

BUY (Unchanged)

Change in Numbers

TP: Bt 16.00
Upside : 46.8%

(From: Bt 15.00)

28 JUNE 2022

Small Cap Research

BCPG Pcl (BCPG TB)

Some concerns eased

BCPG's share price has been hit by its falling profit outlook due to expiring adders and the sale of geothermal projects, higher credit risk from EDL, and slow M&A deals. We see those concerns as old news, while there are positives from a change in counterparty from Laos to Vietnam and benefits from a rising Ft. We maintain BUY.


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Bad news no longer news

BCPG's share price has fallen 9% YTD and 28% from last year's peak, likely on a start of its falling earnings from expiring solar adders and the divestment of geothermal power plants this year, rising concerns over counterparty risk from Electricity du Laos (EDL), and slow progress of M&As. While we see these factors as old news, there are two positive developments. The first is a change of offtaker for its Nam San hydro project from EDL to the much healthier Vietnamese state-owned Vietnam Electricity (EVN) from 4Q22. The second is benefits from fuel-adjusted tariff (Ft) hikes. We reaffirm BUY on BCPG as we see the bad news as baked into its 14x adjusted PE (after excluding Bt4.0/share net cash) on its 2024F bottom earnings year. Our DCF-derived SOTP-based TP (rolled over to 2023F) is now Bt16 (from Bt15).

Removing counterparty risk

The Nam San hydro plant in Laos made up 14% of BCPG's 2021 earnings, and it has EDL as its only electricity buyer. However, EDL's finances have weakened and it hasn't been making full payments for the past two years, so it owed US\$22m to BCPG as of 1Q22. Nam San is in the process of changing the off-taker to EVN in 4Q22. We expect this to relieve concerns over future cash flow for BCPG. Note that the contracts have been signed by all parties and the new transmission system required is nearly complete. Including additional billings from EDL for the next two quarters (2Q-3Q22F) of around US\$22m, we estimate total credit risk from EDL at US\$44m, or Bt0.5 per BCPG share.

Windfalls from existing projects

There are two windfalls from BCPG's existing power plants. *First*, its subsidized solar power plants, which contributed 62% of 2021 earnings, are beneficiaries of Ft hikes. The Ft has been lifted by Bt0.4/kWh so far this year and we estimate another Bt0.8 hike in 2H22-1H23 (Exhibit 5). This should add Bt138/200m to BCPG's earnings, effectively reducing the impact from expiring adders, in 2022-23F. In exhibit 2, we show the timeline for its falling revenue from adders. Another windfall is from the weakening baht for Nam San whose tariff is denominated in US dollars. We estimate each 1% weakening of the baht would lift BCPG's profit by 0.5%.

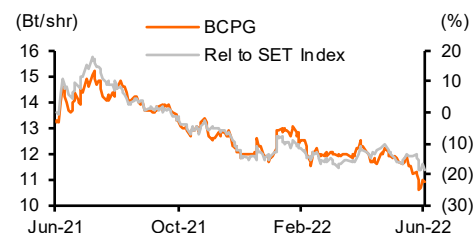
Hefty cash on hand for new investments

BCPG has 392MW of equity-owned operating capacity. Our model already includes its 470MW of solar projects under development in Taiwan (COD over 2022-25) and 230MW wind farm in Laos (COD in 2025). BCPG still has a Bt54bn budget on hand to aggressively chase more M&As. Assuming all the cash is converted into projects, it could generate up to Bt1.4bn of annual profit to BCPG, which more than offsets its expiring adders.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	4,669	5,606	5,552	5,842
Net profit	2,011	2,204	1,659	1,445
Consensus NP	—	2,828	1,663	1,199
Diff frm cons (%)	—	(22.1)	(0.2)	20.5
Norm profit	2,258	2,204	1,659	1,445
Prev. Norm profit	—	2,634	2,114	1,597
Chg frm prev (%)	—	(16.3)	(21.5)	(9.5)
Norm EPS (Bt)	0.8	0.8	0.6	0.5
Norm EPS grw (%)	(4.1)	(2.4)	(24.7)	(12.9)
Norm PE (x)	14.0	14.3	19.0	21.8
EV/EBITDA (x)	13.5	9.3	10.9	12.0
P/BV (x)	1.2	1.1	1.1	1.1
Div yield (%)	3.0	2.9	2.9	2.9
ROE (%)	9.1	7.9	5.8	4.9
Net D/E (%)	65.6	23.7	38.1	51.7

