BUY (Unchanged)	**TP: Bt 19.00** (From: Bt 17.00)	**16 AUGUST 2022**
Change in Numbers	**Upside : 39.7%**	

Banpu Public Co Ltd (BANPU TB)

Just getting started

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We reaffirm our BUY on BANPU and lift our TP to Bt19 from Bt17 on an improving long-term coal and gas price outlook. The stock remains attractively valued at 3x 2023F PE (lower end of trading range). Strong sequential earnings growth in 3Q-4Q22F is a key catalyst.

Thanachart Securities

New records for coal demand

We raise our NEX coal price assumptions to USD300/250/200/180/tonne in 2022-25F from previously USD200/180/150/120/tonne. Based on the IEA's forecast, coal demand is likely to retest its record high in 2022 at 8.01bn tonnes, up 0.7% y-y and following a sharp recovery of 6% y-y in 2021. Demand is likely to grow further in 2023F, reaching a new record of 8.03bn tonnes. Given this strong demand backdrop, limited supplies, the high natural gas price (where coal is a substitute), and trade flow disruptions because of the conflict in Ukraine, we believe coal prices will remain high for the foreseeable future.

US natural gas market to remain tight

We have raised our estimates for BANPU's realized Henry Hub gas price (net of hedging impact) to USD4.3/4.5/4.5/4.6/mmbtu in 2022-25F, up about USD0.5-0.7/mmbtu from previously. We believe the US natural gas market will remain tight for the rest of this year and into early 2023F. Even if the spot price were to drop next year due to greater supply, BANPU's realized price is likely to increase from the 2022F level due to a lower hedged position.

Hedged positions to decline in 2023F

BANPU's hedged positions for both coal and gas continue to decline, meaning the company has chosen to let existing hedges roll off without entering into new ones. For coal, the remaining coal swap position is only 165k tonnes at end-2Q22 (vs. 450k tonnes at end-1Q22). This means there's unlikely to be any more coal hedging loss starting in 2023F. For gas, the hedged position is 216m MMBTU at end-2Q22, up 11% from the end-1Q22 level. However, this includes positions from the newly acquired XTO which will likely contribute 30% production growth from 3Q22F onwards. In other words, the hedged position relative to production volume will decline vs. pre-merger level. The company has yet to do any hedging for 2024F.

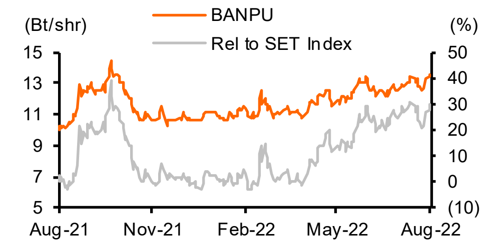
We see value that can't be beaten

BANPU is trading at 3x forward PE and 2x EV/EBITDA, which is already at the very bottom of its trading range. We have raised our DCF-derived SOTP-based 12-month TP to Bt19 from Bt17 given the strong long-term earnings outlook based on higher coal and gas prices. Note that to better reflect the market's perception of the stock, we have increased our beta assumption to 2.0x from 1.5x, pushing our cost of equity to 18.5-19.5% and our WACC to 11.3-12.2% throughout the forecast periods.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	133,190	196,356	195,658	165,808
Net profit	9,852	33,864	35,487	24,500
Consensus NP	—	32,258	26,339	21,538
Diff frm cons (%)	—	*5.0*	*34.7*	*13.8*
Norm profit	7,520	33,864	35,487	24,500
Prev. Norm profit	—	22,759	23,249	20,138
Chg frm prev (%)	—	*48.8*	*52.6*	*21.7*
Norm EPS (Bt)	1.4	4.7	4.0	2.4
Norm EPS grw (%)	na	245.3	(15.2)	(39.6)
Norm PE (x)	10.0	2.9	3.4	5.6
EV/EBITDA (x)	4.9	2.2	1.9	2.3
P/BV (x)	1.2	1.0	0.9	0.9
Div yield (%)	3.3	11.8	10.3	7.1
ROE (%)	10.6	35.2	27.2	15.9
Net D/E (%)	152.1	70.6	34.1	16.2

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 16-Aug-22 (Bt)	13.60
Market Cap (US$ m)	2,596.0
Listed Shares (m shares)	6,766.1
Free Float (%)	90.2
Avg Daily Turnover (US$ m)	50.8
12M Price H/L (Bt)	14.50/10.00
Sector	Energy
Major Shareholder	Vongkusolkit family 8.55%

