BCPG Public Co Ltd (BCPG TB) - BUY, Price Bt11.80, TP Bt15.00

Results Comment

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Decent 1Q22 profit, in-line

- BCPG reported exceptionally high net profit at Bt1.36bn in 1Q22, given two one-off items; 1) BCPG recorded Bt1.6bn gain from divestment of geothermal project in Indonesia and 2) it booked total of Bt629m provisions expense to reflect higher risk of solar farm development in Japan and risk of NPL from its hydropower project in Laos. Excluding these extra items, we estimate it norm profit at Bt517m this quarter, up 6% y-y but down 18% q-q, in-line with our numbers.
- Total revenue increased 11% y-y to Bt1.16bn in 1Q22, driven by commencing operation of its new solar project in Japan and higher output from hydropower project. It fell 6% q-q due to a weak season of hydropower output this quarter.
- Total SG&A expense was 7% higher y-y since the company resume normal business activities post-Covid. The cost fell 9% q-q from seasonal impact. EBITDA thus grew 13% y-y but dropped 3% q-q to Bt915m, in-line with revenue trend.
- Equity income was relatively flat from the same period last year (+1%) at Bt142m in 1Q22, as higher profit contribution due to increased electricity tariff from its wind farm in Philippine was offset down by lower shared profit from geothermal project after the divestment. A 7% fall q-q was also due to an impact from the project divestment.
- Note that there is a downside to our 2022F earnings forecast, since we yet incorporate its divestment of geothermal project into our numbers. However, it has no impact to our valuation since its return from the asset sale looks decent in our view.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	1,047	1,088	1,302	1,232	1,158
Gross profit	**653**	**692**	**908**	**808**	**738**
SG&A	137	149	132	170	147
Operating profit	515	543	777	637	591
EBITDA	**807**	**835**	**1,063**	**947**	**915**
Other income	25	15	15	17	17
Other expense	0	0	0	0	0
Interest expense	185	193	198	211	206
Profit before tax	**355**	**366**	**593**	**443**	**402**
Income tax	7	24	101	(33)	26
Equity & invest. income	140	157	150	152	142
Minority interests	0	0	0	(0)	(0)
Extraordinary items	35	66	42	(390)	846
Net profit	**523**	**565**	**685**	**238**	**1,363**
Normalized profit	**488**	**499**	**643**	**628**	**517**
EPS (Bt)	0.20	0.21	0.26	0.09	0.52
Normalized EPS (Bt)	0.18	0.19	0.24	0.24	0.20

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	(6)	11	20	5,719	5,245
Gross profit	**(9)**	**13**	**20**	**3,732**	**3,081**
SG&A	(14)	7	21	696	709
Operating profit	(7)	15	19	3,037	2,372
EBITDA	**(3)**	**13**	**21**	**4,455**	**3,848**
Other income	1	(31)	28	61	46
Other expense			na	0	0
Interest expense	(2)	11	25	824	770
Profit before tax	**(9)**	**13**	**18**	**2,273**	**1,648**
Income tax	na	273	11	234	157
Equity & invest. income	(7)	1	24	595	623
Minority interests	na	na	na	0	0
Extraordinary items	na	2,324	na	0	0
Net profit	**473**	**160**	**52**	**2,634**	**2,114**
Normalized profit	**(18)**	**6**	**20**	**2,634**	**2,114**
EPS (Bt)	473	160	59	0.87	0.70
Normalized EPS (Bt)	(18)	6	22	0.87	0.70

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	10,553	9,298	9,272	11,228	25,386
A/C receivable	1,309	1,545	1,982	2,317	2,094
Inventory	0	0	0	0	0
Other current assets	138	247	1,102	389	612
Investment	12,378	12,720	13,527	13,486	1,261
Fixed assets	14,537	15,141	16,082	17,372	17,322
Other assets	12,597	12,813	14,142	13,931	13,479
Total assets	**51,512**	**51,763**	**56,107**	**58,721**	**60,155**
S-T debt	2,052	2,543	2,615	3,544	3,441
A/C payable	383	402	498	888	1,097
Other current liabilities	63	74	98	246	556
L-T debt	23,927	23,218	25,837	25,574	25,111
Other liabilities	1,384	1,402	1,425	1,241	1,189
Minority interest	69	68	68	69	69
Shareholders' equity	**23,634**	**24,055**	**25,566**	**27,160**	**28,692**
Working capital	926	1,143	1,484	1,429	996
Total debt	25,979	25,761	28,452	29,118	28,552
Net debt	**15,426**	**16,464**	**19,180**	**17,890**	**3,166**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	18.1	12.2	5.2	8.4	10.7
Operating profit growth	19.9	9.2	3.6	8.9	14.6
EBITDA growth	21.2	10.2	2.9	7.2	13.4
Norm profit growth	21.0	32.3	1.4	29.3	5.8
Norm EPS growth	(8.4)	0.2	(23.3)	13.5	5.7
Gross margin	62.4	63.6	69.7	65.6	63.7
Operating margin	49.3	49.9	59.6	51.7	51.0
EBITDA margin	77.1	76.7	81.6	76.9	79.0
Norm net margin	46.7	45.9	49.4	51.0	44.6
D/E (x)	1.1	1.1	1.1	1.1	1.0
Net D/E (x)	0.7	0.7	0.7	0.7	0.1
Interest coverage (x)	4.4	4.3	5.4	4.5	4.4
Interest rate	2.8	3.0	2.9	2.9	2.9
Effective tax rate	2.0	6.5	17.0	(7.4)	6.5
ROA	3.8	3.9	4.8	4.4	3.5
ROE	8.5	8.4	10.4	9.5	7.4

Sources: Company data, Thanachart estimates

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