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 28-Jun-22 (Bt)	10.90
Market Cap (US\$ m)	898.7
Listed Shares (m shares)	2,894.1
Free Float (%)	42.4
Avg Daily Turnover (US\$ m)	3.6
12M Price H/L (Bt)	15.20/10.60
Sector	Utilities
Major Shareholder	Bangchak Corp. Pcl 57.45%

Sources: Bloomberg, Company data, Thanachart estimates

Bad news no longer news

We maintain BUY, seeing its share price correction overdone

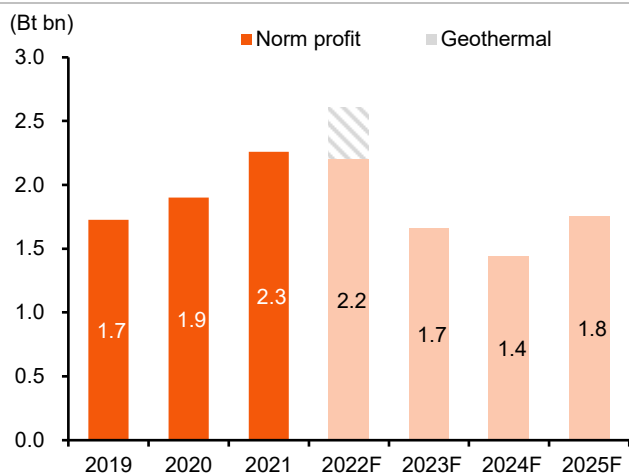
We maintain our BUY rating on shares of BCPG Plc (BCPG) as we believe its 28% share price correction from its peak last year is overdone.

- **First**, we see its falling earnings trend over 2022-24F due to the expiry of subsidies (adders) for its 133MW solar farms in Thailand (34% of its current operating capacity) as already old news that has been reflected in its share price.
- **Second**, despite the divestment of its 158MW (equity capacity) of geothermal power projects in Indonesia earlier this year resulting in a short-term earnings hiccup for BCPG, we see the sale benefiting the company in the long term as the Bt14.6bn in proceeds could be later used to re-invest in projects with higher returns.
- **Third**, we believe the market has been overly pessimistic on the impact from the rising credit risk of the Lao government on BCPG. Electricity du Laos (EDL), the sole off-taker of its 114MW Nam San hydropower project, is still making partial payments for electricity generation from Nam San, while the project is soon scheduled to switch its electricity sales to Vietnam in 4Q22.
- **Lastly**, after stripping out its Bt4.0 net cash value, BCPG is trading at 14x PE in 2024F, on our estimates. We see the multiple as attractive as we expect that to be BCPG's bottom earnings year, while there is potential earnings upside to our forecasts if BCPG is able to secure more acquisitions using its Bt54bn budget on hand.

We lift our TP to Bt16 after rolling over to a 2023F valuation base year

After rolling over to a 2023F base year and factoring in a higher value from the geothermal project divestments earlier this year, our DCF-derived SOTP-based 12-month TP increases to Bt16.0/share from Bt15.

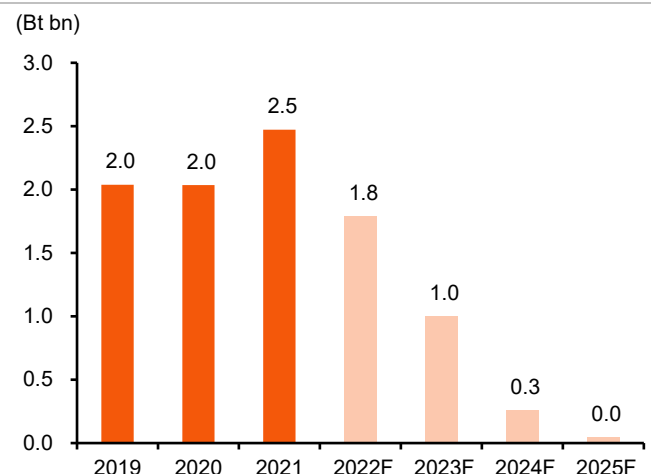
Ex 1: Falling Earnings Trend From 2023F ...



