

**TPC Power Holding Pcl (TPCH TB) - BUY, Price Bt11.2, TP Bt16.0****Results Comment**

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**Unexpected loss in 4Q21**

- TPCH reported Bt12m net loss in 4Q21 due to an unplanned shutdown in one of its plants and extraordinary high interest expense. The earnings missed our expectation, in which its full-year profit in 2021 made up only 35% of our forecast due to lower-than-expected plant utilization throughout the year.
- Total revenue was at Bt601m in 4Q21, up 27% y-y driven by its three new plants (TPCH-1, 2, and 5) commenced operation in late 4Q20. It dropped 9% q-q due to lower plant utilization from both seasonal impact and the unplanned shutdown.
- Gross margin fell to 17.7% in 4Q21, from 25.8% in 3Q21 and 22.0% in 4Q20, due to higher maintenance cost and lower plant efficiency. Fuel cost per generated electricity unit also went up in this quarter.
- EBITDA improved 21% y-y (drop 28% q-q on high maintenance costs) to Bt168m in 4Q21 thanks to a good cost control. SG&A-to-sales ratio fell to 4.9%, vs. 5.1% in 3Q21 and 7.1% in 4Q20.
- We see significant downsides to our earnings projections and our valuations on TPCH, given its much lower-than-expected plant utilization while overall outlook for biomass power plants in Thailand also looks grimed after changes in policies.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	472	566	643	661	601	Revenue	(9)	27	97	2,470	2,834
<b>Gross profit</b>	<b>104</b>	<b>151</b>	<b>156</b>	<b>170</b>	<b>107</b>	<b>Gross profit</b>	<b>(37)</b>	<b>3</b>	<b>65</b>	<b>584</b>	<b>1,052</b>
SG&A	34	37	33	34	30	SG&A	(12)	(12)	80	133	178
Operating profit	70	114	123	137	77	Operating profit	(44)	9	62	451	874
<b>EBITDA</b>	<b>139</b>	<b>195</b>	<b>210</b>	<b>232</b>	<b>168</b>	<b>EBITDA</b>	<b>(28)</b>	<b>21</b>	<b>73</b>	<b>804</b>	<b>1,277</b>
Other income	2	1	2	1	3	Other income	259	105	147	7	6
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	27	33	37	38	54	Interest expense	44	99	137	162	129
<b>Profit before tax</b>	<b>45</b>	<b>82</b>	<b>88</b>	<b>100</b>	<b>26</b>	<b>Profit before tax</b>	<b>(74)</b>	<b>(42)</b>	<b>48</b>	<b>296</b>	<b>750</b>
Income tax	1	1	4	4	3	Income tax	(14)	308	980	11	1
Equity & invest. income	(4)	4	2	1	(5)	Equity & invest. income	na	na	11	1	22
Minority interests	(29)	(38)	(39)	(45)	(30)	Minority interests	na	na	61	(152)	(300)
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
<b>Net profit</b>	<b>11</b>	<b>47</b>	<b>48</b>	<b>52</b>	<b>(12)</b>	<b>Net profit</b>	<b>na</b>	<b>na</b>	<b>35</b>	<b>135</b>	<b>471</b>
<b>Normalized profit</b>	<b>11</b>	<b>47</b>	<b>48</b>	<b>52</b>	<b>(12)</b>	<b>Normalized profit</b>	<b>na</b>	<b>na</b>	<b>35</b>	<b>135</b>	<b>471</b>
EPS (Bt)	0.03	0.12	0.12	0.13	(0.03)	EPS (Bt)	na	na	35	0.34	1.17
Normalized EPS (Bt)	0.03	0.12	0.12	0.13	(0.03)	Normalized EPS (Bt)	na	na	35	0.34	1.17
<b>Balance Sheet</b>						<b>Financial Ratios</b>					
(consolidated)						(%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	4Q20	1Q21	2Q21	3Q21	4Q21	
Cash & ST investment	159	160	167	1,575	719	Sales grow th	14.8	43.9	46.4	39.7	27.3
A/C receivable	570	514	621	651	602	Operating profit grow th	(51.0)	(22.8)	(19.0)	8.9	9.4
Inventory	0	0	0	0	0	EBITDA grow th	(24.6)	3.8	7.1	23.7	20.5
Other current assets	93	265	135	133	271	Norm profit grow th	(86.2)	(44.6)	(47.9)	(15.3)	na
Investment	469	473	472	470	529	Norm EPS grow th	(86.2)	(44.6)	(47.9)	(15.3)	na
Fixed assets	7,216	7,219	7,206	7,153	7,154					5.1	4.9
Other assets	180	208	234	247	252	Gross margin	22.0	26.7	24.3	25.8	17.7
<b>Total assets</b>	<b>8,688</b>	<b>8,838</b>	<b>8,834</b>	<b>10,229</b>	<b>9,527</b>	Operating margin	14.9	20.2	19.2	20.7	12.8
S-T debt	800	887	1,047	995	885	EBITDA margin	29.5	34.4	32.6	35.1	27.9
A/C payable	505	299	338	307	314	Norm net margin	2.4	8.4	7.5	7.8	(2.0)
Other current liabilities	287	311	233	236	115						
L-T debt	2,996	3,279	3,130	4,531	2,919	D/E (x)	1.3	1.4	1.4	1.8	1.3
Other liabilities	49	57	55	54	1,545	Net D/E (x)	1.2	1.3	1.3	1.3	1.1
Minority interest	1,083	990	1,012	1,037	863	Interest coverage (x)	5.1	5.9	5.6	6.1	3.1
<b>Shareholders' equity</b>	<b>2,967</b>	<b>3,014</b>	<b>3,019</b>	<b>3,070</b>	<b>2,886</b>	Interest rate	2.8	3.3	3.6	3.1	4.6
Working capital	65	215	282	344	288	Effective tax rate	1.7	0.7	4.0	3.5	11.6
Total debt	3,797	4,166	4,176	5,525	3,804	ROA	0.5	2.2	2.2	2.2	(0.5)
<b>Net debt</b>	<b>3,638</b>	<b>4,007</b>	<b>4,009</b>	<b>3,950</b>	<b>3,085</b>	ROE	1.5	6.3	6.4	6.8	(1.6)

Sources: Company data, Thanachart estimates

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