CK Power Pcl (CKP TB) - BUY

News Update

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Strong water situation in March

- **Total output hydropower plants increased 31% y-y**
- **High water availability in both projects during the month**
- **Weak performance from SPP project**
- **We forecast Bt40m profit for CKP in 1Q22F**

Total electricity generation from two hydropower plants increased 31% y-y and 61% m-m to 741GWh in March 2022, thanks to strong rainstorms during the month. Total water availability in Mekong and Nam-Ngum rivers was 58% higher than the same period last year, which posts a strong start for an upcoming rainy season. We forecast Bt40m profit for CKP in 1Q22F despite it is its usual weakest quarter of the year, being in the drought season.

- **Xayaburi (XPCL, hydro, 482MW):** Electricity sale from XPCL was 628GWh in March, 48% higher y-y driven by a 58% higher water flow rate in the Mekong River during the month. This implies strong capacity factor at 68% this month (51% in 1Q22), versus its breakeven level at 43%.
- **Nam Ngum 2 (NN2, hydro, 283MW):** Electricity output from NN2 project was 18% y-y to 113GWh in March. However, the fall was mainly due to a high base last year when CKP intentionally reserved water during late 2020 to produce more electricity in 1Q21, while water inflow to its reservoir was strong at 185m cubic meter this month (+140% y-y).
- **Bangpa-in Cogen (BIC, gas-fired, 154MW):** Total electricity volume sold by BIC was 138GWh in March, dropped 3% y-y. Steam volume sale also fell 11% y-y. Note that BIC is suffering from margin squeeze issue, like other SPP plants, by strong gas cost surge but national tariff adjustment was slowly lifted up as the government suppresses its negative impact on the economy.
- **Solar farms (BKC, solar, 19MW):** Total electricity output from solar farms increased slightly 2% y-y to 2.13GWh in March. We expect stronger solar output over the next few months as Thailand is entering its Summer.

Key Valuations

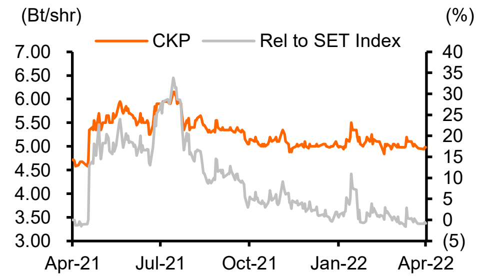
Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Revenue	8,798	8,871	8,975	9,018
Net profit	2,179	2,184	2,111	2,110
Norm net profit	1,996	2,184	2,111	2,110
Norm EPS (Bt)	0.2	0.3	0.3	0.3
Norm EPS gr (%)	313.4	9.4	(3.4)	(0.0)
Norm PE (x)	20.3	18.5	19.2	19.2
EV/EBITDA (x)	19.1	18.1	17.8	18.0
P/BV (x)	1.6	1.5	1.5	1.4
Div. yield (%)	1.6	2.2	2.6	3.1
ROE (%)	8.2	8.5	7.9	7.6
Net D/E (%)	67.1	55.8	53.4	51.7

Source: Thanachart estimates

Stock Data

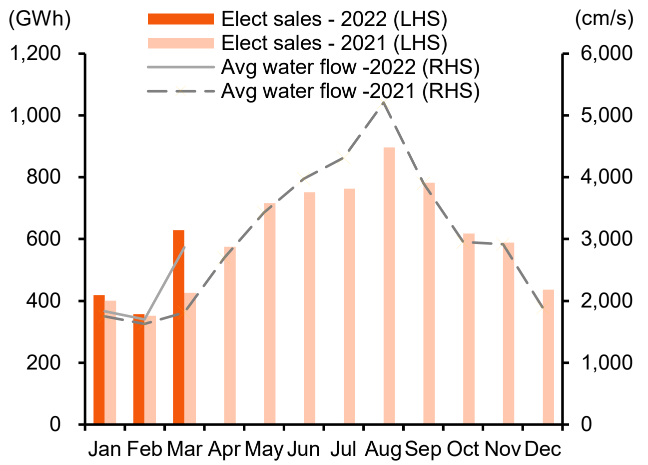
Closing price (Bt)	4.98
Target price (Bt)	7.50
Market cap (US$ m)	1,199
Avg daily turnover (US$ m)	2.4
12M H/L price (Bt)	6.15/4.58

