

**CK Power Pcl (CKP TB) - BUY**

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

**News Update****Better water situation than last year**

- **Total output from two hydro plants dropped 1% y-y in Jan**
- **However, water availability was better than in 1M21**
- **Stable electricity volume sale from SPP**
- **Likely weak sentiment continues during drought season**

Total electricity generation from two hydropower plants fell 1% y-y to 534GWh in January 2022. It dropped 4% m-m on seasonality. The y-y weakness was mainly from a high-base of power generation by NN2 last year, while output from XPCL looked strong this month backed by stronger water flow in the Mekong River. Water availability in its two hydropower projects was 5% and 38% higher than in Jan-21 for XPCL and NN2. However, given no significant improvement on actual electricity output, we believe the attractiveness of CKP's shares will remain low during the drought season period for Indochina region (Jan – May). We foresee a risk of y-y earnings drop for CKP in 1Q22F from the lower hydropower output and weak margin in its SPP plant.

- **Xayaburi (XPCL, hydro, 482MW):** Electricity output from XPCL was at 419GWh in January, increased 5% y-y due to higher average water flow to the plant by 5% compared to last year. The output declined 4% m-m on seasonality. Note that this monthly output implies 43% capacity factor for the plant, which is just at its breakeven level.
- **Nam Ngum 2 (NN2, hydro, 283MW):** Output from NN2 project was 115GWh in January, decreased 18% y-y and 3% m-m. A sharper fall y-y was due to a high base last year when CKP intentionally reserved water in 4Q20 to produce more electricity in 1Q21. Therefore, despite a 38% stronger water inflow to its reservoir this month, we believe the total output will continue to fall y-y throughout 1Q22F from the high-base impact.
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** Total electricity volume sold by BIC was 128GWh in January, grew 4% y-y. However, steam volume sale dropped 11% y-y likely on weak production of its major client. We flag that BIC is also suffering on margin squeeze issue like other SPP plant, but this pressure is small compared to CKP's earnings base.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from solar farms increased slightly by 1% y-y to 2.19GWh in January. We believe it was due to stronger solar radiation this month, but it contributes only small profit to CKP.

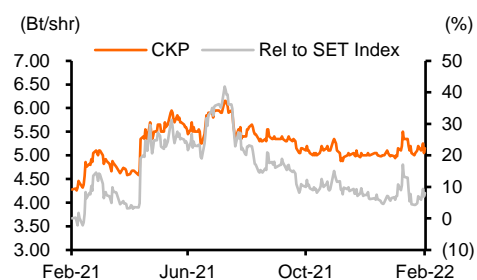
**Key Valuations**

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Revenue	8,798	8,821	8,923	8,966
Net profit	2,179	2,210	2,207	2,210
Norm net profit	1,996	2,210	2,207	2,210
Norm EPS (Bt)	0.2	0.3	0.3	0.3
Norm EPS gr (%)	313.4	10.7	(0.1)	0.2
Norm PE (x)	21.0	18.9	19.0	18.9
EV/EBITDA (x)	19.5	18.0	17.9	18.4
P/BV (x)	1.7	1.6	1.5	1.5
Div. yield (%)	1.6	2.6	3.2	3.7
ROE (%)	8.2	8.6	8.2	7.9
Net D/E (%)	67.1	47.1	48.4	50.5

Source: Thanachart estimates

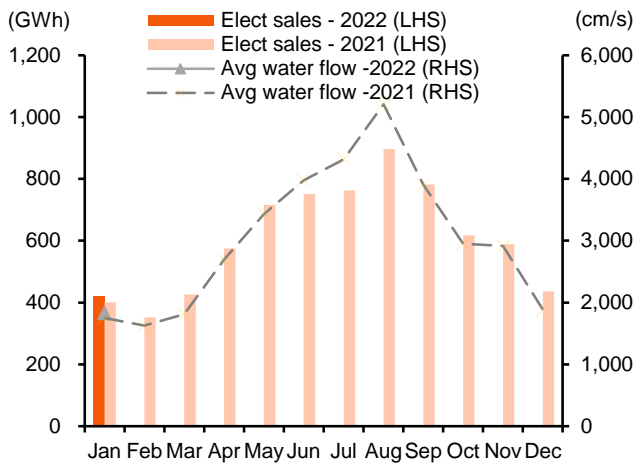
**Stock Data**

Closing price (Bt)	5.15
Target price (Bt)	7.50
Market cap (US\$ m)	1,288
Avg daily turnover (US\$ m)	3.1
12M H/L price (Bt)	6.15/4.26

