BUY (Unchanged)

Change in Numbers

TP: Bt 17.00 (From: Bt 22.00)

Upside : 50.4%

24 MARCH 2022

Banpu Public Co Ltd (BANPU TB)

A new reality

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We reaffirm our BUY call on BANPU but trim our TP to Bt17 from Bt22 on our higher discount rate assumption and despite increases to our earnings. We expect coal and gas prices to stay elevated and view BANPU's valuation as attractive at 3.6-4.3x 2022-23F PE. Strong earnings growth and new investments are potential catalysts.

Thanachart Securities

Elevated coal price amid EU-Russia decoupling

We lift our NEX coal price assumptions to USD200/180/150 per tonne for 2022-24F and to USD120/tonne longer term. These upgrades reflect the tighter seaborne coal market as the West and its allies continue to decouple from Russian energy supplies. Offsetting this tailwind is China's policy to boost coal production capacity by 300m tonnes and set its long-term coal price range at CNY570-770/tonne. We believe these measures will eventually reduce China's dependence on imported coal. However, we note that our long-term price assumption for NEX falls within the China government's price range, so we have effectively priced in this risk. We also note that BANPU produces high-CV coal for which China has limited supply and it may continue to rely on imports.

Upside risks from Australian coal phase-out

We see potential longer-term upside risks for BANPU from an early coal phase-out in Australia. Currently, BANPU's Australian mines have to sell about 60-70% of their output domestically at a steep discount to the export price. For instance, its domestic ASP was AUD75/tonne in 2021, vs. the realized export price of AUD139/tonne. However, with the early closure of NSW's largest coal-fired plant in 2025 (vs. 2032 previously) and the potential acceleration of a coal phase-out in Australia, we believe more tonnage could be available for export. This could significantly lift BANPU's ASP from Australia and therefore its profitability.

Natural gas to take center stage longer-term

We raise BANPU's realized Henry Hub gas prices (net of hedging impact) by 6-15% in 2023-25F to USD3.8/4.0/4.1/mmbtu while keeping our assumption unchanged at USD3.7/mmbtu for 2022F. We expect Europe's plan to reduce its reliance on Russian gas to lead to significant demand growth for US LNG. While upside is likely limited in the near term as US LNG liquefaction plants are already running at full capacity, we believe many more such plants will be sanctioned in the coming years. For BANPU, its EBIT contribution from gas will likely increase from 19% in 2022F to 43% by 2025F (again, net of hedging impact).

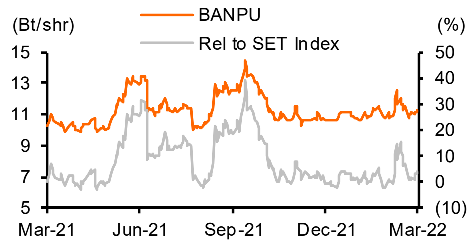
Strong earnings outlook but discount remains

We are raising our earnings by 35-60% over 2022-24F given higher coal and gas prices, partially offset by higher costs and lower volume. We estimate 77% EPS growth (net of dilution) in 2022F followed by a 17% decline in 2023F as we expect coal prices to normalize. However, we cut our DCF-derived SOTP-based 12-month TP (2023F base year) to Bt17 from Bt22 on a higher discount rate assumption to better reflect the market's view of the stock. Still, BANPU looks attractive to us trading at 3.6-4.3x 2022-23F PEs, and our TP implies 5.4-6.5x 2022-23F target PEs.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	133,190	159,260	156,740	145,230
Net profit	9,852	22,759	23,249	20,138
Consensus NP	—	20,254	17,812	20,935
Diff frm cons (%)	—	*12.4*	*30.5*	*(3.8)*
Norm profit	7,520	22,759	23,249	20,138
Prev. Norm profit	—	16,806	14,555	13,147
Chg frm prev (%)	—	*35.4*	*59.7*	*53.2*
Norm EPS (Bt)	1.4	3.2	2.6	2.0
Norm EPS grw (%)	na	132.1	(17.3)	(24.2)
Norm PE (x)	8.3	3.6	4.3	5.7
EV/EBITDA (x)	4.6	3.0	2.9	2.9
P/BV (x)	1.0	0.9	0.9	0.8
Div yield (%)	4.0	9.5	8.1	7.0
ROE (%)	10.6	24.8	19.7	14.7
Net D/E (%)	152.1	92.0	58.3	37.1

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 24-Mar-22 (Bt)	11.30
Market Cap (US$ m)	2,274.4
Listed Shares (m shares)	6,766.1
Free Float (%)	88.4
Avg Daily Turnover (US$ m)	48.9
12M Price H/L (Bt)	14.50/9.86
Sector	Energy
Major Shareholder	Vongkusolkit family 8.55%