Sources: Bloomberg, Company data, Thanachart estimates

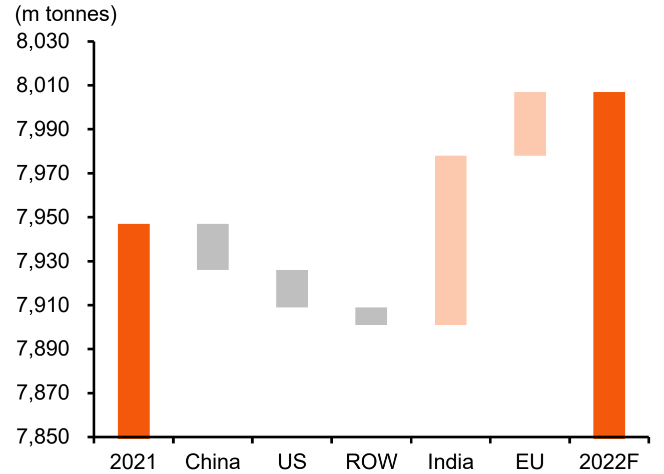
New records for coal demand

Global coal demand likely to reach a new record high in 2023F

Based on the IEA's forecast, coal demand is likely to retest its record high in 2022 at 8.01bn tons, up 0.7% y-y and following a sharp recovery of 6% y-y in 2021. Most of this growth is driven by India and the EU where demand is set to grow by 77m tonnes and 29m tonnes, respectively. Growth in these two regions is more than enough to offset declines in China (mostly due to lockdowns in 1H22), the US and the rest of the world.

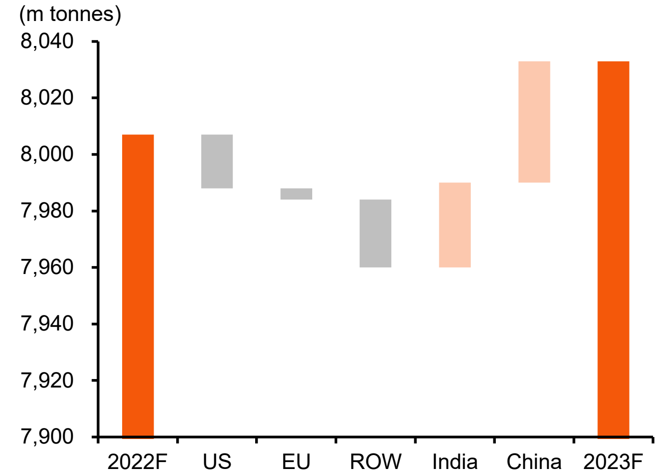
Demand is likely to grow further in 2023F, reaching a new record of 8.03bn tonnes. Again, India is likely to be a major driver with demand growing by another 30m tonnes while China's recovery could see demand there growing by over 40m tonnes. These two major consumers could more than offset potential demand declines elsewhere.

Ex 1: Coal Demand Growth 2022F



Sources: IEA, Thanachart estimates

Ex 2: Coal Demand Growth 2023F

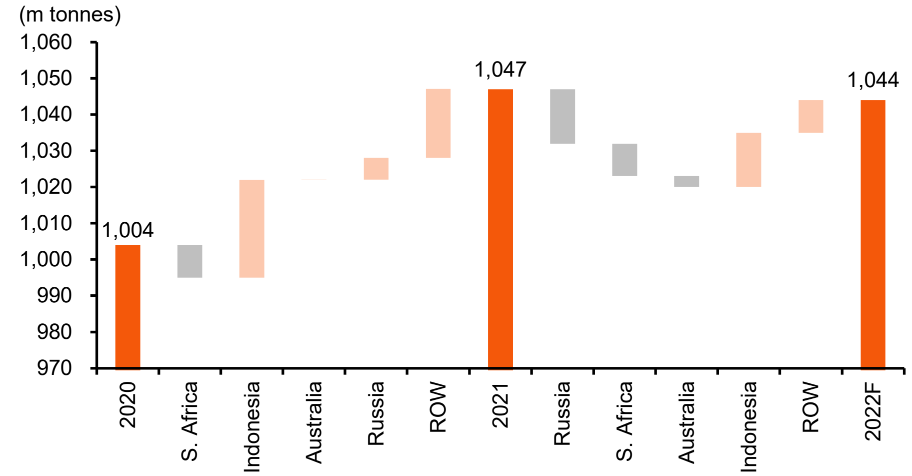


Sources: IEA, Thanachart estimates

While total demand is set to grow by about 60m tonnes in 2022F, global seaborne supply is likely to shrink by about 3m tonnes this year after having grown by over 40m tonnes (4%) in 2021. The lower seaborne supply is driven by declines in Russia (sanction impacts), South Africa and Australia (logistical issues, rain). Meanwhile, supply growth from Indonesia and the rest of the world is not enough to offset those declines.