**Price Performance**

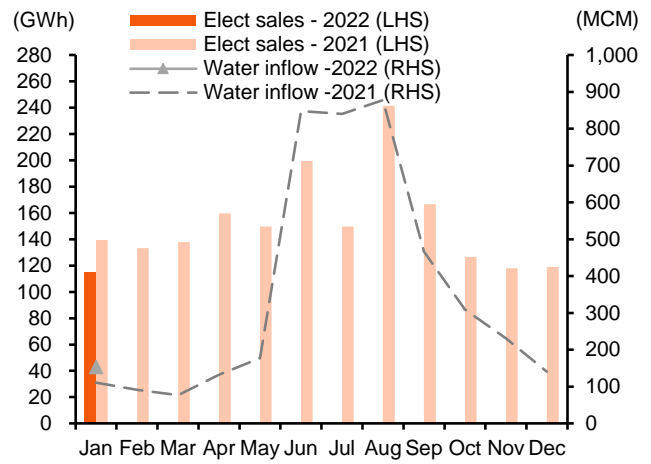
Source: Bloomberg

**Ex 1: Weaker Water Availability In Mekong River (Y-Y) ...**



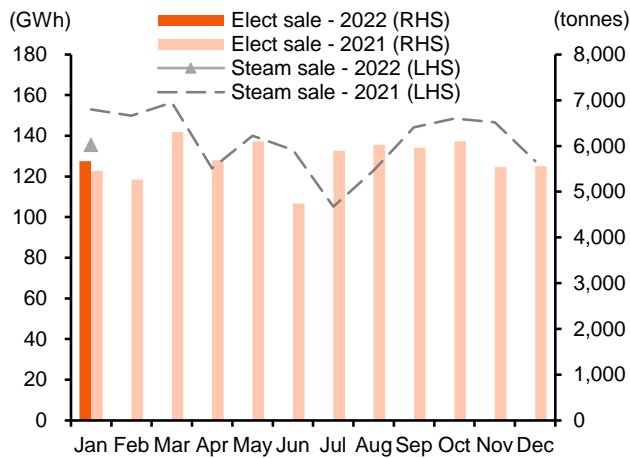
Source: Company data

**Ex 2: ... So As In NN2's Reservoir**



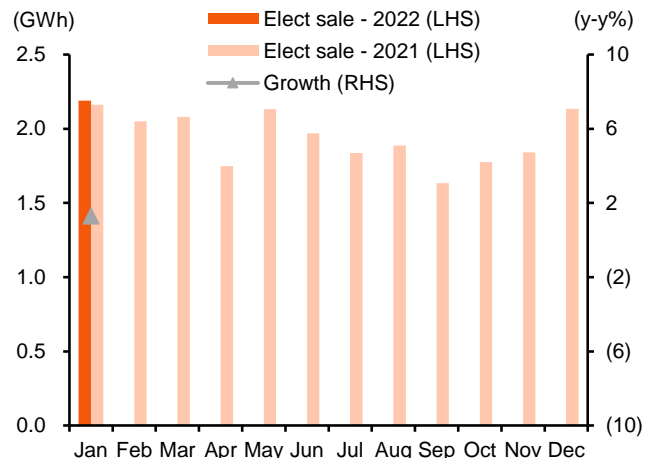
Source: Company data

**Ex 3: Not Much Change To SPP Plant's Performance**



Source: Company data

**Ex 4: Stable Output From Solar Projects**



Source: Company data

---

## General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 83 Derivative Warrants which are ADVA16C2203A, AMAT16C2206A, AOT16C2204A, AOT16C2206A, BAM16C2206A, BAM16C2204A, BANP16C2205A, BANP16C2204A, BBL16C2203A, BBL16C2204A, BCH16C2203A, BEC16C2204A, BGRI16C2203A, BGRI16C2205A, BLA16C2205A, CBG16C2204A, CBG16C2205A, COM716C2203A, COM716C2205A, CPAL16C2203A, CPAL16C2204A, CPF16C2205A, CRC16C2204A, DELT16C2203A, DTAC16C2203A, EA16C2206A, EA16C2203A, EA16C2205A, GLOB16C2203A, GPSC16C2206A, GPSC16C2203A, GPSC16C2205A, GULF16C2203A, GULF16C2205A, GUNK16C2206A, GUNK16C2203A, GUNK16C2205A, HANA16C2204A, HANA16C2205A, INTU16C2205A, IRPC16C2205A, IVL16C2203A, IVL16C2206A, JMAR16C2206A, JMAR16C2205A, JMT16C2203A, JMT16C2205A, KBAN16C2206A, KBAN16C2204A, KCE16C2204A, KCE16C2205A, KCE16C2205B, MINT16C2203A, MINT16C2204A, MTC16C2204A, OR16C2203A, OR16C2205A, PTG16C2203A, PTL16C2202B, PTT16C2203A, PTT16C2205A, PTTE16C2203A, RCL16C2205A, RS16C2205A, S5016P2206B, S5016C2203A, S5016C2203B, S5016C2206A, S5016P2203A, S5016P2203B, S5016P2206A, SAWA16C2204A, SAWA16C2205A, SCC16C2204A, STA16C2203A, STEC16C2204A, SYNE16C2206A, TOP16C2206A, TRUE16C2205B, TRUE16C2205A, TRUE16C2203A, TRUE16C2203B, TU16C2204A, WHA16C2204A (underlying securities are ADVANC, AMATA, AOT, BAM, BANPU, BBL, BCH, BEC, BGRIM, BLA, CBG, COM7, CPALL, CPF, CRC, DELTA, DTAC, EA, GLOBAL, GPSC, GULF, GUNKUL, HANA, INTUCH, IRPC, IVL, JMART, JMT, KBANK, KCE, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, RCL, RS, SAWAD, SCC, SYNTEC, SET50, STA, STEC, TOP, TU, WHA, TRUE). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

**Note:** Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (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 21.2% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)