Sources: Bloomberg, Company data, Thanachart estimates

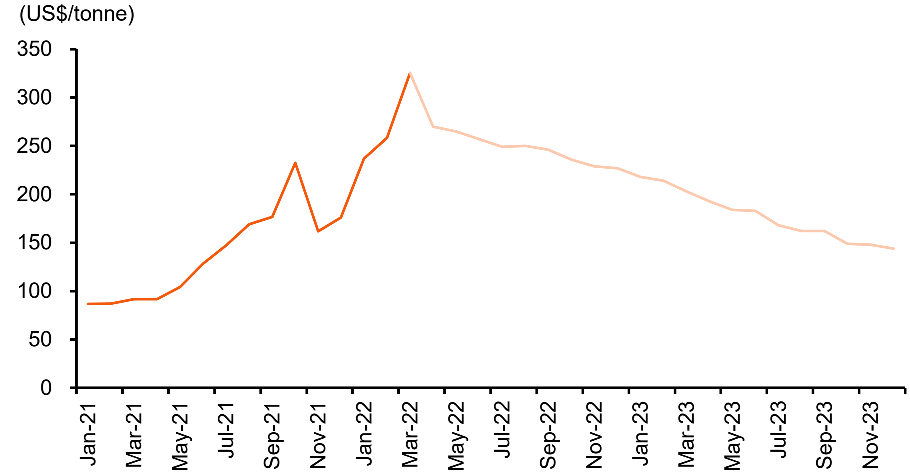
Elevated coal price amid EU-Russia decoupling

We raise our NEX coal price assumptions to USD200/180/150/tonne for 2022-24F and to USD120/tonne in the longer term. These upgrades reflect the tighter seaborne coal market as the West and its allies continue to decouple from Russian energy supplies. Our price assumptions are either lower than or in line with futures prices in 2022-23 but are higher for 2024. Currently, the futures market does not price in coal prices below USD150/tonne until October 2023. However, we note that futures prices beyond one year are highly illiquid and may not best represent market expectations or evolving demand/supply dynamics.

Coal prices will likely stay elevated for at least the next few years

The spot NEX coal price was already in excess of USD200/tonne prior to the Russian invasion of Ukraine. This implies that supply was already tight everywhere. The conflict further compounded the supply issue as Russia is the third-largest exporter of thermal coal globally, supplying about 150m tonnes in 2021. A significant portion of this volume went to Europe, Japan and South Korea. We believe these countries will minimize their coal purchases from Russia going forward and seek supplies elsewhere. In the meantime, we do not think other countries — notably China — can fully absorb the surplus Russian coal supply. As such, we think coal supply ex-Russia will continue to tighten going forward.

Ex 1: NEX Coal Price And Futures

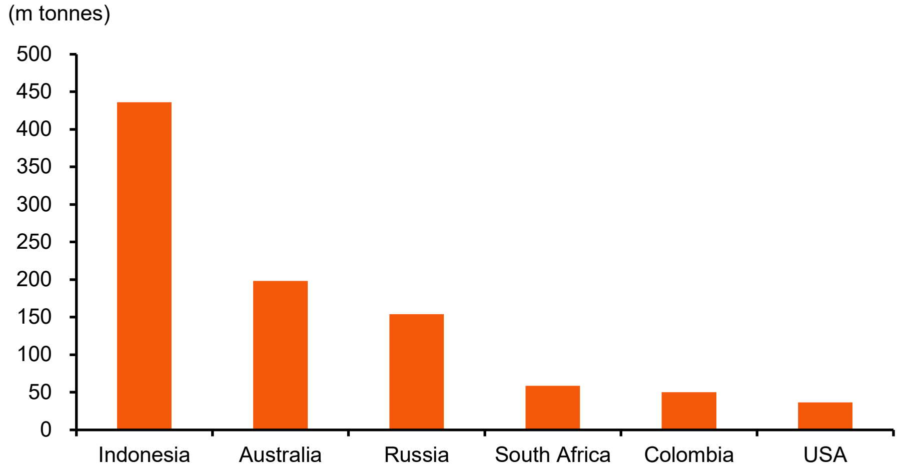


Sources: Bloomberg, Company data

Disruption to Russia's coal exports will further tighten the global coal market

We do not think the supply shortfall from Russia will be fully met by other major exporters. Indonesia is grappling with weather-related production disruption and rising domestic demand. This forced the government to temporarily ban coal exports earlier this year in order to ensure sufficient domestic supply. Australia is likewise facing severe weather which led to flooding that halted coal mining operations and shipments. South Africa is emerging from a decade-low production level as the railways connecting coal mines to the key export terminal in Richards Bay continue to face disruptions. We think the only countries capable of increasing exports materially are Colombia and the US. Still, they are much smaller in scale compared to Indonesia, Australia or even Russia. As such, we do not think they will be able to increase production to make up for the shortfall elsewhere.