Shrinking seaborne coal supply in 2022F due to logistical issues and EU's ban on Russian coal

Ex 3: Seaborne Coal Supply To Decline In 2022F

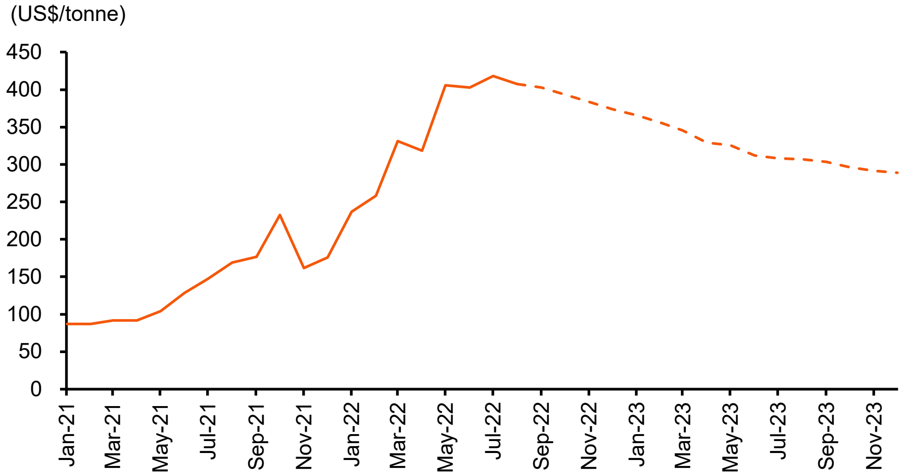


Sources: Company data, Thanachart estimates

The tightening global demand/supply balance and disruptions due to the conflict in Ukraine have combined to drive up the NEX coal price to USD400/tonne or more. We think coal prices will remain elevated through the end of winter 2022/23. In fact, the futures market is pricing in a coal price of above USD300/tonne over the next 12 months and above USD250/tonne beyond.

We expect coal prices to stay elevated through at least end-2023F

Ex 4: NEX Coal Price And Futures



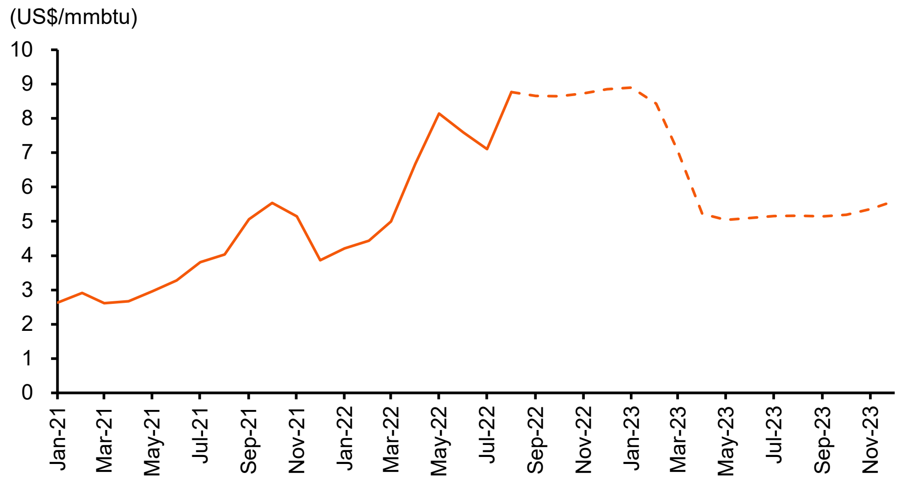
Sources: Company data, Bloomberg

US natural gas market to remain tight

US gas price likely to stay high through the end of coming winter

We expect the US natural gas price at Henry Hub to remain elevated for the remainder of this year and into 1Q23F. As we head into winter, we believe the working gas storage in the US will remain well below its five-year average. However, next year's inventory level could begin to exceed its five-year average as we head into the next injection season (starting April 2023). This is based on the assumption that 1) consumption will decline from a relatively high level in 2022F, and 2) production will continue to grow. The normalized storage level could put some downward pressure on the spot price, though we do not expect the price to correct to the sub-USD3/mmbtu level as we have seen during the downturn.

