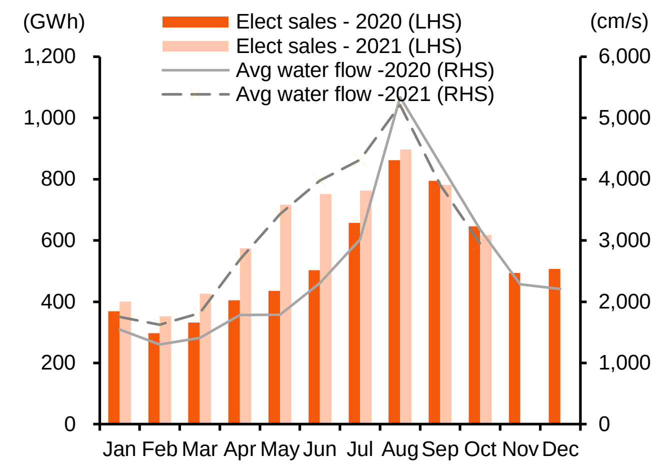
Closing price (Bt)	5.10
Target price (Bt)	7.50
Market cap (US$ m)	1,266
Avg daily turnover (US$ m)	4.3
12M H/L price (Bt)	6.15/4.20

Price Performance



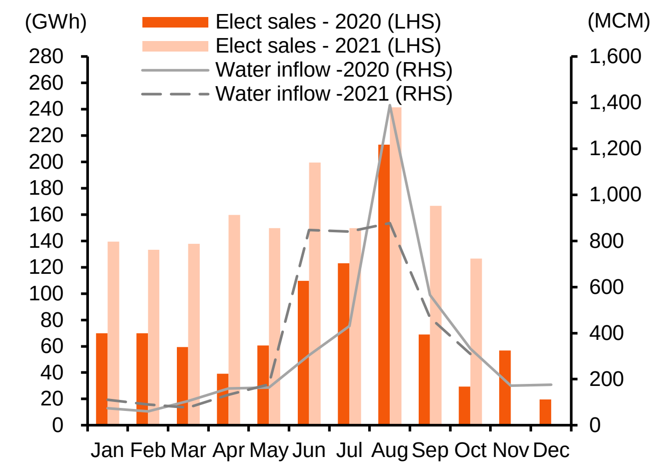
Source: Bloomberg

Ex 1: Water Availability In XPCL Is Lower Y-Y



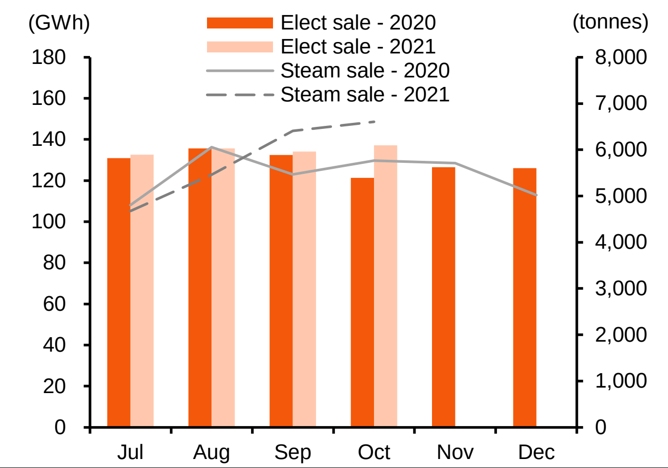
Source: Company data

Ex 2: Output From NN2 Looks Strong From A Low Base



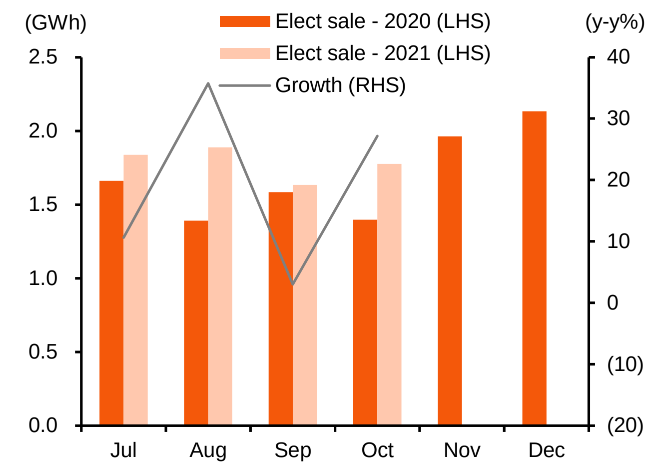
Source: Company data

Ex 3: Improving Performance From BIC Continues



Source: Company data

Ex 4: Stable Output From Solar Projects



Source: Company data

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