Banpu Pcl (BANPU TB) - BUY, Price Bt11.10, TP Bt22.00

Results Comment

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1Q22 net profit in line

- BANPU reported 1Q22 net profit of $310m (Bt10.3bn, EPS Bt1.52/sh). Excluding items, norm profit was $271m (Bt8.9bn, norm EPS Bt1.72/sh), up 400% y-y but down 10% q-q. The result was in line with expectation. We expect a stronger result q-q in 2Q22F. BUY.
- **Gross profit** $590m broken down into $427m from coal, $153m from gas and $9.4m from power and others.
- **Coal**: Total production was 5.44m tons, down 15% y-y and 21% q-q (normal seasonality). The y-y decline was due to both lower output from Indonesia (3.7m tons, -7% y-y) and Australia (1.7m tons, -29% y-y). ASP in Indonesia was $151/ton, +121% y-y. Average cost was $53.3/ton, up 35% y-y. Australia's ASP was A$136/ton, +70% y-y whereas cost was A$126/ton, +55% y-y.
- **US gas**: US gas production was down 3% y-y at 59.7Bcf. ASP was $4.6/Mcf, up more than 100% y-y. Production cost was $1.31/Mcf, +44% y-y while gathering and transportation cost was $0.99/Mcf, +16% y-y.
- **Equity income** was $62m, comprising of $48m from China coal, $16m from power business and $ -1.8m from new energy business.
- **Non-operating items**: BANPU recorded $148m in hedging losses, $14.6m in extra (deferred) taxes, partially offset by $192m gain, $179m of which was from divestment of Sunseap (a power company in Singapore).

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	22,262	25,063	38,234	47,631	41,509
Gross profit	**7,994**	**8,927**	**17,415**	**21,938**	**19,499**
SG&A	4,192	4,913	7,405	8,314	6,835
Operating profit	3,802	4,014	10,010	13,624	12,664
EBITDA	**7,547**	**7,603**	**14,183**	**18,012**	**17,057**
Other income	183	390	455	624	985
Other expense	60	66	108	73	59
Interest expense	1,295	1,283	1,412	1,585	1,642
Profit before tax	**2,630**	**3,055**	**8,945**	**12,591**	**11,948**
Income tax	1,401	1,018	1,996	1,957	2,483
Equity & invest. income	1,301	1,977	2,109	1,903	2,059
Minority interests	(772)	(1,112)	(1,534)	(2,701)	(2,639)
Extraordinary items	(223)	(1,595)	(4,019)	(6,369)	1,379
Net profit	**1,535**	**1,306**	**3,505**	**3,467**	**10,264**
Normalized profit	**1,758**	**2,901**	**7,524**	**9,836**	**8,885**
EPS (Bt)	0.30	0.25	0.68	0.67	1.99
Normalized EPS (Bt)	0.34	0.56	1.46	1.91	1.72

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	(13)	86	26	159,260	156,740
Gross profit	**(11)**	**144**	**24**	**80,022**	**79,412**
SG&A	(18)	63	23	29,337	28,818
Operating profit	(7)	233	25	50,685	50,595
EBITDA	**(5)**	**126**	**25**	**69,351**	**70,974**
Other income	58	438	51	1,913	1,554
Other expense	(18)	(1)	18	320	320
Interest expense	4	27	23	7,074	5,935
Profit before tax	**(5)**	**354**	**26**	**45,205**	**45,894**
Income tax	27	77	14	18,082	18,358
Equity & invest. income	8	58	36	5,733	6,000
Minority interests	na	na	26	(10,097)	(10,287)
Extraordinary items	na	na	na	0	0
Net profit	**196**	**569**	**45**	**22,759**	**23,249**
Normalized profit	**(10)**	**405**	**39**	**22,759**	**23,249**
EPS (Bt)	196	569	63	3.16	2.62
Normalized EPS (Bt)	(10)	405	54	3.16	2.62

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	34,228	35,632	46,393	42,971	60,649
A/C receivable	9,995	10,709	16,083	15,806	16,432
Inventory	3,352	3,539	3,395	3,905	3,886
Other current assets	9,831	9,405	20,975	22,755	15,053
Investment	59,629	62,138	54,293	54,991	62,942
Fixed assets	80,699	87,683	99,633	114,167	114,171
Other assets	103,995	101,316	114,327	111,205	109,225
Total assets	**301,728**	**310,421**	**355,100**	**365,799**	**382,358**
S-T debt	51,298	59,399	56,987	60,649	45,730
A/C payable	2,032	2,530	2,905	3,293	3,293
Other current liabilities	20,884	24,971	35,874	33,248	43,656
L-T debt	119,324	115,422	135,852	139,747	154,135
Other liabilities	18,971	21,005	28,744	25,164	24,991
Minority interest	23,473	23,552	25,494	24,420	24,909
Shareholders' equity	**65,746**	**63,542**	**69,244**	**79,277**	**85,644**
Working capital	11,314	11,718	16,573	16,417	17,024
Total debt	170,622	174,821	192,839	200,396	199,865
Net debt	**136,395**	**139,190**	**146,446**	**157,425**	**139,216**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	12.5	51.6	159.4	135.1	86.5
Operating profit growth	454.9	na	na	na	233.1
EBITDA growth	136.4	982.4	320.5	564.2	126.0
Norm profit growth	na	na	na	26,153.7	405.5
Norm EPS growth	na	na	na	26,153.7	405.5
Gross margin	35.9	35.6	45.5	46.1	47.0
Operating margin	17.1	16.0	26.2	28.6	30.5
EBITDA margin	33.9	30.3	37.1	37.8	41.1
Norm net margin	7.9	11.6	19.7	20.7	21.4
D/E (x)	2.6	2.8	2.8	2.5	2.3
Net D/E (x)	2.1	2.2	2.1	2.0	1.6
Interest coverage (x)	5.8	5.9	10.0	11.4	10.4
Interest rate	3.1	3.0	3.1	3.2	3.3
Effective tax rate	53.3	33.3	22.3	15.5	20.8
ROA	2.4	3.8	9.0	10.9	9.5
ROE	11.0	17.9	45.3	53.0	43.1

Sources: Company data, Thanachart estimates

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