Ex 2: Thermal Coal Exports By Country In 2021



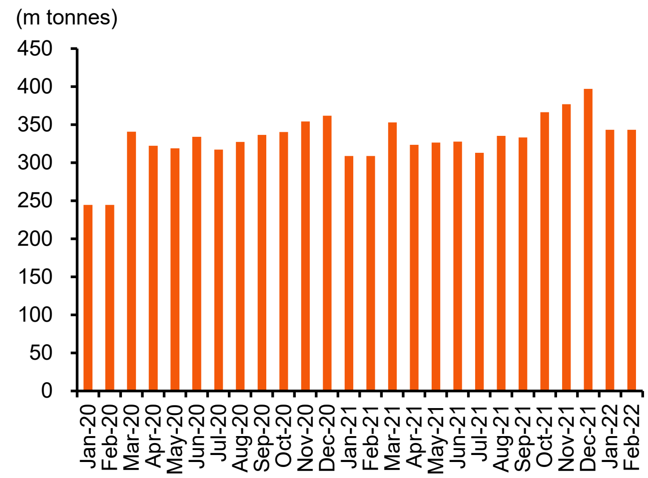
Sources: Sxcoal, S&P Global Platts

The China government's policies to boost coal supply could dampen its import demand

Offsetting the positive impact from the tighter seaborne coal market is the China government's new set of policies designed to stabilize coal prices starting on 1 May. Measures include requiring power plants and coal mines to sign long-term supply contracts with a price range of CNY570-770/tonne. The government also aims to increase total coal mining capacity by 300m tpa and create a 200m-tonne strategic coal stockpile. We think these measures will eventually reduce China's dependence on imported coal. However, we note that our long-term price assumption for NEX falls within the Chinese government's price range, so essentially we have already priced in this risk. We also note that BANPU produces high-CV coal for which China has limited supply and it may continue to rely heavily on imports.

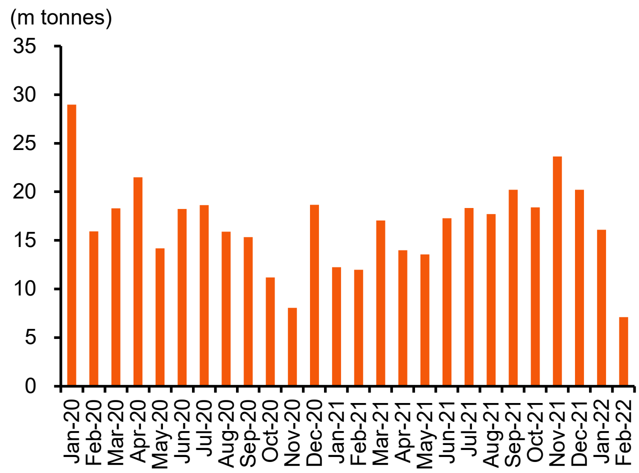
We have begun to see some impact from the China government's policies. China's coal output surged by 8% y-y in 4Q21 and further increased by 11% y-y in January-February 2022. These were big jumps from the 5% y-y increase in 9M21. Meanwhile, imports declined by 4% y-y in the first two months of this year, though this followed a mammoth 64% y-y increase in 4Q21.

Ex 3: China's Coal Production



Source: Bloomberg

Ex 4: China's Coal Imports



Source: Bloomberg

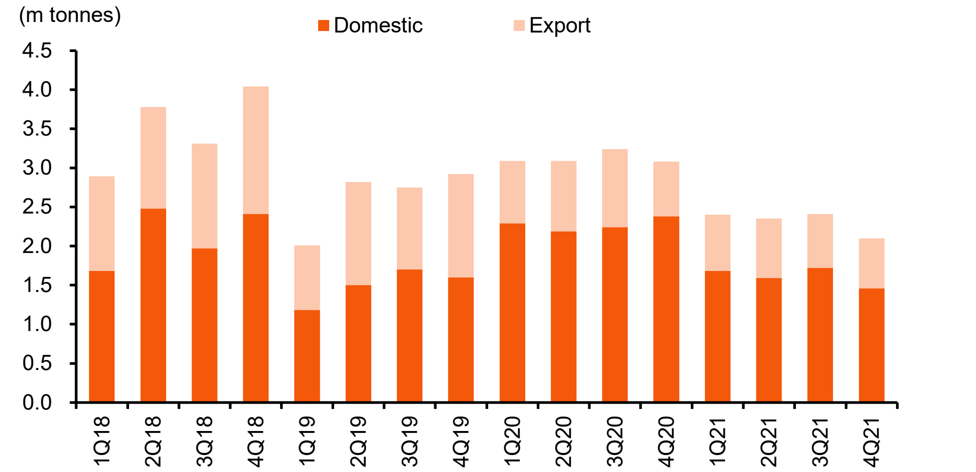
Upside risks from Australian coal phase-out

Australia could phase out coal earlier than planned…

…freeing BANPU's output for the lucrative export market

We see potential longer-term upside risks for BANPU from an early coal phase-out in Australia. Currently, BANPU's Australian mines have to sell about 60-70% of their output domestically at a steep discount to the export price. However, with the early closure of NSW's largest coal-fired powerplant in 2025 (vs. 2032 previously) and the potential acceleration of the coal phase-out in Australia, we believe more tonnage could be available for the export market. This could significantly lift BANPU's ASP from Australia and provide long-term upside risk to our forecasts.

