

Global Power Synergy Pcl (GPSC TB) - BUY, Price Bt75.5, TP Bt92.0 | Results Comment

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A huge miss in 4Q21

- GPSC's normalized profit, excluding insurance claim and asset write-off, was at only Bt499m in 4Q21, down 69% y-y and 76% q-q in a like-for-like basis, significantly missed our and the market's forecast. This was due to much larger-than-expected impacts from surge in fuel costs and weak output from XPCL.
- IPP plants:** Gross profit from IPPs grew 27% y-y and 31% q-q to Bt1.42bn in 4Q21 (36% total gross profit) as Gheco-1 was back to full-operation from unplanned outages in 3Q21 and 4Q20, despite a seasonally lower output from hydropower.
- SPP plants:** Gross profit from SPPs fell sharply 34% y-y and 35% q-q to Bt2.44bn (62%) from surges in coal and gas prices while Ft was fixed, thus a margin squeeze for SPPs to 17% in 4Q21 from 29% in 4Q20 and 26% in 3Q21. Total electricity volume sale from SPP plants dropped 2% y-y and 8% q-q, flat y-y but down 3% q-q for steam, on usual seasonal factors.
- VSPP plants:** Gross profit from VSPP plants was at Bt61m (2%), down 44% y-y and 46% q-q due to an extraordinary weak output from solar farm in Japan and divestment of solar farms in Thailand earlier this year.
- EBITDA margin fell to 15.9% in 4Q21, from 27.1% in 3Q21 and 4Q20, on the fuel cost issue and a seasonally high expenses in the fourth quarter.
- Shared profit from other investments was also weak at Bt120m in 4Q21, lowered 51% y-y and 83% q-q, mainly due to much weaker performance for XPCL hydropower project and loss contributions from Avaada and GRP solar projects.
- Despite weak earnings, we believe 4Q21 was already the worst quarter for GPSC given gas price edges lower in 1Q22F, while the government has also lifted up the national electricity tariff thus an ease on GPSC's margin pressure. We maintain BUY.

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	16,531	16,624	18,234	17,996	22,019	Revenue	22	33	101	74,874	72,999
Gross profit	2,906	3,310	3,459	2,742	1,746	Gross profit	(36)	(40)	80	11,258	15,643
SG&A	601	460	545	474	616	SG&A	30	2	99	2,095	2,213
Operating profit	2,305	2,850	2,914	2,269	1,131	Operating profit	(50)	(51)	77	9,163	13,431
EBITDA	4,477	5,010	5,224	4,871	3,492	EBITDA	(28)	(22)	89	18,477	22,789
Other income	537	360	213	504	405	Other income	(20)	(25)	112	1,483	1,355
Other expense						Other expense			na		
Interest expense	965	974	987	998	901	Interest expense	(10)	(7)	95	3,860	4,326
Profit before tax	1,876	2,236	2,140	1,775	635	Profit before tax	(64)	(66)	74	6,786	10,460
Income tax	186	453	310	322	(53)	Income tax	na	na	75	1,031	1,621
Equity & invest. income	244	207	519	690	120	Equity & invest. income	(83)	(51)	73	1,536	2,529
Minority interests	(311)	(19)	(132)	(63)	(309)	Minority interests	na	na	86	(522)	(693)
Extraordinary items	(166)	2	84	(205)	669	Extraordinary items	na	na	na	550	
Net profit	1,458	1,973	2,302	1,875	1,168	Net profit	(38)	(20)	79	7,319	10,675
Normalized profit	1,624	1,972	2,218	2,079	499	Normalized profit	(76)	(69)	73	6,769	10,675
EPS (Bt)	0.52	0.70	0.82	0.66	0.41	EPS (Bt)	(38)	(20)	79	2.60	3.79
Normalized EPS (Bt)	0.58	0.70	0.79	0.74	0.18	Normalized EPS (Bt)	(76)	(69)	73	2.40	3.79

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	20,550	25,430	20,238	16,001	13,793	Sales grow th	(9.6)	(9.2)	0.5	8.4	33.2
A/C receivable	9,084	7,367	9,475	8,757	13,441	Operating profit grow th	22.2	(0.7)	(5.6)	(22.2)	(50.9)
Inventory	6,253	6,197	6,577	7,018	6,938	EBITDA grow th	11.6	(0.6)	(1.1)	(4.2)	(22.0)
Other current assets	7,566	4,716	7,012	4,406	11,318	Norm profit grow th	26.9	22.5	28.8	(18.6)	(69.2)
Investment	11,165	11,751	12,345	24,818	24,623	Norm EPS grow th	26.9	22.5	28.8	(18.6)	(69.2)
Fixed assets	99,978	99,949	99,428	98,805	95,581	Gross margin	17.6	19.9	19.0	15.2	7.9
Other assets	102,059	102,514	102,065	104,440	104,685	Operating margin	13.9	17.1	16.0	12.6	5.1
Total assets	256,656	257,925	257,140	264,245	270,379	EBITDA margin	27.1	30.1	28.6	27.1	15.9
S-T debt	11,993	15,071	19,261	6,935	7,321	Norm net margin	9.8	11.9	12.2	11.6	2.3
A/C payable	3,952	4,084	4,681	4,386	6,407	D/E (x)	0.9	0.9	0.9	1.0	0.6
Other current liabilities	6,118	5,846	6,487	5,727	9,308	Net D/E (x)	0.7	0.7	0.7	0.8	0.4
L-T debt	92,321	89,251	83,808	103,287	58,140	Interest coverage (x)	4.6	5.1	5.3	4.9	3.9
Other liabilities	30,405	29,577	29,356	29,398	71,455	Interest rate	3.7	3.7	3.8	3.7	4.1
Minority interest	8,966	9,052	8,965	9,060	9,413	Effective tax rate	9.9	20.2	14.5	18.2	(8.4)
Shareholders' equity	102,901	105,044	104,582	105,452	108,334	ROA	2.5	3.1	3.4	3.2	0.7
Working capital	11,386	9,480	11,372	11,388	13,973	ROE	6.4	7.6	8.5	7.9	1.9
Total debt	104,315	104,322	103,069	110,222	65,461						
Net debt	83,764	78,892	82,831	94,221	51,668						

Sources: Company data, Thanachart estimates

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