

CK Power Pcl (CKP TB) - BUY, Price Bt5.10, TP Bt7.50**Results Comment**

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Seasonally weak profit in 4Q21, in-line

- We estimate Bt309m normalized profit from CKP in 4Q21, after excluding shared FX loss from Xayaburi project, up 116% y-y from a low base last year but down 71% q-q on a seasonal impact of peak hydropower output in 3Q and a squeeze margin in its gas-fired SPP plant from a strong surge in gas cost.
- Total consolidated revenue was at Bt2.2bn in 4Q21, increased 68% y-y backed by much higher electricity generation from NN2 project compared to the same period last year when CKP ceased generation to preserve water for this year. The revenue dropped 7% q-q on seasonally weaker hydropower output.
- EBITDA followed the same trend with revenue, growing 241% y-y but down 34% q-q, to Bt674m in 4Q21. However, EBITDA margin fell to 30.1% vs. 42.8% in 3Q21 due to de-leveraging impact from lower hydropower output and weaker margin from its SPP plant given strong surge in domestic gas price.
- Equity income, mainly from Xayaburi, after stripping off FX loss was at Bt196m, down 29% y-y from lower water availability in Mekong River and down 77% q-q on seasonality.
- CKP's weak profit in 4Q21 was in-line with our expectation. Its full-year profit of Bt2.0bn (Bt0.25/share) in 2021 made up 98% of our numbers. However, we flag that water availability in late-2021 looks weaker than the same period last year. We thus see some downside to our 2022F's earnings forecast due to a likely weak performance during the drought season in 1H22F.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	1,334	1,985	2,180	2,395	2,237	Revenue	(7)	68	102	8,798	8,821
Gross profit	(76)	525	636	707	409	Gross profit	(42)	na	102	2,278	2,270
SG&A	121	115	127	110	143	SG&A	30	18	96	494	550
Operating profit	(196)	411	509	597	267	Operating profit	(55)	na	104	1,783	1,720
EBITDA	197	797	900	1,024	674	EBITDA	(34)	241	102	3,395	3,350
Other income	119	116	116	113	192	Other income	70	62	113	537	411
Other expense						Other expense			na		
Interest expense	255	262	267	266	275	Interest expense	3	8	98	1,070	1,018
Profit before tax	(333)	264	357	444	184	Profit before tax	(59)	na	114	1,250	1,113
Income tax	(9)	8	16	26	11	Income tax	(57)	na	174	61	72
Equity & invest. income	276	(157)	474	866	196	Equity & invest. income	(77)	(29)	84	1,380	1,848
Minority interests	190	(120)	(173)	(219)	(60)	Minority interests	na	na	87	(572)	(679)
Extraordinary items	(135)	135	65	169	(186)	Extraordinary items	na	na	na	183	
Net profit	8	115	707	1,235	123	Net profit	(90)	1,471	107	2,179	2,210
Normalized profit	143	(21)	642	1,066	309	Normalized profit	(71)	116	98	1,996	2,210
EPS (Bt)	0.00	0.01	0.09	0.15	0.02	EPS (Bt)	(90)	1,471	107	0.27	0.27
Normalized EPS (Bt)	0.02	(0.00)	0.08	0.13	0.04	Normalized EPS (Bt)	(71)	116	98	0.25	0.27

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21		4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	9,053	5,935	6,367	7,021	7,630	Sales growth	(31.8)	21.3	27.4	19.0	67.7
A/C receivable	1,054	1,512	1,705	1,912	1,557	Operating profit growth	na	1,234.0	913.8	52.0	na
Inventory						EBITDA growth	(66.9)	90.7	105.5	30.4	241.5
Other current assets	459	1,255	918	566	525	Norm profit growth	na	na	na	37.4	116.0
Investment	12,711	14,516	16,667	17,127	17,210	Norm EPS growth	na	na	na	37.4	116.0
Fixed assets	8,919	8,814	8,697	8,599	8,491	Gross margin	(5.7)	26.5	29.2	29.5	18.3
Other assets	34,842	34,454	34,074	33,678	33,564	Operating margin	(14.7)	20.7	23.3	24.9	11.9
Total assets	67,038	66,487	68,429	68,903	68,977	EBITDA margin	14.8	40.1	41.3	42.8	30.1
S-T debt	5,544	5,544	1,539	2,818	1,999	Norm net margin	10.7	(1.0)	29.5	44.5	13.8
A/C payable	620	825	849	1,109	927	D/E (x)	0.9	0.9	0.8	0.9	0.9
Other current liabilities	111	109	1,895	106	468	Net D/E (x)	0.6	0.7	0.7	0.7	0.6
L-T debt	24,961	24,445	28,198	28,204	28,979	Interest coverage (x)	0.8	3.0	3.4	3.8	2.5
Other liabilities	764	768	791	801	474	Interest rate	3.5	3.5	3.6	3.5	3.5
Minority interest	11,264	11,225	11,347	11,351	11,296	Effective tax rate	2.8	3.0	4.5	5.9	6.1
Shareholders' equity	23,774	23,571	23,812	24,515	24,834	ROA	0.9	(0.1)	3.8	6.2	1.8
Working capital	434	687	856	803	631	ROE	2.4	(0.3)	10.8	17.6	5.0
Total debt	30,505	29,989	29,736	31,021	30,978						
Net debt	21,453	24,054	23,369	24,001	23,348						

Sources: Company data, Thanachart estimates

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