Ex 5: BANPU's Australian Coal Sales Volume

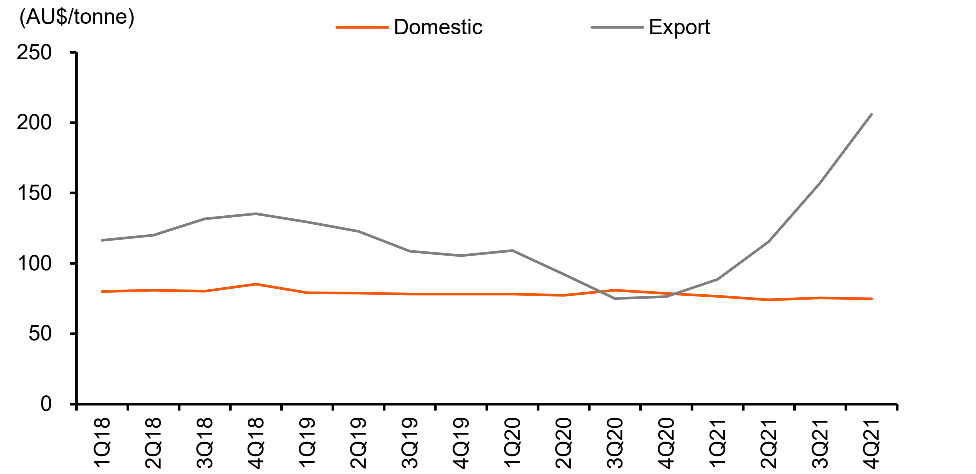


Sources: Company data, Thanachart estimates

Origin Energy recently announced that it plans to close the 2.8GW Eraring power station, the largest coal-fired power plant in New South Wales (NSW), by 2025. This announcement brings forward the planned closure of Eraring by seven years. The ageing power station, which has been in operation for four decades, will likely be replaced by a combination of wind and solar power plus a 700MWh battery plant. Currently, NSW relies on coal for 70% of its electricity generation which is extremely high relative to its per-capita income. Plans are in place to further phase out coal with the last power station in NSW scheduled for closure in 2043. However, NSW's Energy and Environment Minister is pushing for an earlier coal phase-out by 2030.

BANPU's domestic ASP in Australia is at a steep discount to its export price

Ex 6: BANPU's Australian Coal ASP



Sources: Company data, Thanachart estimates

BANPU supplies 30% of NSW's coal needs

If this plan goes ahead, it could help BANPU free up its output from domestic long-term contracts. Currently, BANPU supplies about 30% of NSW's coal needs, including to Eraring from its Mandalong and Myuna mines. These sales are based on term contracts which are priced at a steep discount to export prices. We believe a lower domestic requirement will free up output for the export market which means a higher ASP and therefore profits for BANPU.

Ex 7: List Of NSW Coal-Fired Power Stations

Power station	Size (MW)	Scheduled closure	BANPU's customers?
Liddell	1,680	2023	
Eraring	2,880	2025	Yes
Vales Point B	1,320	2028	Yes
Bayswater	2,640	2035	
Mt Piper	1,400	2043	Yes

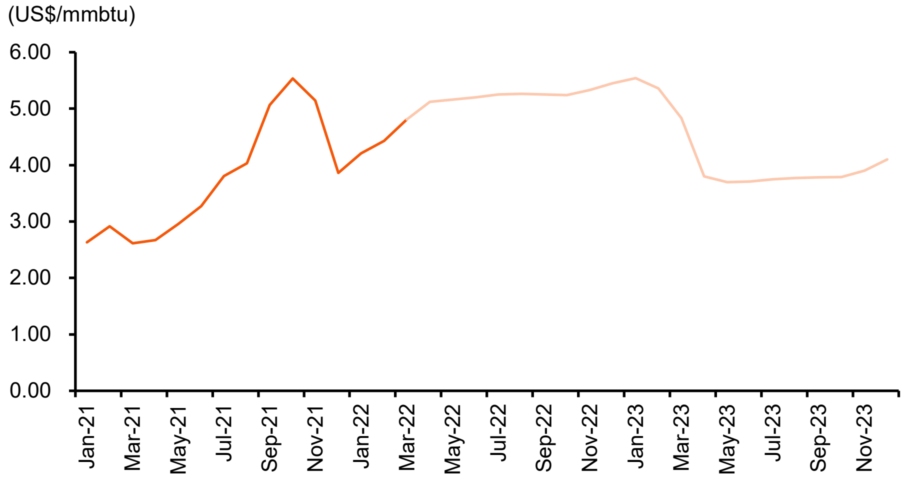
Sources: Company data, AEMC

Natural gas to take center stage longer term

US natural gas price likely to stay elevated amid high European demand for LNG

We are now even more bullish on the US natural gas outlook. Given Europe's plan to reduce its reliance on Russian gas, we believe a significant portion of its gas supply will have to come from the US. While upside is likely limited in the near term as US LNG liquefaction plants are already running at full capacity, we believe many more such plants will be sanctioned in the coming years. This would in turn increase demand for piped gas in the US and likely lead to higher-for-longer natural gas prices.