Ex 5: Henry Hub Price And Futures



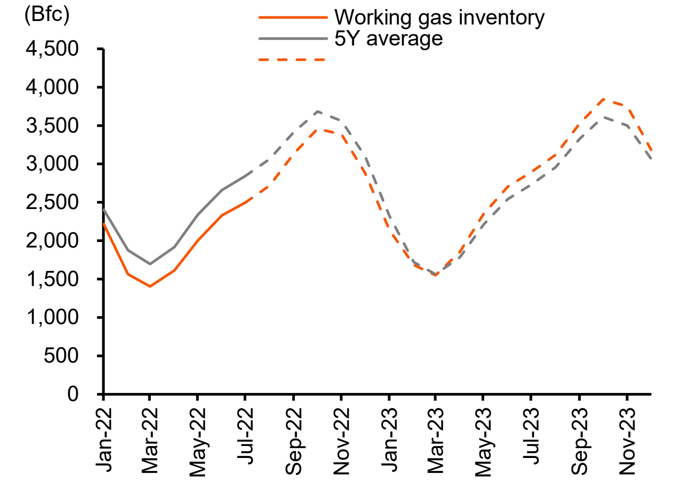
Source: Bloomberg

Hedged positions to decline in 2023F

BANPU's effective gas ASP to increase due to lower hedged portion in 2023F

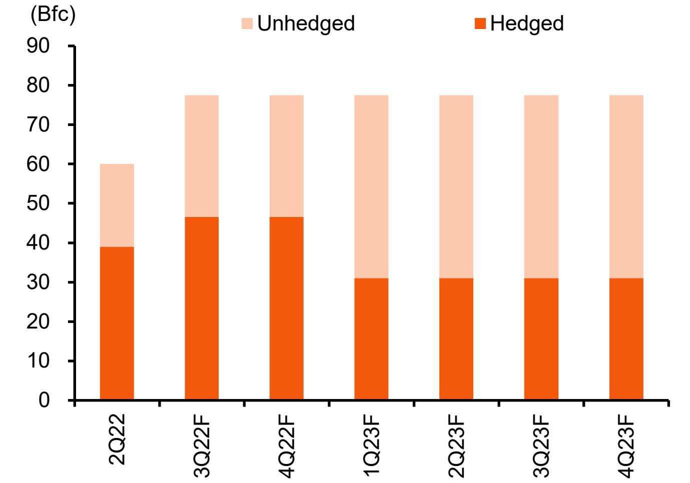
For BANPU, we expect its earnings from the gas business to continue growing in 2H22F and 2023F. This should be driven by additional volume from XTO (30% volume growth) which the company just acquired at the end of 2Q22. BANPU will also benefit from a lower hedged portion as old positions mature and do not get rolled over while XTO itself has a smaller portion of hedging relative to its output.

Ex 6: US Working Gas Storage



Sources: EIA, Thanachart estimates

Ex 7: BANPU's Hedged Portion To Decline In 2023F



Sources: Company data, Thanachart estimates

We raise our NEX coal price assumptions to USD300/250/200/180/tonne over 2022-25F from USD200/180/150/120/tonne previously. For the Henry Hub price, net of BANPU's hedged positions, we have also upgraded our assumptions to USD4.3/4.5/4.5/4.6/mmbtu in 2022-25F, up about USD0.5-0.7/mmbtu from previously. Note that we expect the realized price to increase mainly because of a lower hedged portion. The spot Henry Hub price itself, on the other hand, is likely to decrease from the very high level this year though it should still be much higher than during the downturn.

We have upgraded our coal and gas price assumption

Ex 8: Assumption Changes

		2022F	2023F	2024F	2025F
New					
NEX coal price	(USD/tonne)	300	250	200	180
Henry Hub gas price	(USD/mmbtu)	4.30	4.50	4.50	4.59
Old					
NEX coal price	(USD/tonne)	200	180	150	120
Henry Hub gas price	(USD/mmbtu)	3.70	3.80	4.00	4.08
Change					
NEX coal price	*(USD/tonne)*	*100*	*70*	*50*	*60*
Henry Hub gas price	*(USD/mmbtu)*	*0.60*	*0.70*	*0.50*	*0.51*

Source: Thanachart estimates

Consequently, we raise our normalized profit estimates (net of hedging losses) by 22-56% in 2022-25F. We also boost our DCF-derived SOTP-based 12-month TP to Bt19 from Bt17 in light of these earnings changes and higher WACC assumption.

Our TP upgrades reflect an improved long-term coal and gas price outlook

Ex 9: EPS And TP Upgrades

(Bt/shr)	Norm EPS				TP
	2022F	2023F	2024F	2025F	
New	4.71	3.99	2.41	2.09	19.00
Old	3.16	2.62	1.98	1.35	17.00
Change (%)	*48.8*	*52.6*	*21.7*	*55.5*	*11.8*

Source: Thanachart estimates

For our TP, we have adopted a higher beta assumption (2.0 instead of 1.5 previously). This pushes up cost of equity to the 18.5-19.5% range from 14.5-15.5% previously. We have also raised our cost of debt by 1%ppt to 5.0-6.0%. Consequently, our WACC assumption goes up to 11.3-12.2% throughout the forecast periods from 8.7-9.5% previously. We summarize our discount rate assumption below in Exhibit 10.