Sources: Company data, Thanachart estimates

Note: BCPG divested geothermal power projects in Indonesia in Feb-2022

Ex 2: ... Mainly Due To Adders Expiring



Sources: Company data, Thanachart estimates

Eliminating counterparty risk

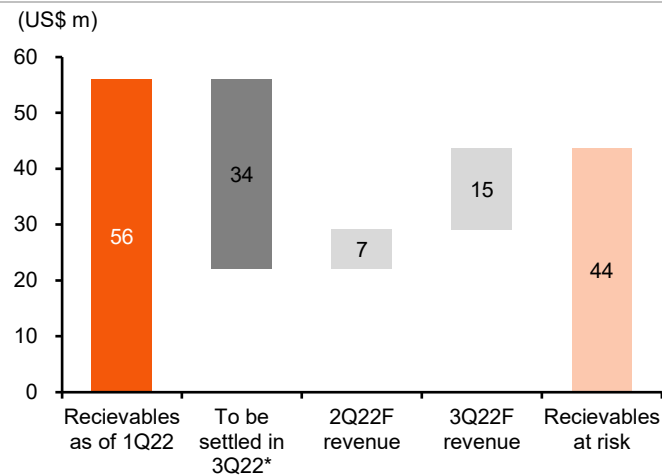
We believe investors are overly concerned about rising credit risk in Laos

We believe that BCPG's share price decline over the past month was caused by investors' concerns over the Lao government's rising credit risk. Note that 22% of BCPG's revenue (14% of earnings) comes from Nam San which has Electricity du Laos (EDL), Laos' state-owned enterprise governing the country's electricity generation, as the off-taker. We recap here that EDL has delayed or only partially paid electricity bills to the project since mid-2020, and had accumulated US\$56m in outstanding debt to Nam San as of 1Q22.

Nam San due to sell power to Vietnam from 4Q22, so no more risk from Laos

Having said that, we see BCPG's counterparty risk from EDL is nearly coming to an end. *First*, BCPG has agreed to transfer US\$34m in receivables from EDL to its partner (Phongsubthavy Group) as payment for BCPG's portion of the investment cost for their 50:50 joint-venture transmission system connecting Nam San to the Laos-Vietnam border. *Second*, BCPG has been granted a power purchase agreement (PPA) from Electricity Vietnam (EVN) to sell electricity from Nam San to EVN (instead of EDL), starting from 4Q22 when the construction of the transmission line is due to be completed. Hence, there will be no further risk to BCPG from EDL's weakening finances in 2023F. We now estimate the credit loss from EDL at US\$44m (see Exhibit 3), or Bt0.5 per BCPG share.

Ex 3: Outstanding Receivables From EDL



Sources: Company data, Thanachart estimates

Note: *It plans to transfer \$34m in receivables from EDL as payment to its partner for its portion of the investment cost for the transmission line connecting Nam San to Vietnam

Ex 4: Change Of Nam San's Off-taker To EVN In 4Q22F

	Current contract	New contract
Terms	27 years (2015-42)	25 years (2022-47)
Off-taker	Electricity du Laos (EDL)	Vietnam Electricity (EVN)
Tariff	0.0667 US\$/kWh	0.0695 US\$/kWh
Payment currency	90% US dollars 10% Lao Kip	100% US dollars
Conditions	95% take-or-pay	90% take-or-pay

Sources: Company data

Note: EDL has agreed to terminate its contract when Nam San starts selling electricity to EVN

Windfalls from existing projects

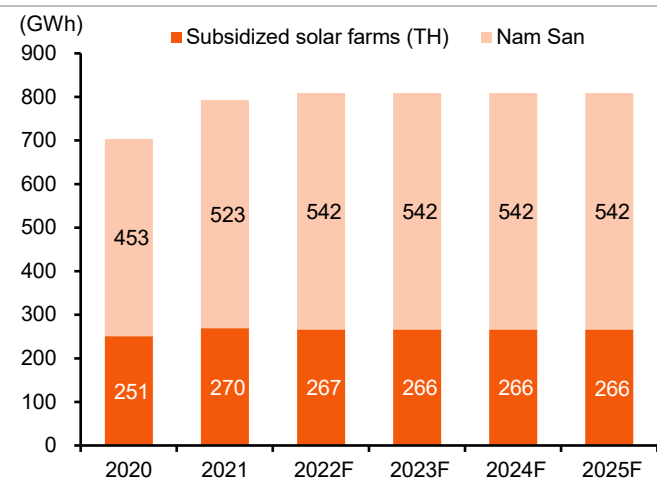
Stronger profit from existing plants in 2022F