Ex 8: Henry Hub Gas Price And Futures



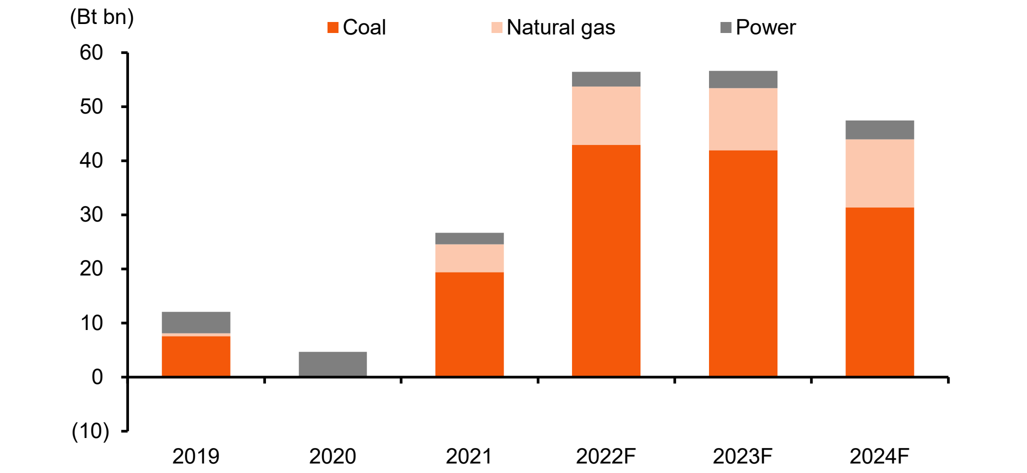
Source: Bloomberg

For BANPU, higher gas prices in the US would translate into substantial earnings growth from this business. While the company has hedged 65% and 35% of its volume in 2022-23 at USD3.2/mmbtu, it still has an open position for 2024 and beyond. This means the realized gas price will continue to trend higher even if the underlying Henry Hub gas price does not change much from today's price. We estimate BANPU's realized Henry Hub price (net of hedging) to reach USD3.7 and USD3.8/mmbtu in 2022-23F, up from USD2.7/mmbtu in 2021. We expect the price to increase further to USD4.0 and USD4.1/mmbtu in 2024-25F.

BANPU's gas EBIT will make up 40% of the total by 2025F vs. 19% in 2022F

Based on this forecast, and the expected decline in coal prices, we believe the portion of natural gas in BANPU's EBIT will grow to reach as much as 43% by 2025F compared to 19% in 2022F. At the same time, we estimate coal's contribution from EBIT will decline from 76% to about 46% by 2025F.

Ex 9: EBIT Net Of Hedging Gain/Loss



Sources: Company data, Thanachart estimates

Strong earnings outlook but discount remains

Higher coal and gas price assumptions partially offset by higher costs and lower output for coal

We are raising our earnings by 35-60% in 2022-24F given higher coal and gas prices which are partially offset by higher costs and lower volume for coal. We estimate 77% EPS growth (net of dilution) in 2022F followed by a 17% decline in 2023F as we expect coal prices to normalize. However, we cut our TP to Bt17 from Bt22 on a higher discount rate to better reflect the market's view of the stock. Still, BANPU looks attractive to us trading at 3.6-4.3x 2022-23F PE while our TP implies a 5.4-6.5x 2022F target PE.

Ex 10: Key Assumption Changes

Assumption	2020	2021	2022F	2023F	2024F	2025F
NEX coal price (USD/tonne)						
New	59	138	200	180	150	120
Old			110	100	95	95
Change (%)			*81.8*	*80.0*	*57.9*	*26.3*
Coal sales volume (m tonnes)						
New	33.7	29.9	29.7	29.1	28.5	27.9
Old			31.0	31.0	31.0	31.0
Change (%)			*(4.3)*	*(6.2)*	*(8.1)*	*(9.9)*
Coal production cost (US$/tonne)						
New	57.6	69.8	73.5	72.7	73.0	73.9
Old			56.2	56.2	56.2	56.5
Change (%)			*30.7*	*29.3*	*30.0*	*30.8*
Realized HH gas price* (USD/mmbtu)						
New	2.12	2.70	3.70	3.80	4.00	4.08
Old			3.70	3.60	3.50	3.54
Change (%)			*0.0*	*5.6*	*14.3*	*15.4*

Sources: Company data, Thanachart estimates
Note: *Realized Henry Hub gas price is net of BANPU's hedging position

Given the above assumption changes, and downward revisions to its utilities earnings, we have raised our EPS estimates in 2022-24F by 35-60%. However, we have increased our beta assumption to 1.5 from 1.3. This pushes up our cost of equity by 1.6% to 14.5-15.5% throughout the forecast period. We have also increased our holding discount assumption for Banpu Power Pcl (BPP TB, Bt16.50, BUY) to 20% from 10%. Together, these lower our DCF-derived SOTP-based 12-month TP, using a 2023F base year, to Bt17 from Bt22 previously. Our TP now implies a 5.4x 2022F target PE.