We have raised our beta (and therefore WACC) assumption to reflect the market's perception

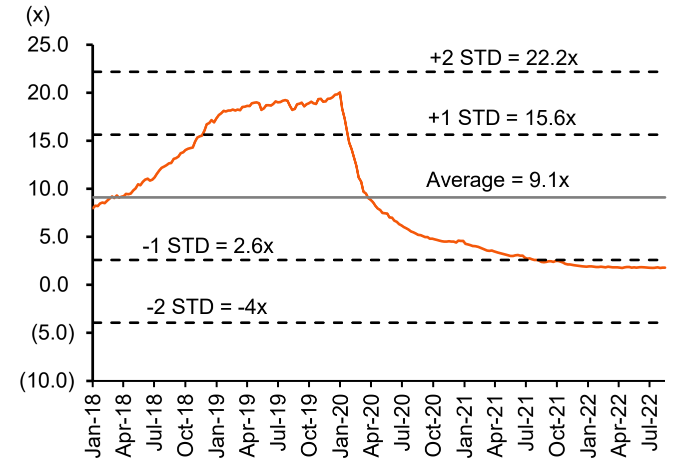
Ex 10: Our Discount Rate Assumption

Year	2020-24	2025-30	2031+TV
Risk-free rate	2.5%	3.0%	3.5%
Market risk premium	8.0%	8.0%	8.0%
Cost of debt	5.0%	5.5%	6.0%
Beta	2.0	2.0	2.0
Cost of equity	18.5%	19.0%	19.5%
WACC	11.3%	11.7%	12.2%

Source: Thanachart estimates

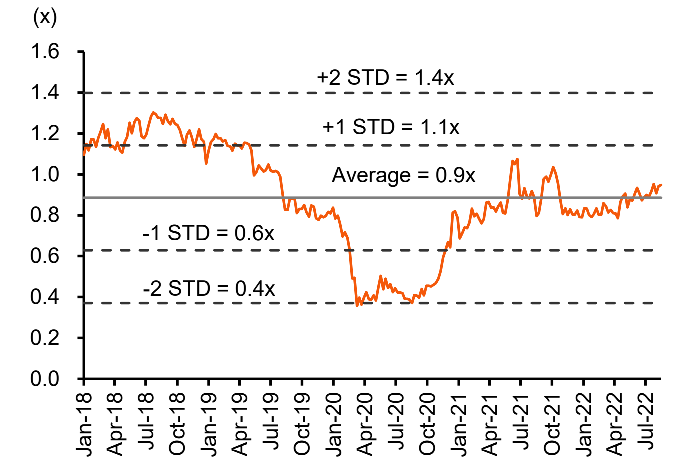
In terms of valuation, BANPU continues to trade at depressed levels relative to its earnings outlook. The stock is trading at just 3x forward PE and 2x EV/EBITDA, which is at the lowest end of its historical trading range. On P/BV, BANPU is trading at just 0.9x forward P/BV. This is even lower than its pre-COVID average when the coal price was trading at less than a third of the current level.

Ex 11: BANPU Forward EV/EBITDA



Sources: Company data, Thanachart estimates

Ex 12: BANPU Forward P/BV



Sources: Company data, Thanachart estimates

Ex 13: 12-month DCF-derived SOTP-based 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		99,801	76,000	69,488	67,606	67,941	67,870	67,696	67,421	67,042	66,553	65,964	-
Free cash flow		38,534	34,009	28,833	29,542	30,052	30,353	30,536	30,600	30,545	30,364	30,065	271,920
PV of free cash flow		38,534	30,561	23,102	21,191	19,299	17,498	15,803	14,216	12,305	10,904	9,627	87,068
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	2.0												
WACC (%)	11.3												
Terminal growth (%)	2.0												