Our forecast for a slight earnings decline this year for BCPG is mainly due to forgone earnings from divesting 158MW of geothermal power plants in Indonesia in February. On a like-for-like basis, after stripping out the geothermal earnings contribution, earnings from its ongoing business would have grown 24% y-y in 2022F supported by three factors:

Rising Ft and a weakening baht are positive for BCPG

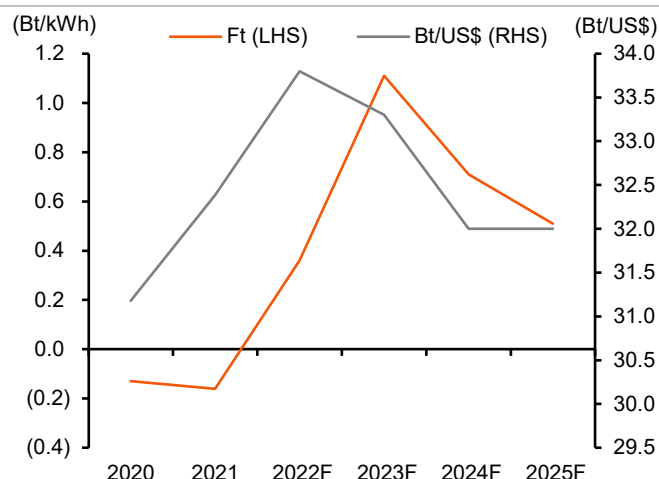
- **First**, BCPG's three solar farms in Japan (a total of 65MW or 20% growth in its operating capacity) have commenced operations over 4Q21-1Q22.
- **Second**, a series of national fuel-adjusted tariff (Ft) hikes, already up by Bt0.4/kWh this year while we expect further increases of Bt0.6 and Bt0.2 in 4Q22F and 1Q23F, is boosting earnings from its 133MW of subsidized solar farms. We estimate 1% potential upside to BCPG's earnings for every Bt0.1/kWh Ft hike.
- **Third**, the weakening of the Thai baht against the US dollar is positive for its Nam San hydropower project given that its electricity tariff is denominated in US dollars. We estimate each 1% weakening of the baht would boost BCPG's earnings by 0.5%.

Ex 5: Electricity Sales From Two Major Projects ...



Sources: Company data, Thanachart estimates

Ex 6: ... Are Benefiting From External Factors



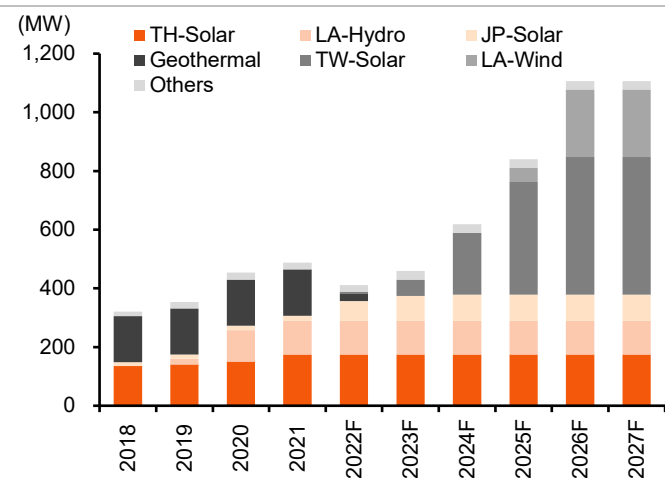
Sources: Bloomberg, EPPO, Thanachart estimates

Hefty cash on hand for new investments

**BCPG plans to invest
Bt95bn over 2022-25F to
sustain its earnings base**

BCPG's operating capacity dropped to 392MW, which also lowered its earnings base, after it sold its geothermal power plants in February. BCPG also carries the burden of Bt1.8bn in revenue from adders due to expire over 2022-25F. The company plans to counter this inevitable fall in earnings by chasing new projects, both by acquiring operating assets and looking for opportunities in greenfield developments. Based on its current Bt25bn of cash on hand and gearing capability, BCPG now has around Bt95bn budget for investments over the next five years. After excluding its secured projects (470MW of solar farms in Taiwan and a 230MW wind farm in Laos, which we have factored into our numbers) and some smaller projects, BCPG has another Bt54bn to spend on more acquisitions. We estimate that if BCPG could invest all this budget, new projects may generate up to Bt1.4bn in annual profit to BCPG which would more than offset the negative impacts from the expired adders.

