# Global Power Synergy (GPSC TB) - SELL, Price Bt71.25, TP Bt58.00 | Results Comment

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## Slightly weaker-than-expected 2Q22

- GPSC reported Bt684m net profit in 2Q22. After stripping off extra items, we estimate norm profit at Bt757m, down 66% y-y but improved from a loss in the previous quarter. Bounced up profitability from SPP plants and seasonally strong hydropower output drove q-q improvement, while high fuel prices continue to be major draggers in a y-y basis.
- **IPP plants:** Gross profit (ex. depreciation) from IPPs improved 22% y-y and 24% q-q to Bt1.66bn in 2Q22, driven by higher availability factor as its two major plants had less maintenance days than in previous quarter while the plants continue to benefit from higher EP margin when they run on diesel.
- **SPP plants:** Gross profit bounced up 33% q-q to Bt1.93bn in 2Q22, thanks to a dip in domestic pool gas price and an Ft hike during the quarter, and a higher sale volume. However, it fell 52% y-y as margins continue to suffer from high fuel prices.
- **VSPP plants:** Gross profit is now in small contribution at only Bt37m in 2Q22, down 72% y-y but up 3% q-q, after GPSC sold its major solar farms in Japan previous quarter.
- Shared profit, excluding one-off items, from power plants under affiliates increased 17% y-y and 327% q-q to Bt609m, mainly from seasonally higher output from Xayaburi hydropower plant.
- We believe 2Q22 has marked the best earnings quarter for GPSC this year, since we estimate a recent announcement of Bt0.69/kWh Ft hike by the government is not sufficient to offset our projected gas price rise in 3Q22F. We thus maintain SELL.

| **Income Statement** | | | | | (consolidated) |
|---|---|---|---|---|---|
| **Yr-end Dec (Bt m)** | **2Q21** | **3Q21** | **4Q21** | **1Q22** | **2Q22** |
| Revenue | 18,234 | 17,996 | 22,019 | 27,261 | 27,719 |
| **Gross profit** | **3,459** | **2,742** | **1,746** | **702** | **1,489** |
| SG&A | 545 | 474 | 616 | 421 | 457 |
| Operating profit | 2,914 | 2,269 | 1,131 | 281 | 1,031 |
| **EBITDA** | **5,224** | **4,871** | **3,492** | **2,565** | **3,368** |
| Other income | 213 | 504 | 405 | 177 | 268 |
| Other expense | | | | | |
| Interest expense | 987 | 998 | 901 | 974 | 1,046 |
| **Profit before tax** | **2,140** | **1,775** | **635** | **(516)** | **253** |
| Income tax | 310 | 322 | (53) | (230) | (19) |
| Equity & invest. income | 519 | 690 | 120 | 143 | 609 |
| Minority interests | (132) | (63) | (309) | (64) | (124) |
| Extraordinary items | 84 | (205) | 669 | 520 | (73) |
| **Net profit** | **2,302** | **1,875** | **1,168** | **313** | **684** |
| **Normalized profit** | **2,218** | **2,079** | **499** | **(207)** | **757** |
| EPS (Bt) | 0.82 | 0.66 | 0.41 | 0.11 | 0.24 |
| Normalized EPS (Bt) | 0.79 | 0.74 | 0.18 | (0.07) | 0.27 |

| **Income Statement** | | | 6M as | | |
|---|---|---|---|---|---|
| **(Bt m)** | **q-q%** | **y-y%** | **% 2022F** | **2022F** | **2023F** |
| Revenue | 2 | 52 | 48 | 115,391 | 121,187 |
| **Gross profit** | **112** | **(57)** | **34** | **6,498** | **10,217** |
| SG&A | 9 | (16) | 40 | 2,199 | 2,265 |
| Operating profit | 267 | (65) | 31 | 4,298 | 7,952 |
| **EBITDA** | **31** | **(36)** | **44** | **13,335** | **17,822** |
| Other income | 51 | 26 | 29 | 1,551 | 1,583 |
| Other expense | | | na | | |
| Interest expense | 7 | 6 | 43 | 4,725 | 5,465 |
| **Profit before tax** | **na** | **(88)** | **(23)** | **1,124** | **4,069** |
| Income tax | na | na | (148) | 169 | 631 |
| Equity & invest. income | 327 | 17 | 47 | 1,606 | 2,622 |
| Minority interests | na | na | 217 | (87) | (312) |
| Extraordinary items | na | na | na | | |
| **Net profit** | **118** | **(70)** | **40** | **2,476** | **5,749** |
| **Normalized profit** | **na** | **(66)** | **22** | **2,476** | **5,749** |
| EPS (Bt) | 118 | (70) | 40 | 0.88 | 2.04 |
| Normalized EPS (Bt) | na | (66) | 22 | 0.88 | 2.04 |