BANPU's sum-of-the-parts valuation	(Bt m)
PV of cash flow	300,108
Less: net debt (2022F)	69,259
Less: minority interest	83,666
Equity value - coal & gas	147,183
Battery	6,810
Power	35,056
Total value exc. Warrant	**189,050**
Add cash from warrants:	
W4	0
W5	0
Net equity value	**189,050**
# of shares	10,149
Total value per share (Bt/sh)	**18.6**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 14: 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	43.2	3.6	2.5	1.5	1.1	2.3	1.6	3.2	16.6
Whitehaven Coal Ltd	WHC AU	Australia	na	62.0	3.6	2.2	1.5	1.1	2.4	1.7	0.0	8.8
China Shenhua Energy	601088 CH	China	30.4	3.2	8.4	8.2	1.4	1.4	4.0	4.1	7.2	9.4
Datong Coal Industry	601001 CH	China	8.8	8.7	5.7	5.3	1.6	1.3	3.0	2.8	na	na
Guizhou Panjiang Ref. Coal	600395 CH	China	22.0	10.8	9.4	8.4	1.9	1.7	6.7	6.0	4.3	8.9
Kailuan Energy	600997 CH	China	na	na	na	na	na	na	na	na	6.4	6.7
Pingdingshan Tianan Coal	601666 CH	China	na	12.6	4.6	4.1	1.2	0.9	3.6	3.0	7.4	14.2
Yang Quan Coal Industry	600348 CH	China	65.8	10.4	10.0	9.0	2.1	1.8	4.9	4.3	1.9	3.3
Yanzhou Coal Mining	600188 CH	China	88.6	(0.3)	7.0	7.0	2.2	1.8	4.5	4.6	3.9	8.0
China Coal Energy	1898 HK	Hong Kong	32.3	(8.1)	4.0	4.4	0.7	0.6	3.0	3.1	5.5	6.7
Indo Tambangraya Megah	ITMG IJ	Indonesia	na	(34.5)	2.9	4.4	1.7	1.7	1.4	2.1	6.6	19.0
Bukit Asam Tbk PT	PTBA IJ	Indonesia	57.3	(12.1)	4.3	4.9	1.5	1.4	2.0	2.4	4.3	13.0
Semirara Mining Corp.	SCC PM	Philippines	na	(11.8)	5.4	6.1	3.0	2.7	3.6	4.3	6.8	9.1
Banpu Pcl *	BANPU TB	Thailand	245.3	(15.2)	2.9	3.4	1.0	0.9	2.2	1.9	11.8	10.3
Average			**68.8**	**5.3**	**5.5**	**5.4**	**1.6**	**1.4**	**3.4**	**3.2**	**5.3**	**10.3**

Sources: Bloomberg, * Thanachart estimates

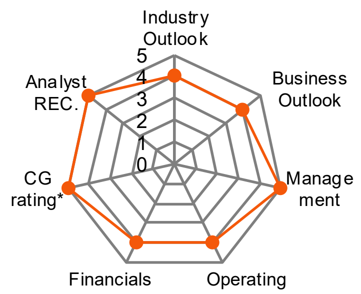
Based on 16 August 2022 closing prices

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)	16.21	19.00	17%
Net profit 22F (Bt m)	32,258	33,864	5%
Net profit 23F (Bt m)	26,339	35,487	35%
Consensus REC	**BUY: 9**	**HOLD: 3**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- We are 5-35% ahead of the Bloomberg consensus in our 2022-23F earnings estimates, likely due to us having higher coal and gas price assumptions.
- Our TP is consequently higher than the Street's number.

Sources: Bloomberg consensus, Thanachart estimates

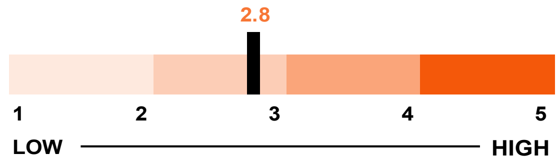
RISKS TO OUR INVESTMENT CASE

- 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

BANPU engages in coal production in Indonesia, Australia and China. The company also has natural gas production in the US as well as power plants across Asia and in the US. It has a strong commitment to improving its ESG metrics. Our ESG score for BANPU is 2.84, which is slightly below the average for our energy coverage due to the nature of its business.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
BANPU	YES	YES	YES	A	57.65	82.66	71.35	44.0	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "term of use" in the following back page.

Factors	Our Comments
ENVIRONMENT – **Environmental Policies & Guidelines** – **Energy Management** – **Carbon Management** – **Water Management** – **Waste Management**	▪ In terms of investment, BANPU targets to generate over 50% of its EBITDA from non-coal businesses by 2025 compared to about 70% in 2022. To achieve this goal, over 90% of its investments are made in greener energy (including natural gas), renewable energy (wind, solar) as well as energy technologies (batteries, carbon capture). ▪ For its mining business, BANPU aims to reduce energy intensity by 5% and reduce its greenhouse gas (GHG) emissions intensity by 7% from the 2021 base line of 0.129 tonne CO2e per tonne of finished coal. For the power business, the company wants to reduce GHG emissions intensity by 20% from 2021 baseline of 0.555 CO2e/MWh by 2025. The company also aims to have zero hazardous waste to landfill by 2025. ▪ BANPU also assesses 100% of its operation for any biodiversity impact
SOCIAL – **Human Rights** – **Staff Management** – **Health & Safety** – **Product Safety & Quality** – **Social Responsibility**	▪ As of 2021, BANPU already assessed 86% of its business and its supply chain for any potential human rights risks, including occupational health and safety, labor rights, and personal data protection, among others. ▪ BANPU targets to have 90% of its business undergoing social impact assessment by 2025F, up from 30% in 2021. ▪ BANPU is active in its CSR program including community development, a university scholarship program, a local economic development program, and skills training for local youths.
GOVERNANCE & SUSTAINABILITY – **Board** – **Ethics & Transparency** – **Business Sustainability** – **Risk Management** – **Innovation**	▪ BANPU's board of directors comprises 13 members, five of whom are independent directors. However, there is only one female on the board. ▪ The company established an ESG Committee, comprising three independent directors, to support BOD's ongoing commitment to ESG. ▪ 100% of material ESG aspects form part of the KPIs for the CEO and senior management across all business units. ▪ In 2021, BANPU strengthened its Corporate Governance Policy and Code of Conduct. These policies are in alignment with international standards such as those of ASEAN and OECD. ▪ BANPU aims to have 100% of its critical tier-1 suppliers assessed for ESG risks by 2025 compared to 6% in 2021.