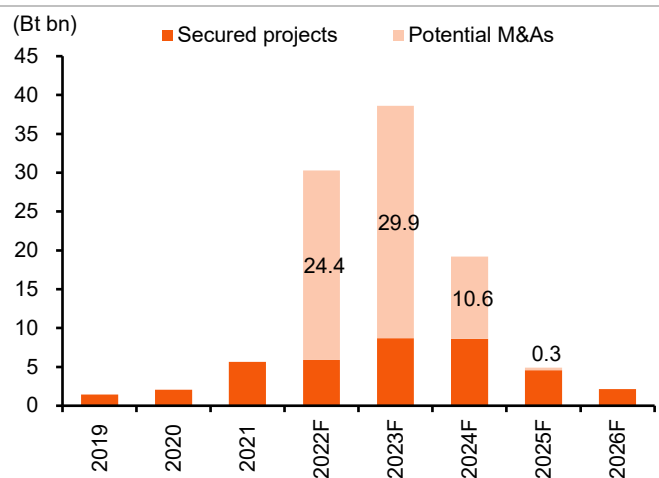
Ex 7: BCPG's Capacity Outlook



Sources: Company data, Thanachart estimates

Note: BCPG divested its geothermal project in February 2022

Ex 8: Aggressive Capex Plans Ahead



Sources: Company data, Thanachart estimates

Ex 9: Our DCF-derived Sum-Of-The-Parts (SOTP) 12-month TP Calculation

	Valuation method	WACC (%)	Value per BCPG share (Bt)
Thailand solar (w/ adder)	DCF	5.8%	3.7
Thailand solar (no adders)	DCF	4.7%	0.7
Thailand wind	DCF	5.2%	0.0
Japan solar	DCF	4.0%	1.0
Philippines wind	DCF	6.4%	0.4
Laos hydro	DCF	5.6%	3.2
Taiwan solar	DCF	4.8%	2.5
Laos wind	DCF	6.5%	0.5
Existing projects			12.0
+ Net cash on hand			4.0
Total			16.0