Our TP is lowered despite earnings upgrades due to higher a discount rate assumption

Ex 11: Earnings And TP Revisions

(Bt/shr)	EPS					TP
	2020	2021	2022F	2023F	2024F	
New / Actual	(0.35)	1.79	3.16	2.62	1.98	17.00
Old			2.34	1.64	1.30	22.00
Change (%)			*35.4*	*59.7*	*53.2*	*(22.7)*

Sources: Company data, Thanachart estimates

Note: We increase our WACC and holding discount for BPP so that our TP is lowered despite higher earnings.

Ex 12: 12-month DCF-derived TP Calculation Using A Base Year Of 2023F

(Bt m)		2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
Coal EBITDA and equity income		72,299	65,774	49,101	45,362	45,990	46,643	47,321	48,023	48,749	49,490	50,256	-
Free cash flow		21,920	32,308	23,762	21,031	21,667	22,672	23,693	24,730	25,783	26,843	27,921	341,748
PV of free cash flow		20,175	27,362	18,523	15,088	14,031	13,489	12,951	12,420	11,871	11,328	10,353	126,722
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.5												
WACC (%)	8.7												
Terminal growth (%)	2.0												

BANPU's sum-of-the-parts valuation	(Bt m)
PV of cash flow	294,312
Less: net debt (2022F)	127,860
Less: minority interest	67,206
Equity value - coal & gas	99,246
Battery	12,085
Power	43,146
Total value exc. Warrant	**154,477**
Add cash from warrants:	
W4	8,458
W5	12,686
Net equity value	**175,621**
# of Shares	10,149
Total value per share (Bt/sh)	**17.3**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 13: Valuation Comparison With Regional Peers

Company	Code	Country	EPS Growth 22F (%)	EPS Growth 23F (%)	PE 22F (x)	PE 23F (x)	P/BV 22F (x)	P/BV 23F (x)	EV/EBITDA 22F (x)	EV/EBITDA 23F (x)	Div. yield 22F (%)	Div. yield 23F (%)
New Hope Corp	NHC AU	Australia	na	(25.0)	3.1	4.2	1.1	0.9	1.9	2.8	4.1	15.8
Whitehaven Coal Ltd	WHC AU	Australia	na	(6.9)	3.7	3.9	1.1	0.9	2.5	2.8	0.0	7.9
China Shenhua Energy	601088 CH	China	7.3	3.4	9.5	9.2	1.5	1.3	5.0	5.1	7.2	7.0
Datong Coal Industry	601001 CH	China	(5.6)	8.4	6.6	6.1	1.8	1.4	4.0	3.6	na	na
Guizhou Panjiang Ref. Coal	600395 CH	China	25.3	12.6	8.1	7.2	na	na	4.4	4.0	4.9	4.9
Kailuan Energy	600997 CH	China	na	na	na	na	0.8	0.8	4.1	4.0	6.0	6.6
Pingdingshan Tianan Coal	601666 CH	China	56.1	9.1	6.7	6.1	1.7	1.4	4.4	4.0	6.5	9.7
Yang Quan Coal Industry	600348 CH	China	13.2	10.4	7.5	6.8	1.2	1.0	4.9	4.9	3.6	4.0
Yanzhou Coal Mining	600188 CH	China	11.5	(3.9)	10.3	10.8	2.5	2.2	6.6	7.5	4.6	5.2
China Coal Energy	1898 HK	Hong Kong	(13.6)	(6.1)	5.4	5.8	0.6	0.6	4.1	4.1	6.3	5.3
Indo Tambangraya Megah	ITMG IJ	Indonesia	14.6	(29.6)	4.6	6.5	1.6	1.6	2.2	2.8	8.4	18.3
Bukit Asam Tbk PT	PTBA IJ	Indonesia	5.3	(22.7)	5.2	6.8	1.4	1.3	2.4	3.4	5.2	11.8
Semirara Mining Corp.	SCC PM	Philippines	20.5	(24.8)	7.7	10.2	2.4	2.2	5.4	6.3	9.4	6.5
Banpu Pcl *	BANPU TB	Thailand	132.1	(17.3)	3.6	4.3	0.9	0.9	3.0	2.9	9.5	8.1
Average			**24.3**	**(7.1)**	**6.3**	**6.8**	**1.4**	**1.3**	**3.9**	**4.1**	**5.8**	**8.6**

Sources: Bloomberg, * Thanachart estimates

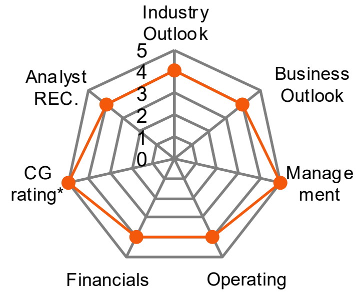
Based on 24 March 2022 closing prices

COMPANY DESCRIPTION

Banpu Pcl (BANPU) is a leading regional energy company. It operates coal mines in Indonesia, Australia and China. It also has investments in the power businesses in Thailand, Laos, China and Japan. In recent years, the company has significantly expanded its footprint in US shale gas as well as invested in new energy businesses including battery (Durapower) and EV (Fomm).