Source: Thanachart

We see a new earnings base for the stock in 2022-24F

Balance sheet continues to improve with high profits, new capital, and limited capex

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	71,332	133,190	196,356	195,658	165,808
Cost of sales	57,768	76,916	88,810	86,062	85,362
Gross profit	**13,564**	**56,274**	**107,546**	**109,596**	**80,446**
% gross margin	19.0%	42.3%	54.8%	56.0%	48.5%
Selling & administration expenses	17,128	24,824	32,444	32,129	28,778
Operating profit	**(3,564)**	**31,450**	**75,102**	**77,467**	**51,667**
% operating margin	-5.0%	23.6%	38.2%	39.6%	31.2%
Depreciation & amortization	13,543	15,895	20,230	21,009	23,628
EBITDA	**9,979**	**47,346**	**95,332**	**98,476**	**75,295**
% EBITDA margin	14.0%	35.5%	48.6%	50.3%	45.4%
Non-operating income	2,309	(12,846)	2,210	1,865	1,627
Non-operating expenses	(199)	(307)	(320)	(320)	(300)
Interest expense	(5,420)	(5,576)	(7,074)	(5,141)	(3,597)
Pre-tax profit	**(6,874)**	**12,722**	**69,918**	**73,871**	**49,397**
Income tax	269	6,372	27,967	29,548	19,759
After-tax profit	**(7,143)**	**6,350**	**41,951**	**44,323**	**29,638**
% net margin	-10.0%	4.8%	21.4%	22.7%	17.9%
Shares in affiliates' Earnings	4,239	7,290	7,196	7,238	5,803
Minority interests	(1,217)	(6,121)	(15,283)	(16,074)	(10,941)
Extraordinary items	2,336	2,332	0	0	0
NET PROFIT	**(1,786)**	**9,852**	**33,864**	**35,487**	**24,500**
Normalized profit	**(4,122)**	**7,520**	**33,864**	**35,487**	**24,500**
EPS (Bt)	(0.3)	1.8	4.7	4.0	2.4
Normalized EPS (Bt)	(0.8)	1.4	4.7	4.0	2.4

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	47,301	85,437	78,192	77,778	69,699
Cash & cash equivalent	23,777	42,704	18,123	18,123	18,123
Account receivables	7,482	15,806	18,829	18,762	15,899
Inventories	3,935	3,905	7,299	7,074	7,016
Others	12,107	23,022	33,940	33,820	28,660
Investments & loans	51,389	55,806	59,055	62,818	63,472
Net fixed assets	77,523	114,167	114,055	124,778	126,298
Other assets	105,435	110,390	110,573	110,355	94,061
Total assets	**281,648**	**365,799**	**361,874**	**375,729**	**353,530**
LIABILITIES:					
Current liabilities:	66,405	97,191	66,237	61,780	48,282
Account payables	2,025	3,293	1,582	1,533	1,520
Bank overdraft & ST loans	24,856	39,232	12,615	8,738	5,496
Current LT debt	24,520	21,418	9,083	6,292	3,957
Others current liabilities	15,003	33,248	42,957	45,217	37,309
Total LT debt	**112,559**	**139,747**	**104,454**	**72,352**	**45,506**
Others LT liabilities	18,129	25,164	38,177	38,213	32,914
Total liabilities	**197,092**	**262,102**	**208,867**	**172,345**	**126,702**
Minority interest	22,211	24,420	39,703	55,777	66,718
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**	**93,891**	**115,508**	**128,010**
Shareholders' equity	62,344	79,277	113,304	147,607	160,110
Liabilities & equity	**281,648**	**365,799**	**361,874**	**375,729**	**353,530**