Source: Thanachart estimates

Valuation Comparison

Ex 10: Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		—EV/EBITDA—		— Div yield —	
			22F (%)	23F (%)	22F (x)	23F (x)	22F (x)	23F (x)	22F (x)	23F (x)	22F (%)	23F (%)
Huadian Power	1071 HK	China	na	41.2	11.4	8.1	0.5	0.5	12.3	10.5	4.6	8.7
Huaneng Power	600011 CH	China	na	28.8	15.4	11.9	1.1	1.0	9.8	8.8	0.7	3.1
Cheung Kong Infrastructure	1038 HK	Hong Kong	10.6	(3.5)	12.9	13.4	1.0	1.0	50.8	50.2	5.1	5.2
China Power Int'l	2380 HK	Hong Kong	na	39.8	19.5	13.9	1.4	1.3	10.3	8.1	0.8	2.6
China Resources Power	836 HK	Hong Kong	54.5	30.2	8.2	6.3	0.8	0.7	6.5	5.5	3.3	5.8
CLP Holdings	2 HK	Hong Kong	(16.7)	21.9	17.9	14.7	1.4	1.4	9.7	9.4	4.8	4.7
Hongkong Electric Holdings	6 HK	Hong Kong	7.2	(1.0)	15.3	15.5	1.2	1.2	74.8	75.1	5.7	5.8
Huaneng Power	902 HK	Hong Kong	na	73.5	12.8	7.4	0.6	0.6	10.0	8.9	1.6	5.2
Tata Power	TPWR IN	India	35.5	43.4	32.0	22.3	3.0	2.7	15.1	12.9	0.7	0.8
Tenaga Nasional	TNB MK	Malaysia	(5.3)	7.5	9.8	9.1	0.8	0.7	6.6	6.6	6.9	5.4
YTL Corp	YTL MK	Malaysia	na	na	na	38.3	0.5	0.5	10.5	9.8	4.5	4.0
YTL Power	YTLP MK	Malaysia	na	na	na	17.3	0.4	0.4	11.4	9.8	5.6	5.5
Manila Electric	MER PM	Philippines	6.1	1.2	16.2	16.0	3.9	3.6	10.3	9.4	3.9	4.3
BCPG Pcl *	BCPG TB	Thailand	(2.4)	(24.7)	14.3	19.0	1.1	1.1	9.3	10.9	2.9	2.9
B.Grimm Power Pcl *	BGRIM TB	Thailand	(33.7)	82.7	58.3	31.9	3.1	2.9	17.4	14.5	0.9	1.6
Banpu Power Pcl *	BPP TB	Thailand	69.7	6.5	10.9	10.3	1.0	1.0	136.6	97.7	5.5	5.8
CK Power Pcl *	CKP TB	Thailand	13.7	(4.5)	20.4	21.4	1.8	1.7	21.5	15.9	2.0	2.3
EA Pcl*	EA TB	Thailand	44.9	20.6	35.5	29.4	7.9	6.6	25.3	21.5	0.8	1.0
Electricity Generating *	EGCO TB	Thailand	3.9	1.7	8.8	8.6	0.8	0.7	19.4	18.5	3.7	3.9
Global Power Synergy *	GPSC TB	Thailand	(4.1)	18.6	28.9	24.4	1.7	1.6	16.9	16.2	1.9	2.3
Gulf Energy Dev. Pcl *	GULF TB	Thailand	22.2	37.4	52.0	37.9	4.4	3.6	38.4	30.4	1.2	1.6
Gunkul Engineering *	GUNKUL TB	Thailand	41.7	23.7	17.8	14.4	3.4	2.9	18.7	14.3	2.2	2.8
RATCH Group *	RATCH TB	Thailand	49.7	(19.9)	5.9	7.4	0.8	0.8	18.8	17.7	9.3	5.1
WHA Utilities & Power *	WHAUP TB	Thailand	45.9	9.3	10.6	9.7	1.1	1.1	25.6	22.7	5.7	6.2
Average			19.1	19.7	19.8	17.0	1.8	1.6	24.4	21.1	3.5	4.0

Sources: Bloomberg, * Thanachart estimates

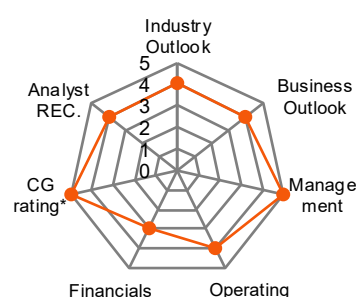
Based on 28 June 2022 closing prices

COMPANY DESCRIPTION

Established in 2015, BCPG, a 70%-owned subsidiary of Bangchak Pcl (BCP TB), is a pure green power company. BCPG now operates various renewable plants in five markets in Asia (Thailand, Laos, Indonesia, Philippines, and Japan) and is expanding to Taiwan as the sixth market. To prepare itself for upcoming disruption in electricity business, BCPG has formed partnerships with regional players to develop peer-to-peer (P2P) blockchain technology for electricity trading, Vanadium battery for energy storage system (ESS) in smart grid and renewable plants, and carbon credit trading platform.

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

- Well-diversified business with different types of renewable energy in various renewable-promoting countries.
- Secured partnerships with regional power players to invest in more power plants overseas and digital technology for electricity market

O — Opportunity

- Expansion potential given the high need for green power in both the domestic and international markets.
- Plenty of room for expansion in the IPS solar-rooftop business.

W — Weakness

- Rising net gearing to support new investments to offset declining adder revenues.
- Difficulty in finding high-return investments to replace the expiring solar adders plants in Thailand.

T — Threat

- Its Thai solar farms' adders are expiring over 2022-24F.
- Regulatory risk as the Thai government wants to buy power from the private sector at the lowest possible prices.
- Regulatory risk with overseas investments.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	15.30	16.00	5%
Net profit 22F (Bt m)	2,828	2,204	-22%
Net profit 23F (Bt m)	1,663	1,659	0%
Consensus REC	BUY: 5	HOLD: 3	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022F earnings estimate is 22% below the Bloomberg consensus number, which we attribute to us already factoring in forgone earnings from its geothermal project divestments.
- However, our TP is 5% higher, likely as we see the divestments being positive for the company in the long term.