Price Performance



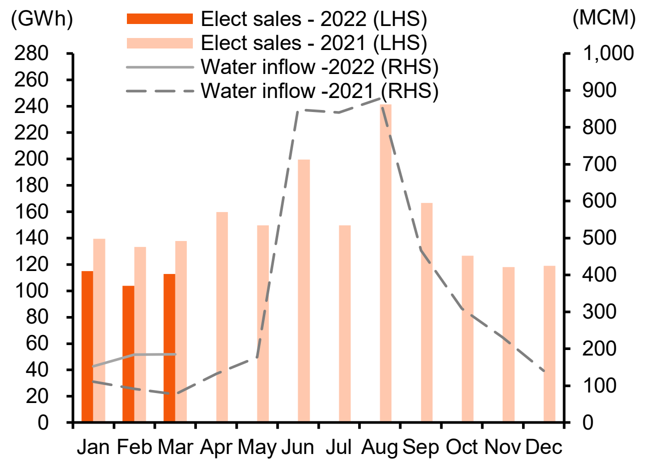
Source: Bloomberg

Ex 1: Big Surge In XPCL's Output



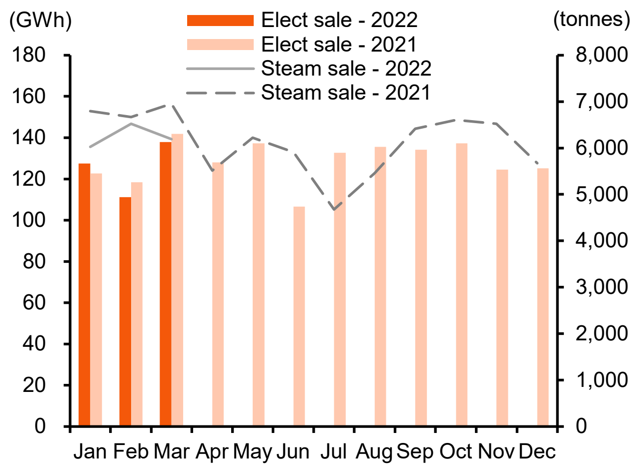
Source: Company data

Ex 2: NN2 Remains Under A High Base Impact



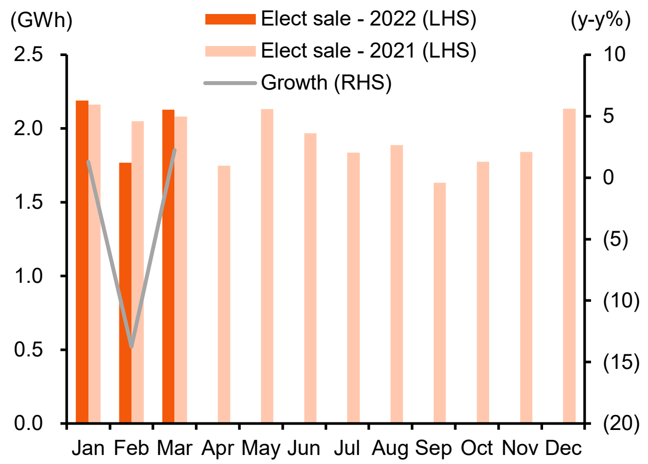
Source: Company data

Ex 3: SPP's Output Continues To Weak



Source: Company data

Ex 4: Stable Solar Power Generation



Source: Company data

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