Sources: Company data, Thanachart estimates

BANPU generates high FCF in the current environment

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	(6,874)	12,722	69,918	73,871	49,397
Tax paid	(543)	(3,165)	(28,672)	(28,419)	(20,814)
Depreciation & amortization	13,543	15,895	20,230	21,009	23,628
Chg In working capital	1,006	(7,025)	(8,130)	244	2,907
Chg In other CA & CL / minorities	7,560	7,550	6,691	8,490	4,110
Cash flow from operations	**14,692**	**25,978**	**60,037**	**75,195**	**59,228**
Capex	(32,269)	(52,539)	(20,000)	(31,600)	(25,000)
Right of use	(2,149)	(53)	(300)	(300)	(300)
ST loans & investments	0	0	0	0	0
LT loans & investments	(1,678)	(4,417)	(3,249)	(3,763)	(655)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(4,767)	2,084	13,012	421	11,148
Cash flow from investments	**(40,863)**	**(54,926)**	**(10,537)**	**(35,241)**	**(14,807)**
Debt financing	30,596	40,793	(74,244)	(38,770)	(32,423)
Capital increase	(87)	8,458	8,458	12,686	0
Dividends paid	(2,030)	(1,776)	(8,295)	(13,870)	(11,997)
Warrants & other surplus	5,080	400	0	0	0
Cash flow from financing	**33,559**	**47,875**	**(74,082)**	**(39,954)**	**(44,421)**
Free cash flow	**(17,578)**	**(26,561)**	**40,037**	**43,595**	**34,228**

Valuation looks attractive in our view at 3x forward PE

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	na	10.0	2.9	3.4	5.6
Normalized PE - at target price (x)	na	13.9	4.0	4.8	7.9
PE (x)	na	7.6	2.9	3.4	5.6
PE - at target price (x)	na	10.6	4.0	4.8	7.9
EV/EBITDA (x)	20.8	4.9	2.2	1.9	2.3
EV/EBITDA - at target price (x)	23.6	5.5	2.6	2.4	3.1
P/BV (x)	1.1	1.2	1.0	0.9	0.9
P/BV - at target price (x)	1.5	1.6	1.4	1.3	1.2
P/CFO (x)	4.7	2.9	1.6	1.6	2.3
Price/sales (x)	1.3	0.7	0.5	0.5	0.6
Dividend yield (%)	2.2	3.3	11.8	10.3	7.1
FCF Yield (%)	(25.3)	(35.4)	40.9	36.1	24.8
(Bt)					
Normalized EPS	(0.8)	1.4	4.7	4.0	2.4
EPS	(0.3)	1.8	4.7	4.0	2.4
DPS	0.3	0.5	1.6	1.4	1.0
BV/share	12.3	11.7	13.4	14.5	15.8
CFO/share	2.9	4.7	8.3	8.5	5.8
FCF/share	(3.4)	(4.8)	5.6	4.9	3.4

Sources: Company data, Thanachart estimates

ROE has improved significantly from 2021 despite lower leverage

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(16.8)	86.7	47.4	(0.4)	(15.3)
Net profit (%)	na	na	243.7	4.8	(31.0)
EPS (%)	na	na	163.6	(15.2)	(39.6)
Normalized profit (%)	na	na	350.3	4.8	(31.0)
Normalized EPS (%)	na	na	245.3	(15.2)	(39.6)
Dividend payout ratio (%)	(85.2)	30.9	40.0	40.0	40.0
Operating performance					
Gross margin (%)	19.0	42.3	54.8	56.0	48.5
Operating margin (%)	(5.0)	23.6	38.2	39.6	31.2
EBITDA margin (%)	14.0	35.5	48.6	50.3	45.4
Net margin (%)	(10.0)	4.8	21.4	22.7	17.9
D/E (incl. minor) (x)	1.9	1.9	0.8	0.4	0.2
Net D/E (incl. minor) (x)	1.6	1.5	0.7	0.3	0.2
Interest coverage - EBIT (x)	na	5.6	10.6	15.1	14.4
Interest coverage - EBITDA (x)	1.8	8.5	13.5	19.2	20.9
ROA - using norm profit (%)	na	2.3	9.3	9.6	6.7
ROE - using norm profit (%)	na	10.6	35.2	27.2	15.9
DuPont					
ROE - using after tax profit (%)	na	9.0	43.6	34.0	19.3
- asset turnover (x)	0.3	0.4	0.5	0.5	0.5
- operating margin (%)	na	13.7	39.2	40.4	32.0
- leverage (x)	4.3	4.6	3.8	2.8	2.4
- interest burden (%)	472.7	69.5	90.8	93.5	93.2
- tax burden (%)	na	49.9	60.0	60.0	60.0
WACC (%)	#N/A	#N/A	#N/A	11.3	11.3
ROIC (%)	(2.0)	7.8	19.0	21.0	14.3
NOPAT (Bt m)	(3,564)	15,699	45,061	46,480	31,000
invested capital (Bt m)	200,502	236,969	221,333	216,866	196,945

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

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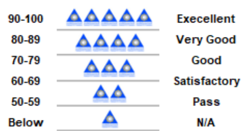

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Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

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Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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