RISKS TO OUR INVESTMENT CASE

- A lower-than-expected rate of return and a slower-than-expected pace of new investments than our expectations are the key downside risks to our valuation.
- More unfavorable natural conditions for its renewable plants vs. our current assumptions would be a secondary downside risk to our earnings forecasts.
- Adverse changes in regulations and policies, especially to tariff prices, in markets where BCPG has exposure would pose another secondary downside risk to our numbers.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	4,231	4,669	5,606	5,552	5,842
Cost of sales	1,436	1,608	1,902	2,189	2,674
Gross profit	2,794	3,061	3,704	3,363	3,168
% gross margin	66.1%	65.6%	66.1%	60.6%	54.2%
Selling & administration expenses	532	588	687	745	867
Operating profit	2,262	2,473	3,017	2,617	2,301
% operating margin	53.5%	53.0%	53.8%	47.1%	39.4%
Depreciation & amortization	1,078	1,180	1,099	1,299	1,606
EBITDA	3,340	3,653	4,116	3,916	3,907
% EBITDA margin	79.0%	78.2%	73.4%	70.5%	66.9%
Non-operating income	29	72	119	115	67
Non-operating expenses	0	0	0	0	0
Interest expense	(820)	(787)	(821)	(915)	(744)
Pre-tax profit	1,472	1,757	2,315	1,818	1,624
Income tax	33	99	219	176	207
After-tax profit	1,439	1,658	2,096	1,642	1,417
% net margin	34.0%	35.5%	37.4%	29.6%	24.3%
Shares in affiliates' Earnings	460	600	108	17	28
Minority interests	1	0	0	0	0
Extraordinary items	12	(247)	0	0	0
NET PROFIT	1,912	2,011	2,204	1,659	1,445
Normalized profit	1,900	2,258	2,204	1,659	1,445
EPS (Bt)	0.8	0.7	0.8	0.6	0.5
Normalized EPS (Bt)	0.8	0.8	0.8	0.6	0.5

More M&As could help slow down the EPS drop from expiring adders in 2023-24F

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	12,493	13,933	27,243	12,237	7,345
Cash & cash equivalent	11,138	11,228	25,000	10,000	5,000
Account receivables	1,219	2,317	1,843	1,825	1,921
Inventories	0	0	0	0	0
Others	135	389	400	412	425
Investments & loans	11,723	13,486	3,186	4,060	5,439
Net fixed assets	14,668	17,372	18,687	23,418	27,242
Other assets	12,336	13,931	13,676	13,422	13,167
Total assets	51,220	58,721	62,792	53,137	53,193
LIABILITIES:					
Current liabilities:	4,046	4,678	6,312	4,804	5,221
Account payables	540	888	938	1,079	1,319
Bank overdraft & ST loans	1,771	0	1,587	1,057	1,020
Current LT debt	1,678	3,527	3,601	2,425	2,658
Others current liabilities	58	263	185	242	224
Total LT debt	23,219	25,574	26,555	17,664	16,713
Others LT liabilities	1,405	1,241	1,432	1,441	1,512
Total liabilities	28,671	31,493	34,299	23,909	23,446
Minority interest	69	69	69	69	69
Preferreds shares	0	0	0	0	0
Paid-up capital	13,202	14,470	14,470	14,470	14,470
Share premium	6,990	7,753	7,753	7,753	7,753
Warrants	2	24	24	24	24
Surplus	(1,641)	(144)	(144)	(144)	(144)
Retained earnings	3,927	5,056	6,321	7,055	7,575
Shareholders' equity	22,480	27,160	28,425	29,159	29,679
Liabilities & equity	51,220	58,721	62,792	53,137	53,193

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	1,472	1,757	2,315	1,818	1,624
Tax paid	(25)	(45)	(239)	(161)	(212)
Depreciation & amortization	1,078	1,180	1,099	1,299	1,606
Chg In working capital	(438)	(749)	524	159	144
Chg In other CA & CL / minorities	104	585	38	47	3
Cash flow from operations	2,191	2,728	3,737	3,163	3,165
Capex	(2,070)	(3,884)	(2,414)	(6,030)	(5,430)
Right of use	(397)	(36)	(20)	(20)	(20)
ST loans & investments	0	0	0	0	0
LT loans & investments	1,901	(1,763)	10,300	(874)	(1,379)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(3,996)	(2,091)	465	283	345
Cash flow from investments	(4,563)	(7,774)	8,331	(6,641)	(6,484)
Debt financing	7,002	2,467	2,643	(10,597)	(756)
Capital increase	7,270	2,031	0	0	0
Dividends paid	(639)	(882)	(941)	(926)	(926)
Warrants & other surplus	(1,569)	1,520	1	1	1
Cash flow from financing	12,064	5,136	1,704	(11,522)	(1,680)
Free cash flow	121	(1,157)	1,323	(2,867)	(2,265)