| **Balance Sheet** | | | | | (consolidated) |
|---|---|---|---|---|---|
| **Yr-end Dec (Bt m)** | **2Q21** | **3Q21** | **4Q21** | **1Q22** | **2Q22** |
| Cash & ST investment | 20,238 | 16,001 | 13,793 | 18,644 | 19,635 |
| A/C receivable | 9,475 | 8,757 | 13,441 | 11,055 | 14,089 |
| Inventory | 6,577 | 7,018 | 6,938 | 6,942 | 8,231 |
| Other current assets | 7,012 | 4,406 | 11,318 | 7,075 | 6,079 |
| Investment | 12,345 | 24,818 | 24,623 | 29,604 | 29,858 |
| Fixed assets | 99,428 | 98,805 | 95,581 | 93,777 | 92,998 |
| Other assets | 102,065 | 104,440 | 104,685 | 101,350 | 99,901 |
| **Total assets** | **257,140** | **264,245** | **270,379** | **268,447** | **270,791** |
| S-T debt | 19,261 | 6,935 | 7,321 | 9,530 | 10,770 |
| A/C payable | 4,681 | 4,386 | 6,407 | 8,468 | 7,552 |
| Other current liabilities | 6,487 | 5,727 | 9,308 | 6,751 | 4,083 |
| L-T debt | 83,808 | 103,287 | 58,140 | 57,256 | 52,028 |
| Other liabilities | 29,356 | 29,398 | 71,455 | 68,201 | 79,892 |
| Minority interest | 8,965 | 9,060 | 9,413 | 9,510 | 9,703 |
| **Shareholders' equity** | **104,582** | **105,452** | **108,334** | **108,730** | **106,764** |
| Working capital | 11,372 | 11,388 | 13,973 | 9,529 | 14,769 |
| Total debt | 103,069 | 110,222 | 65,461 | 66,787 | 62,798 |
| **Net debt** | **82,831** | **94,221** | **51,668** | **48,143** | **43,163** |

| **Financial Ratios** | | | | | |
|---|---|---|---|---|---|
| **(%)** | **2Q21** | **3Q21** | **4Q21** | **1Q22** | **2Q22** |
| Sales growth | 0.5 | 8.4 | 33.2 | 64.0 | 52.0 |
| Operating profit growth | (5.6) | (22.2) | (50.9) | (90.1) | (64.6) |
| EBITDA growth | (1.1) | (4.2) | (22.0) | (48.8) | (35.5) |
| Norm profit growth | 28.8 | (18.6) | (69.2) | na | (65.9) |
| Norm EPS growth | 28.8 | (18.6) | (69.2) | na | (65.9) |
| | | | | | |
| Gross margin | 19.0 | 15.2 | 7.9 | 2.6 | 5.4 |
| Operating margin | 16.0 | 12.6 | 5.1 | 1.0 | 3.7 |
| EBITDA margin | 28.6 | 27.1 | 15.9 | 9.4 | 12.2 |
| Norm net margin | 12.2 | 11.6 | 2.3 | (0.8) | 2.7 |
| | | | | | |
| D/E (x) | 0.9 | 1.0 | 0.6 | 0.6 | 0.5 |
| Net D/E (x) | 0.7 | 0.8 | 0.4 | 0.4 | 0.4 |
| Interest coverage (x) | 5.3 | 4.9 | 3.9 | 2.6 | 3.2 |
| Interest rate | 3.8 | 3.7 | 4.1 | 5.9 | 6.5 |
| Effective tax rate | 14.5 | 18.2 | (8.4) | 44.6 | (7.5) |
| ROA | 3.4 | 3.2 | 0.7 | (0.3) | 1.1 |
| ROE | 8.5 | 7.9 | 1.9 | (0.8) | 2.8 |

Sources: Company data, Thanachart estimates

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