BCPG Public Co Ltd (BCPG TB) - BUY, Price Bt10.60, TP Bt16.00

Results Comment

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

Stable profit in 2Q22, in-line

- BCPG reported Bt507m norm profit in 2Q22, excluding FX loss and one-off items, up 2% y-y but down 2% q-q in a like-for-like basis. The profit came in-line with our expectation as profit from new solar farms in Japan could offset a forgone profit from the divested geothermal project in Indonesia.
- Total revenue increased 32% y-y and 24% q-q to Bt1.44bn in 2Q22, mainly driven by commencing operations of 65MW solar farms in Japan over 4Q21-2Q22. An improvement q-q was also partially supported by seasonally higher output from hydro power plant in Laos.
- SG&A expense was well controlled at Bt161m in 2Q22, up 8% y-y and 9% q-q, in-line with capacity expansion. SG&A-to-sales ratio was 11.2%, versus 12.7% in 1Q22 and 13.7% in 2Q21.
- EBITDA thus strongly grew 39% y-y and 27% q-q to Bt1.2bn in 2Q22, following higher revenue base, therefore scale benefit.
- The higher revenue from those new solar farms was more than offset a negative of forgone shared profit from geothermal projects, divested in mid-1Q22. BCPG recognized Bt9m shared loss from its affiliates in 2Q22.
- We maintain BUY on BCPG, due to its attractive valuation.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Revenue	1,088	1,302	1,232	1,158	1,436
Gross profit	**692**	**908**	**808**	**738**	**933**
SG&A	149	132	170	147	161
Operating profit	543	777	637	591	772
EBITDA	**835**	**1,063**	**947**	**915**	**1,162**
Other income	15	15	17	17	31
Other expense	0	0	0	0	0
Interest expense	193	198	211	206	231
Profit before tax	**366**	**593**	**443**	**402**	**572**
Income tax	24	101	(33)	26	56
Equity & invest. income	157	150	152	142	(9)
Minority interests	0	0	(0)	(0)	(1)
Extraordinary items	66	42	(390)	846	(177)
Net profit	**565**	**685**	**238**	**1,363**	**330**
Normalized profit	**499**	**643**	**628**	**517**	**507**
EPS (Bt)	0.21	0.26	0.09	0.52	0.12
Normalized EPS (Bt)	0.19	0.24	0.24	0.20	0.19

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	24	32	46	5,606	5,552
Gross profit	**26**	**35**	**45**	**3,704**	**3,363**
SG&A	9	8	45	687	745
Operating profit	31	42	45	3,017	2,617
EBITDA	**27**	**39**	**50**	**4,116**	**3,916**
Other income	82	103	41	119	115
Other expense			na	0	0
Interest expense	12	20	53	821	915
Profit before tax	**42**	**56**	**42**	**2,315**	**1,818**
Income tax	113	134	37	219	176
Equity & invest. income	na	na	123	108	17
Minority interests	na	na	na	0	0
Extraordinary items	na	na	na	0	0
Net profit	**(76)**	**(42)**	**77**	**2,204**	**1,659**
Normalized profit	**(2)**	**2**	**46**	**2,204**	**1,659**
EPS (Bt)	(76)	(42)	84	0.76	0.57
Normalized EPS (Bt)	(2)	2	51	0.76	0.57

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q21	3Q21	4Q21	1Q22	2Q22
Cash & ST investment	9,298	9,272	11,228	25,386	22,115
A/C receivable	1,545	1,982	2,317	2,094	2,433
Inventory	0	0	0	0	0
Other current assets	247	1,102	389	612	732
Investment	12,720	13,527	13,486	1,261	1,246
Fixed assets	15,141	16,082	17,372	17,322	17,089
Other assets	12,813	14,142	13,931	13,479	14,007
Total assets	**51,763**	**56,107**	**58,721**	**60,155**	**57,622**
S-T debt	2,543	2,615	3,544	3,441	3,049
A/C payable	402	498	888	1,097	1,060
Other current liabilities	74	98	246	556	594
L-T debt	23,218	25,837	25,574	25,111	22,650
Other liabilities	1,402	1,425	1,241	1,189	1,246
Minority interest	68	68	69	69	70
Shareholders' equity	**24,055**	**25,566**	**27,160**	**28,692**	**28,954**
Working capital	1,143	1,484	1,429	996	1,373
Total debt	25,761	28,452	29,118	28,552	25,699
Net debt	**16,464**	**19,180**	**17,890**	**3,166**	**3,584**

Financial Ratios					
(%)	2Q21	3Q21	4Q21	1Q22	2Q22
Sales growth	12.2	5.2	8.4	10.7	32.0
Operating profit growth	9.2	3.6	8.9	14.6	42.1
EBITDA growth	10.2	2.9	7.2	13.4	39.2
Norm profit growth	32.3	1.4	29.3	5.8	1.6
Norm EPS growth	0.2	(23.3)	13.5	5.7	1.5
Gross margin	63.6	69.7	65.6	63.7	65.0
Operating margin	49.9	59.6	51.7	51.0	53.8
EBITDA margin	76.7	81.6	76.9	79.0	80.9
Norm net margin	45.9	49.4	51.0	44.6	35.3
D/E (x)	1.1	1.1	1.1	1.0	0.9
Net D/E (x)	0.7	0.7	0.7	0.1	0.1
Interest coverage (x)	4.3	5.4	4.5	4.4	5.0
Interest rate	3.0	2.9	2.9	2.9	3.4
Effective tax rate	6.5	17.0	(7.4)	6.5	9.8
ROA	3.9	4.8	4.4	3.5	3.4
ROE	8.4	10.4	9.5	7.4	7.0

Sources: Company data, Thanachart estimates

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