*Aggressive capex spending
to sustain earnings base*

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	13.4	14.0	14.3	19.0	21.8
Normalized PE - at target price (x)	19.7	20.5	21.0	27.9	32.1
PE (x)	13.3	15.7	14.3	19.0	21.8
PE - at target price (x)	19.5	23.0	21.0	27.9	32.1
EV/EBITDA (x)	12.3	13.5	9.3	10.9	12.0
EV/EBITDA - at target price (x)	15.8	17.6	12.9	14.7	15.8
P/BV (x)	1.4	1.2	1.1	1.1	1.1
P/BV - at target price (x)	2.1	1.7	1.6	1.6	1.6
P/CFO (x)	11.6	11.6	8.4	10.0	10.0
Price/sales (x)	7.5	6.8	5.6	5.7	5.4
Dividend yield (%)	3.0	3.0	2.9	2.9	2.9
FCF Yield (%)	0.5	(3.7)	4.2	(9.1)	(7.2)
(Bt)					
Normalized EPS	0.8	0.8	0.8	0.6	0.5
EPS	0.8	0.7	0.8	0.6	0.5
DPS	0.3	0.3	0.3	0.3	0.3
BV/share	7.8	9.4	9.8	10.1	10.3
CFO/share	0.9	0.9	1.3	1.1	1.1
FCF/share	0.1	(0.4)	0.5	(1.0)	(0.8)

Sources: Company data, Thanachart estimates

*Adjusted PE is at only 14x
in 2024F after stripping out
its net cash value*

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	23.5	10.4	20.1	(1.0)	5.2
Net profit (%)	6.2	5.2	9.6	(24.7)	(12.9)
EPS (%)	0.7	(15.1)	9.6	(24.7)	(12.9)
Normalized profit (%)	10.1	18.8	(2.4)	(24.7)	(12.9)
Normalized EPS (%)	4.5	(4.1)	(2.4)	(24.7)	(12.9)
Dividend payout ratio (%)	49.9	47.5	42.0	55.8	64.1
Operating performance					
Gross margin (%)	66.1	65.6	66.1	60.6	54.2
Operating margin (%)	53.5	53.0	53.8	47.1	39.4
EBITDA margin (%)	79.0	78.2	73.4	70.5	66.9
Net margin (%)	34.0	35.5	37.4	29.6	24.3
D/E (incl. minor) (x)	1.2	1.1	1.1	0.7	0.7
Net D/E (incl. minor) (x)	0.7	0.7	0.2	0.4	0.5
Interest coverage - EBIT (x)	2.8	3.1	3.7	2.9	3.1
Interest coverage - EBITDA (x)	4.1	4.6	5.0	4.3	5.3
ROA - using norm profit (%)	4.3	4.1	3.6	2.9	2.7
ROE - using norm profit (%)	10.0	9.1	7.9	5.8	4.9
DuPont					
ROE - using after tax profit (%)	7.6	6.7	7.5	5.7	4.8
- asset turnover (x)	0.1	0.1	0.1	0.1	0.1
- operating margin (%)	54.2	54.5	55.9	49.2	40.5
- leverage (x)	2.3	2.2	2.2	2.0	1.8
- interest burden (%)	64.2	69.1	73.8	66.5	68.6
- tax burden (%)	97.8	94.4	90.5	90.3	87.3
WACC (%)	8.2	8.2	8.2	8.2	8.2
ROIC (%)	6.5	6.1	6.1	6.7	5.0
NOPAT (Bt m)	2,212	2,333	2,732	2,364	2,008
invested capital (Bt m)	38,010	45,033	35,168	40,306	45,070

Sources: Company data, Thanachart estimates

*Better capital management
via more M&As would
improve its ROA and ROE*

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