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong footprints in key coal-exporting countries (Australia, Indonesia).
- Large and growing gas operation in the US.

W — Weakness

- BANPU still relies heavily on coal despite effort to diversify into cleaner energy.
- Relatively high financial leverage.

O — Opportunity

- BANPU could look to grow its US shale gas business after having established a firm footing.
- New energy businesses such as lithium-ion battery and nickel mining offer strong growth potential.

T — Threat

- Regulatory risk and environmental concerns.
- High coal and gas prices could accelerate global transition away from these fuels

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	13.92	17.00	22%
Net profit 22F (Bt m)	20,254	22,759	12%
Net profit 23F (Bt m)	17,812	23,249	31%
Consensus REC	**BUY: 8**	**HOLD: 4**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- We are 12-31% ahead of the Bloomberg consensus in our 2022-23F earnings forecast, likely due to us having higher coal and gas price assumptions.
- Our TP is consequently higher than Street's number.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A weaker-than-expected coal or gas price environment would present the key downside risk to our earnings and TP.
- Lower-than-expected growth in the power business would present a secondary downside risk to our TP.

Source: Thanachart

We expect strong earnings growth in 2022F

We expect leverage to come down with high earnings and limited new borrowing

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	71,332	133,190	159,260	156,740	145,230
Cost of sales	57,768	76,916	79,238	77,328	76,931
Gross profit	**13,564**	**56,274**	**80,022**	**79,412**	**68,299**
% gross margin	19.0%	42.3%	50.2%	50.7%	47.0%
Selling & administration expenses	17,128	24,824	29,337	28,818	27,338
Operating profit	**(3,564)**	**31,450**	**50,685**	**50,595**	**40,961**
% operating margin	-5.0%	23.6%	31.8%	32.3%	28.2%
Depreciation & amortization	13,543	15,895	18,666	20,379	24,108
EBITDA	**9,979**	**47,346**	**69,351**	**70,974**	**65,070**
% EBITDA margin	14.0%	35.5%	43.5%	45.3%	44.8%
Non-operating income	2,309	(12,846)	1,913	1,554	1,462
Non-operating expenses	(199)	(307)	(320)	(320)	(300)
Interest expense	(5,420)	(5,576)	(7,074)	(5,935)	(4,927)
Pre-tax profit	**(6,874)**	**12,722**	**45,205**	**45,894**	**37,196**
Income tax	269	6,372	18,082	18,358	14,878
After-tax profit	**(7,143)**	**6,350**	**27,123**	**27,536**	**22,318**
% net margin	-10.0%	4.8%	17.0%	17.6%	15.4%
Shares in affiliates' Earnings	4,239	7,290	5,733	6,000	6,481
Minority interests	(1,217)	(6,121)	(10,097)	(10,287)	(8,661)
Extraordinary items	2,336	2,332	0	0	0
NET PROFIT	**(1,786)**	**9,852**	**22,759**	**23,249**	**20,138**
Normalized profit	**(4,122)**	**7,520**	**22,759**	**23,249**	**20,138**
EPS (Bt)	(0.3)	1.8	3.2	2.6	2.0
Normalized EPS (Bt)	(0.8)	1.4	3.2	2.6	2.0

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	47,301	85,437	67,435	66,602	63,476
Cash & cash equivalent	23,777	42,704	18,123	18,123	18,123
Account receivables	7,482	15,806	15,271	15,030	13,926
Inventories	3,935	3,905	6,513	6,356	6,323
Others	12,107	23,022	27,528	27,093	25,103
Investments & loans	51,389	55,806	58,960	62,703	63,338
Net fixed assets	77,523	114,167	115,619	126,972	122,011
Other assets	105,435	110,390	110,573	109,029	101,362
Total assets	**281,648**	**365,799**	**352,586**	**365,305**	**350,187**
LIABILITIES:					
Current liabilities:	66,405	97,191	61,371	58,358	49,689
Account payables	2,025	3,293	1,411	1,377	1,370
Bank overdraft & ST loans	24,856	39,232	14,598	12,063	9,089
Current LT debt	24,520	21,418	10,511	8,685	6,544
Others current liabilities	15,003	33,248	34,850	36,233	32,685
Total LT debt	**112,559**	**139,747**	**120,874**	**99,879**	**75,260**
Others LT liabilities	18,129	25,164	31,405	31,110	29,158
Total liabilities	**197,092**	**262,102**	**213,650**	**189,347**	**154,107**
Minority interest	22,211	24,420	34,517	44,804	53,465
Preferreds shares	0	0	0	0	0
Paid-up capital	5,075	6,766	8,458	10,149	10,149
Share premium	15,372	22,139	28,905	39,900	39,900
Warrants	0	0	0	0	0
Surplus	(19,348)	(17,950)	(17,950)	(17,950)	(17,950)
Retained earnings	**61,245**	**68,322**	**85,007**	**99,054**	**110,515**
Shareholders' equity	62,344	79,277	104,419	131,154	142,614
Liabilities & equity	**281,648**	**365,799**	**352,586**	**365,305**	**350,187**

Sources: Company data, Thanachart estimates

We expect high FCF in 2022-23F

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	(6,874)	12,722	45,205	45,894	37,196
Tax paid	(543)	(3,165)	(19,283)	(17,480)	(15,522)
Depreciation & amortization	13,543	15,895	18,666	20,379	24,108
Chg In w orking capital	1,006	(7,025)	(3,956)	365	1,129
Chg In other CA & CL / minorities	7,560	7,550	4,030	6,940	5,566
Cash flow from operations	**14,692**	**25,978**	**44,661**	**56,099**	**52,478**
Capex	(32,269)	(52,539)	(20,000)	(31,600)	(19,000)
Right of use	(2,149)	(53)	(300)	(300)	(300)
ST loans & investments	0	0	0	0	0
LT loans & investments	(1,678)	(4,417)	(3,154)	(3,743)	(635)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(4,767)	2,084	6,241	1,416	5,868
Cash flow from investments	**(40,863)**	**(54,926)**	**(17,212)**	**(34,228)**	**(14,068)**
Debt financing	30,596	40,793	(54,413)	(25,356)	(29,733)
Capital increase	(87)	8,458	8,458	12,686	0
Dividends paid	(2,030)	(1,776)	(6,074)	(9,202)	(8,677)
Warrants & other surplus	5,080	400	0	0	0
Cash flow from financing	**33,559**	**47,875**	**(52,030)**	**(21,871)**	**(38,411)**
Free cash flow	**(17,578)**	**(26,561)**	**24,661**	**24,499**	**33,478**

Valuation looks attractive in our view at less than 4x 2022F PE

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	na	8.3	3.6	4.3	5.7
Normalized PE - at target price (x)	na	12.5	5.4	6.5	8.6
PE (x)	na	6.3	3.6	4.3	5.7
PE - at target price (x)	na	9.5	5.4	6.5	8.6
EV/EBITDA (x)	19.6	4.6	3.0	2.9	2.9
EV/EBITDA - at target price (x)	22.6	5.3	3.6	3.6	3.8
P/BV (x)	0.9	1.0	0.9	0.9	0.8
P/BV - at target price (x)	1.4	1.5	1.4	1.3	1.2
P/CFO (x)	3.9	2.4	1.8	1.8	2.2
Price/sales (x)	1.1	0.6	0.5	0.5	0.5
Dividend yield (%)	2.7	4.0	9.5	8.1	7.0
FCF Yield (%)	(30.4)	(42.6)	30.3	24.4	29.2
(Bt)					
Normalized EPS	(0.8)	1.4	3.2	2.6	2.0
EPS	(0.3)	1.8	3.2	2.6	2.0
DPS	0.3	0.5	1.1	0.9	0.8
BV/share	12.3	11.7	12.3	12.9	14.1
CFO/share	2.9	4.7	6.2	6.3	5.2
FCF/share	(3.4)	(4.8)	3.4	2.8	3.3

Sources: Company data, Thanachart estimates

We expect double-digit ROE due to higher coal and gas prices

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(16.8)	86.7	19.6	(1.6)	(7.3)
Net profit (%)	na	na	131.0	2.2	(13.4)
EPS (%)	na	na	77.1	(17.3)	(24.2)
Normalized profit (%)	na	na	202.7	2.2	(13.4)
Normalized EPS (%)	na	na	132.1	(17.3)	(24.2)
Dividend payout ratio (%)	(85.2)	30.9	40.0	40.0	40.0
Operating performance					
Gross margin (%)	19.0	42.3	50.2	50.7	47.0
Operating margin (%)	(5.0)	23.6	31.8	32.3	28.2
EBITDA margin (%)	14.0	35.5	43.5	45.3	44.8
Net margin (%)	(10.0)	4.8	17.0	17.6	15.4
D/E (incl. minor) (x)	1.9	1.9	1.1	0.7	0.5
Net D/E (incl. minor) (x)	1.6	1.5	0.9	0.6	0.4
Interest coverage - EBIT (x)	na	5.6	7.2	8.5	8.3
Interest coverage - EBITDA (x)	1.8	8.5	9.8	12.0	13.2
ROA - using norm profit (%)	na	2.3	6.3	6.5	5.6
ROE - using norm profit (%)	na	10.6	24.8	19.7	14.7
DuPont					
ROE - using after tax profit (%)	na	9.0	29.5	23.4	16.3
- asset turnover (x)	0.3	0.4	0.4	0.4	0.4
- operating margin (%)	na	13.7	32.8	33.1	29.0
- leverage (x)	4.3	4.6	3.9	3.0	2.6
- interest burden (%)	472.7	69.5	86.5	88.5	88.3
- tax burden (%)	na	49.9	60.0	60.0	60.0
WACC (%)	8.7	8.7	8.7	8.7	8.7
ROIC (%)	(2.0)	7.8	12.8	13.1	10.5
NOPAT (Bt m)	(3,564)	15,699	30,411	30,357	24,577
invested capital (Bt m)	200,502	236,969	232,279	233,658	215,385

Sources: Company data, Thanachart estimates

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